

REPORT OF SERVICE DIRECTOR – FINANCE, PROCUREMENT & IMPROVEMENT**LGPS CENTRAL LIMITED UPDATE****Purpose of the Report**

1. To provide information on the latest position in respect of the set-up of LGPS Central Ltd.

Background

2. A number of reports have previously been presented setting out progress on the pooling arrangements required to meet the criteria set out by the government. In particular a detailed report to Full Council on 12 January 2017 set out the approach being taken by the constituent funds of LGPS Central. The report also set out the proposed governance arrangements required to ensure this Committee continues to have the oversight required to be responsible for monitoring the overall management, performance and administration of the fund, and for setting investment strategy, including the overall allocation of assets, which is the critical factor in determining investment performance.

Information

3. LGPS Central Ltd, the asset management company created and owned by eight midlands-based Local Government Pension Scheme (LGPS) funds, to manage their £40bn of assets opened for business with the launch of 3 new mandates on 3 April 2018.
4. The launch saw the delivery of the first sub-funds built which are available to all Partner Funds to support and offer internally managed passive equity investments.
5. The transition of assets coincided with the transfer of investment management staff from West Midlands and Derbyshire Pension Funds to LGPS Central Ltd and marked the launch of a programme of product development built in partnership with the company, which will be tailored to meet Partner Funds' needs.
6. Working with Partner Funds, LGPS Central Ltd will now look to develop more products and expand its service offering, with the aim of creating efficient and cost-effective opportunities for Funds to invest.
7. The planned investment offerings timetable is set out in Appendix A. This shows that the initial focus is on internal passive funds as set out above. The intention, as part of the pooling

process, is that Nottinghamshire Pension Fund will move the current in-house passive portfolio to either LGPS Central Ltd, add to the existing Legal & General Investment Management (LGIM) funds as part of the wider pool, or utilise a combination of both.

8. LGPS Central Ltd are in the process of providing details of their passive offering and this will be compared to the costs of LGIM. A detailed proposal setting out the estimated costs of each passive fund, including transition costs, will be brought to the next Committee.

Other Options Considered

9. None.

Statutory and Policy Implications

10. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance, finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Financial Implications

11. There are no direct financial implications arising from the report.

RECOMMENDATION/S

- 1) It is recommended that Members consider the report and comment on the information presented.

Keith Palframan

Group Manager – Financial Strategy & Compliance

For any enquiries about this report please contact: Tamsin Rabbitts

Constitutional Comments (KK 9/4/18)

12. The proposal in this report is within the remit of the Nottinghamshire Pension Fund Committee.

Financial Comments (KRP 9/4/18)

13. The financial implications are as set out in the report.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- LGPS Central Asset Pooling - Report to Full Council, 12 January 2017.

Electoral Division(s) and Member(s) Affected

- All