

MEETING	PENSIONS COMMITTEE
DATE	16 DECEMBER 2009
TITLE	THE LOCAL GOVERNMENT PENSION SCHEME (MANAGEMENT AND INVESTMENT OF FUNDS) REGULATIONS 2009
PURPOSE	TO INFORM MEMBERS OF THE NEW REGULATIONS
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1. The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 will be coming into force on the 1 January 2010. They will replace the Local Government Pension Scheme (Management and Investment of Funds) Regulations 1998.
2. The main provisions of the new regulations are summarised below:
 - 2.1 **Ending Use of Fund Money by the Administering Authority** – Currently on a daily basis, Gwynedd Council pools the Pension Fund money with the Council’s money, then invests the pooled sum on the money markets, before returning a share of the interest earned to the Pension Fund. Gwynedd Council will have no legal power to do that under these regulations after the 31 March 2010. However, the Pension Fund will remain able to invest its cash balances as it sees fit, provided it complies with the regulations and other relevant legislation.

This means that the Investment and Treasury Management Unit will have to do two separate cash flows each morning and each afternoon – one for the Council’s money and one for the Pension Fund’s money. It also means that because the Pension Fund has a smaller cash balance, in the future the Fund will not receive as much interest as it has in the past.
 - 2.2 **Borrowing Power** – The regulations gives a fund’s administering authority an explicit power to borrow for up to 90 days, for the purposes of its pension fund. This power may be used for cash flow purposes, for example, to ensure that benefits due under the scheme are paid on time. Borrowing in order to invest on behalf of the fund is not permitted.
 - 2.3 **Separate Bank Account for the Pension Fund** – This new requirement will have to be complied with from 1 April 2011. Gwynedd Council already fully complies with this requirement as the Pension Fund already has separate bank accounts.
 - 2.4 **Statement of Investment Principles** – An administering authority must now include in its statement of investment principles information about its policy on the lending of stocks or other securities from its pension fund, and on the

ways in which risk are to be measured and managed. The Pensions Committee will have to consult with such persons as it considers appropriate and publish this first statement by 1 July 2010. Also any material change in policy must be reflected in a revised published statement within six months of the change.