

Headlines July 03, 2015

£10B UK Pension Partnership Gets Green Light

London and Lancashire pensions have set their sights on an April 2016 launch date for their innovative new venture.



Susan Martin, CEO, LPFA

Two of the UK's biggest public pensions have formally agreed to collaborate in a £10 billion asset-liability management partnership.

Following board meetings yesterday, the Lancashire County Pension Fund and the London Pension Fund Authority (LPFA) have approved the plans that were initially outlined early in December 2014. Susan Martin, CEO of the LPFA, said the arrangement could save the pensions more than £32 million in costs over the next five years, as well as reducing deficits.

"Both the LPFA Board and the [Lancashire] committee have considered detailed proposals and have agreed that such a partnership would prove beneficial to both organisations," added Lancashire Director George Graham.

"The partnership will build on the existing expertise across all locations and increase co-operation and collaboration across all aspects of the pension funds, under a strong governance framework," Graham said. "We aim to provide industry-leading standards of administration and so provide our members and employers with efficient and cost-effective services."

The new entity, provisionally named the Lancashire and London Pensions Partnership (LLPP), will be responsible for investment management and administration of the two pension funds. Together the partnership will serve an estimated 500,000 members and 1,000 employers, roughly 10% of the entire UK local authority pension system, Martin said.

Following the board approval, the pensions will submit applications and a five-year business plan to the UK's regulator, the Financial Conduct Authority, to establish the asset holding and management entities. They will also establish a six-person board for the project, including a representative from each pension and four independent non-executive directors. The provisional launch date for the LLPP has been set at April 1, 2016.

Other local government pensions have already approached the LPFA and Lancashire to enquire about the partnership, but both Graham and Martin emphasised that further collaboration was a long way off.

"It will be difficult enough to get this off the ground with two pensions," Graham told *CIO*. "But the design is such that others can join once it is set up."

"There are a number of collaborative efforts that have been tried and **not worked** for some reason," Martin added. "This partnership provides everything a pension needs, but we are very aware that it is right for *our* needs. There will be opportunities for others to engage when it is up and running."

Both pensions were nominated for an [Innovation Award](#) at *CIO Europe's* awards ceremony in London last month.

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