

# NOTTINGHAMSHIRE COUNTY COUNCIL PENSION FUND

## FUND ACCOUNT

	Notes	2018/19 £000	2019/20 £000
<b>Contributions</b>	4		
Employer contributions		(135,001)	(137,261)
Member contributions		(46,216)	(47,906)
		<b>(181,217)</b>	<b>(185,167)</b>
Transfers in from other pension funds		(9,473)	(9,655)
<b>Benefits</b>	5		
Pensions		162,268	171,375
Commutation of pensions and lump sum retirement benefits		34,937	35,699
Lump sum death benefits		4,495	5,050
		<b>201,700</b>	<b>212,124</b>
Payments to and on account of leavers	6	34,732	13,657
<b>Net (additions)/withdrawals from dealings with members</b>		<b>45,742</b>	<b>30,959</b>
Administration expenses	7	2,112	2,176
Oversight and governance expenses	8	1,630	1,460
Investment Income	9	(162,772)	(130,410)
Profits & losses on disposal of investments & changes in value		(154,446)	483,224
Taxes on income		850	247
Investment management expenses	10	5,410	4,995
<b>Net Returns on Investments</b>		<b>(310,958)</b>	<b>358,056</b>
<b>Net (increase)/decrease in net assets available for benefits during the year</b>		<b>(261,474)</b>	<b>392,651</b>
Opening net assets of the Fund		5,171,589	5,433,063
<b>Closing net assets of the scheme</b>		<b>5,433,063</b>	<b>5,040,412</b>

Payments to and on account of leavers in 2018/19 includes an amount of £20.2 million in respect of the transfer out of liabilities relating to North Notts College. Excluding this bulk transfer, the net withdrawal from dealings with members was £26.6 million.

## NOTTINGHAMSHIRE COUNTY COUNCIL PENSION FUND

### NET ASSETS STATEMENT FOR THE YEAR ENDED

	Notes	31 March 2019 £000	31 March 2020 £000
Investment Assets	11 & 15		
Fixed Interest Securities		677,054	384,727
Equities		1,008,561	846,815
Pooled Investment Vehicles		3,107,133	3,145,087
Property		483,262	481,379
Forward Foreign Exchange		(25)	-
Cash deposits		130,653	151,744
Other Investment Balances	13	28,944	28,575
Investment liabilities	13	(3,967)	(5,387)
		<b>5,431,615</b>	<b>5,032,940</b>
Current assets	14	11,038	15,760
Current liabilities	14	(9,590)	(8,288)
		<b>1,448</b>	<b>7,472</b>
<b>Closing net assets of the scheme</b>		<b>5,433,063</b>	<b>5,040,412</b>

The actuarial present value of promised retirement benefits, as required by the *Code of Practice on Local Authority Accounting in the United Kingdom 2018/19*, is shown at note 2c.

**1. Accounting Policies****(a) Basis of Preparation**

The Pension Fund accounts have been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom 2019/20* (the Code). On issues where there is no clear guidance in the Code, reference has been made under the hierarchy of standards to *Financial Reports of Pension Schemes: a Statement of Recommended Practice 2018* (the Pensions SORP) or to individual International Accounting Standards (IAS). Disclosures required by IFRS 9 and 15 have been reflected in the accounts where material. Disclosures in the Pension Fund accounts have been limited to those required by the Code. Paragraph 3.3.1.2 of the Code requires disclosure of any accounting standards issued but not yet adopted. No such accounting standards have been identified for 2019/20.

The accounts have been prepared on a going concern basis.

The accounts have been prepared amidst the outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation on 11 March 2020 as a "Global Pandemic". This has impacted global financial markets with significant volatility in valuations both before and after year end, and increased the uncertainty of fair value assessments at 31 March 2020.

Market activity is being impacted in many sectors. The property valuation is reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global as the valuers do not consider that they can rely upon previous market evidence to fully inform opinions of value at the valuation date.

Furthermore private assets are based on valuations generally a quarter earlier and do not reflect the market impact of the pandemic, however the extent of this is not measurable at year end. Consequently the assessed valuation range has been increased for 31 March 2020 to reflect the additional uncertainty.

**(b) Debtors and Creditors**

The accruals concept is applied to these accounts in compliance with the Code.

**(c) Investments**

Pension fund investments are carried at fair value in accordance with the Code. Fair value is defined as 'the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's-length transaction'. Where an active market exists, the quoted market price is used. Where there is no active market, fair value is established by using valuation techniques.

Specific details on the valuation methods for particular classes of assets are listed below:

- Equities traded through a stock exchange are valued at the latest quoted price. Where more than one price is quoted the 'bid' price is used.
- Unit Trusts and managed funds are valued at the closing single price or the bid price where applicable. These reflect the market value of the underlying investments.
- Unquoted securities and pooled private equity investments are valued at fair value by the fund managers based on earnings, revenues and comparable valuations in accordance with industry accepted guidelines.
- The market value of fixed interest investments is based on the 'clean price', i.e. excludes income accrued at 31 March but not yet due for payment.
- Property investments are stated at open market value based on a quarterly independent external valuation in accordance with the Royal Institute of Chartered Surveyors' Valuation Standards at the Net Assets Statement date based on lease terms, nature of tenancies, covenant strength, vacancy levels, estimated rental growth and discount rate.

Transaction costs arising on all investment purchases and sales are charged to the Fund Account within 'Profits & losses on disposal of investments & changes in value' by adding to purchase costs and netting against sale proceeds, as appropriate, for all investment types. This achieves consistency between asset classes and ensures all transaction costs are charged to the Fund Account. It also ensures that the financial statements faithfully represent the economic substance of the transactions. The economic substance of purchases and sales of all asset types is to generate returns for the Fund to help mitigate the cost to employers of providing pensions. Transaction costs are ancillary to this purpose.

The change in fair value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments and unrealised changes in market value.

Forward foreign exchange contracts are "over the counter contracts" under which two parties agree to exchange two currencies on a specified future date at an agreed rate of exchange. These are used to manage the economic exposure to bond markets and hedge against foreign currency movements. These contracts are included at fair value by determining the gain or loss that would arise from closing out the contract at the Net Assets Statement date by entering into an equal and opposite contract at that date. The movements on these contracts during the year are shown in the reconciliation of opening and closing balances of investments at note 11(b).

Income is accounted for on an accruals basis for the following:

- interest on cash deposits and fixed interest securities is accrued on a daily basis
- dividends from equities are accrued when the stock is quoted ex-dividend
- Rental income from operating leases on properties owned by the fund is recognised on a straight line basis over the term of the lease. Any lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

#### **(e) Taxes on Income**

UK equity dividends are quoted and accounted for at the net rate. The tax credit, which the Fund is unable to recover, is not recognised (in accordance with the Pensions SORP). Overseas equity dividends are accounted for gross of withholding tax, where this is deducted at source. Partial reclaims of withholding tax, where allowed, are adjusted at the year end by outstanding claims.

#### **(f) Foreign Currencies**

Assets and liabilities in foreign currencies are expressed in sterling at the rates of exchange ruling at the year-end. Income from overseas investments is translated into sterling at the rate ruling on the date of the transaction. Surpluses and deficits arising on conversion or translation are dealt with as part of the change in market value of investments.

#### **(g) Contributions**

Normal contributions, both from the members and from employers, are accounted for in the payroll month to which they relate at rates as specified in the rates and adjustments certificate. Additional contributions from

#### **(h) Benefits Payable**

Under the rules of the Scheme, members can receive a lump sum retirement grant in addition to their annual pension. Lump sum retirement grants are accounted for from the date of retirement. Where a member can choose whether to take a greater retirement grant in return for a reduced pension these lump sums are accounted for on an accruals basis from the date the option is exercised. Other benefits are accounted for on the date the member leaves the Scheme or on death.

#### **(i) Transfers to and from Other Schemes**

Transfer values represent the capital sums either receivable (in respect of members from other pension schemes of previous employers) or payable (to the pension schemes of new employers for members who have left the Scheme). They take account of transfers where the trustees (or administering authority) of the receiving scheme have agreed to accept the liabilities in respect of the transferring members before the year end, and where the amount of the transfer can be determined with reasonable certainty.

#### **(j) Other Expenses**

Management expenses are accounted for on an accruals basis. Expenses are recognised net of any recoverable VAT. Nottinghamshire County Council charges the Fund with the costs it incurs in administering the scheme and the Fund. Fees and charges within pooled investment vehicles have the effect of reducing the fair value of those investments. These embedded costs are disclosed at note 10.

### **(k) Property related income**

Property related income consists primarily of rental income. Rental income from operating leases on properties owned by the fund is recognised on a straight line basis over the term of the lease. Any lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

## **2. Operation of the fund**

### **(a) General**

Nottinghamshire County Council is the Administering Authority for the Local Government Pension Scheme (LGPS) within Nottinghamshire. The scheme is governed by the Public Service Pensions Act 2013. The fund is administered in accordance with the following secondary legislation:

- the Local Government Pension Scheme Regulations 2013 (as amended)
- the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

The LGPS is a statutory scheme administered by individual pension funds. The benefits within the scheme are determined by regulation and are guaranteed by statute. The pension fund exists to help defray the cost of paying the pension benefits. Members make contributions to the Fund as specified in the regulations and employers make contributions as determined by the Fund's actuary as part of the triennial valuation of the Fund. All new employees are brought into the scheme automatically, unless a positive election not to participate is received from the employee.

The Authority administers the pension fund for over 490 participating employers and over 142,000 members. The employers include the County Council, the City Council, District Councils and organisations which used to be part of local government (such as Nottingham Trent University, Colleges, Police civilian staff and Academies). They also include organisations which satisfy the conditions to participate in the LGPS and have been admitted to the Fund by the Authority. In general, these organisations are non-profit making, or are undertaking a service which was, or could be, carried out by a local authority.

The operation of the Fund is set out in a number of published policy statements. Under the Governance Compliance Statement, the functions as administering authority of the Fund are delegated to the Nottinghamshire Pension Fund Committee.

The Funding Strategy Statement sets out the aims and purpose of the Fund and details the responsibilities of the administering authority as regards funding the scheme.

The Investment Strategy Statement sets out more detailed responsibilities relating to the overall investment strategy of the Fund including the proposed asset allocation, restrictions on investment types, the type of investment management used and performance monitoring. It also states the Fund's approach to responsible investment and corporate governance issues.

The Communications Strategy Statement details the overall strategy for involving stakeholders in the Fund. A key part of this strategy is a dedicated Fund website (available at [www.nottspf.org.uk](http://www.nottspf.org.uk)).

A separate annual report for the Fund is also produced and this, along with previous years' reports, will be accessible via the pension fund website. The annual report includes the accounts and the published policies as well as information on the performance of the fund.

The accounts of the fund are set out over the following pages. The CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 requires:

- a fund account showing the changes in net assets available for benefits
- a net assets statement showing the assets available at the year end to meet benefits
- supporting notes.

## (b) Contributions and Solvency

With effect from 1 April 2008 The Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 were introduced. The principal changes from the 1997 regulations were: the replacement, for future service, of the existing benefits structure (based on a pension of 1/80th of pensionable pay for each year of pensionable service plus an automatic lump sum of three times this amount) by one based on 1/60th of pensionable pay for each year of pensionable service and no automatic lump sum. Under the 2008 scheme, employees were required to make percentage contributions by deduction from earnings at a rate between 5.5% and 7.5% depending on salary.

From 1 April 2014 the new Local Government Pension Scheme was introduced for service accruing after that date. This is a career average revalued earnings (CARE) scheme with an accrual rate of 1/49th of pensionable pay and a retirement age linked to the state retirement age. Employee contribution rates in the new scheme range from 5.5% to 12.5% depending on salary.

Employers are required to make such balancing contributions, determined by the Actuary, as will maintain the fund in a state of solvency, having regard to existing and prospective liabilities.

## (c) Actuarial Valuations

As required by the Regulations an Actuarial Valuation of the Fund was carried out as at 31 March 2019. The market value of the Fund's assets at the valuation date was £5,433 million. The Actuary has estimated that the value of the Fund was sufficient to meet 93% of its expected future liabilities in respect of service completed to 31 March 2019. The certified contribution rates are expected to improve this to 100% within a period of 19 years. The full actuarial valuation report is available on the Fund's website at [www.nottspf.org.uk](http://www.nottspf.org.uk).

The Actuarial Valuation was carried out using the projected unit method and the assumptions used within the valuation are shown below.

	<b>31 March 2019</b>
	<b>% pa</b>
Expected investment returns:	
Equities	6.7
Gilts	1.7
Property and Infrastructure	6.1
Discount Rate	4.8
Retail price inflation (RPI)	3.3
Consumer price inflation (CPI)	2.6
Long term pay increases	3.6
Pension Increases	2.6

The 2019 valuation produced an average employer contribution rate of 21.6%. Employer contributions were certified by the actuaries for the years 2020/21 to 2022/23. For the majority of employers, the rate for future service accrual was certified as a percentage of salary with an additional cash amount specified for deficit recovery. The following list shows the contributions payable by the main employers:

<b>Certified employer contributions</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
Nottinghamshire County Council	18.7%	18.7%	18.7%
Plus:	£7,424,000	£7,695,000	£7,975,000
Nottingham City Council	17.9%	17.9%	17.9%
Plus:	£8,544,000	£8,855,000	£9,178,000
Ashfield District Council	18.0%	18.0%	18.0%
Plus:	£1,546,000	£1,603,000	£1,661,000
Bassetlaw District Council	19.6%	19.6%	19.6%
Plus:	£919,000	£953,000	£988,000
Broxtowe Borough Council	18.0%	18.0%	18.0%
Plus:	£264,000	£273,000	£283,000
Gedling Borough Council	18.2%	18.2%	18.2%
Plus:	£413,000	£428,000	£443,000
Mansfield District Council	19.5%	19.5%	19.5%
Plus:	£1,789,000	£1,855,000	£1,922,000
Newark and Sherwood District Council	17.5%	17.5%	17.5%
Plus:	£771,000	£800,000	£829,000
Rushcliffe Borough Council	17.6%	17.6%	17.6%
Plus:	£950,000	£985,000	£1,021,000

A number of employers have made accelerated payments for their future years deficit recovery amounts.

#### (d) Actuarial Present Value of Promised Retirement Benefits

The actuarial present value of promised retirement benefits has been calculated by the Fund's actuaries in accordance with IAS 19. To do this, the actuaries rolled forward the value of the Employers' liabilities calculated for the Triennial valuation as at 31 March 2016 allowing for the different financial assumptions required under IAS19. The assumptions used for the purposes of the IAS 19 calculations are as follows:

	31 March 2018		31 March 2019		31 March 2020	
	% pa	Real % pa	% pa	Real % pa	% pa	Real % pa
RPI Increases	3.3	-	3.4	-	2.7	-
CPI increases	2.3	(1.0)	2.4	(1.0)	1.9	(0.8)
Salary Increases	3.8	0.5	3.9	0.5	2.9	0.2
Pension Increases	2.3	(1.0)	2.4	(1.0)	1.9	(0.8)
Discount Rate	2.6	(0.7)	2.4	(1.0)	2.4	(0.3)
Mortality assumptions:						
Longevity at 65 for current pensioners						
Men	(years)		21.6		21.8	
Women	(years)		24.4		24.4	
Longevity at 65 for future pensioners						
Men	(years)		23.3		23.2	
Women	(years)		26.2		25.8	
Estimated return on assets			6%		-7%	

Members will exchange half of their commutable pension for cash at retirement.

The net liability under IAS 19 is shown below.

	<b>31 March 2018 £000</b>	<b>31 March 2019 £000</b>	<b>31 March 2020 £000</b>
Present value of funded obligation	8,442,517	8,769,711	8,315,005
Fair value of scheme assets	5,132,636	5,406,638	5,009,752
<b>Net Liability</b>	<b>3,309,881</b>	<b>3,363,073</b>	<b>3,305,253</b>

The present value of funded obligation consists of £8,165.1 million in respect of vested obligation and £149.9 million in respect of non-vested obligation.

A ruling has been made regarding age discrimination arising from public sector pension scheme transition arrangements put in place when moving from final salary to average salary scheme arrangements. Court of Appeal judgements were made in cases affecting judges' pensions (the McCloud Judgement) and firefighter pensions. The ruling will have implications for the Local Government Pension Scheme which also moved from a final salary to a career average salary scheme.

Last year the Government Actuary's Department undertook a scheme level review for England and Wales to assess the impact on the Local Government Pension Scheme in respect of the potential impact on scheme liabilities and service cost and the IAS 19 figures included in the accounts in 2019 and 2020 reflect the estimated impact of the McCloud Judgement. This had the effect of increasing the net liability by £68 million.

**These figures are presented only for the purposes of IAS 19. In particular, they are not relevant for calculations undertaken for funding purposes or for other statutory purposes under UK pensions legislation.**

#### **(e) Investment Strategy**

The investment strategy of the Fund is designed to maximise growth within acceptable risk parameters to help meet the future liabilities. The powers of investment are governed by the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009. The current investment policy is set out in the Fund's Investment Strategy Statement, a copy of which is available on the pension fund website ([www.nottspf.org.uk](http://www.nottspf.org.uk)).

During 2019/20 the Nottinghamshire Pension Fund Committee, was responsible for determining the investment strategy of the Fund and the type of investment management to be used. The Pension Fund Committee consisted of nine elected County Councillors (voting members), three representatives of Nottingham City Council, two representatives of the District Councils, two representatives of the Trade Unions, a representative elected by the other scheduled and admitted bodies and two appointed pensioner representatives (non voting members). Meetings were also attended by an independent adviser and representatives of the Chief Financial Officer.

The investments were managed by officers of the Authority or by organisations specialising in the management of pension fund assets. The Pension Fund Committee was responsible for monitoring performance of the fund and met on a quarterly basis to review the Fund's main investment managers and their performance.

## (f) Critical Judgements and Estimations

In applying the accounting policies set out in Note 1 above, the Council has had to make certain critical judgements and estimates about complex transactions or those involving uncertainty about future events. Estimates and assumptions are made taking into account historical experience, current trends and other relevant factors. However, the nature of estimation means that the actual results could differ from the assumptions and estimates.

**Pension Fund Liability** - The Pension Fund liability is calculated triennially by the appointed actuary with annual updates in the intervening years. The methodology used in the intervening years follows generally agreed guidelines. This estimate is subject to significant variances based on changes to the underlying assumptions which are agreed with the actuary and have been summarised in Note 2 d). Actuarial re-valuations are used to set future contribution rates and underpin the fund's most significant investment management policies.

**Property Investments** - Valuation techniques are used to determine the carrying amount of pooled property funds and directly held freehold and leasehold property. Where possible these valuation techniques are based on observable data but where this is not possible management uses the best available data.

**Level 3 Investments** - Private equity investments are valued at fair value in accordance with International Private Equity and Venture Capital Valuation Guidelines (2012). Investments are not publicly listed and as such there is a degree of estimation involved in the valuation.

## (g) External Audit

A separate fee is payable to Grant Thornton UK LLP for audit of the pension fund. All fees have been included in the accounts for the period to which they relate. The fee for 2019/20 is £23,043 (£23,043 for 2018/19).

## 3. Contributors and Pensioners

	Members at 31 March 2020				
	County Council	City Council	District Councils	Other	Total
Contributors	15,879	8,064	3,428	20,685	48,056
Deferred Beneficiaries	24,150	12,507	4,358	14,987	56,002
Pensioners	17,793	7,826	4,938	8,197	38,754
					<u>142,812</u>

	Members at 31 March 2019				
	County Council	City Council	District Councils	Other	Total
Contributors	16,282	7,616	3,224	20,067	47,189
Deferred Beneficiaries	23,878	12,370	4,335	14,045	54,628
Pensioners	17,053	7,465	4,851	7,556	36,925
					<u>138,742</u>

## 4. Analysis of Contributions

	Employers		Members		Total	
	2018/19 £000	2019/20 £000	2018/19 £000	2019/20 £000	2018/19 £000	2019/20 £000
County Council	31,902	31,371	12,131	12,267	44,033	43,638
Scheduled Bodies	94,718	98,961	31,721	33,378	126,439	132,339
Admitted Bodies	8,381	6,929	2,364	2,261	10,745	9,190
	<u>135,001</u>	<u>137,261</u>	<u>46,216</u>	<u>47,906</u>	<u>181,217</u>	<u>185,167</u>

## 5. Analysis of Benefits

	2018/19 £000	2019/20 £000
Pensions	162,268	171,375
Commutation and lump sum	34,937	35,699
Lump sum death benefits	4,495	5,050
	<u>201,700</u>	<u>212,124</u>
Comprising of:		
County Council	77,848	79,575
Scheduled Bodies	115,236	122,965
Admitted Bodies	8,616	9,584
	<u>201,700</u>	<u>212,124</u>

## 6. Payments to and on account of leavers

	2018/19 £000	2019/20 £000
Refunds to members leaving the fund	452	497
Payments for members joining state scheme	190	162
Group transfers to other funds	-	-
Individual transfers to other funds	34,090	12,998
	<u>34,732</u>	<u>13,657</u>

## 7. Administration Expenses

	2018/19 £000	2019/20 £000
Printing and stationery	14	8
Legal fees	22	16
Other external fees	280	398
Administering Authority Costs	1,796	1,754
	<u>2,112</u>	<u>2,176</u>

## 8. Oversight and Governance Expenses

	2018/19 £000	2019/20 £000
Training and conferences	3	2
Printing and stationery	1	2
Subscriptions and membership fees	29	40
Actuarial fees	34	70
Audit fees	23	23
Legal fees	2	-
Other external fees	1,143	969
Administering Authority Costs	395	354
	<u>1,630</u>	<u>1,460</u>

Other external fees includes the Fund's share of the running costs of LGPS Central Ltd.

## 9. Investment Income

Analysis by type of investment	2018/19 £000	2019/20 £000
Interest from fixed interest securities	(27,553)	(21,980)
Income from index-linked securities	-	-
Dividends from equities	(57,604)	(42,287)
Income from pooled investment vehicles	(52,655)	(35,880)
Income from property pooled vehicles	(5,340)	(6,005)
Net rents from property	(17,646)	(22,011)
Interest on cash deposits	(1,246)	(1,335)
Other	(728)	(912)
	<u>(162,772)</u>	<u>(130,410)</u>
Directly held property		
Rental income	(20,068)	(23,989)
Less operating expenses	2,422	1,978
<b>Net rents from property</b>	<u>(17,646)</u>	<u>(22,011)</u>

The future minimum lease payments receivable by the fund are as follows:

	2018/19 £000	2019/20 £000
Within one year	20,802	23,909
Between one and five years	71,097	82,690
Later than five years	188,470	213,681
<b>Future lease payments due under existing contracts</b>	<u>280,369</u>	<u>320,280</u>

## 10. Investment Management Expenses

	2018/19 £000	2019/20 £000
Custody fees	417	299
Investment management fees	4,803	4,614
Other external fees	172	65
Administering Authority Costs	18	17
	<u>5,410</u>	<u>4,995</u>

The investment management fees shown above are those fees attributable to external managers and charged directly to the Fund. Additional fees and charges are incurred through pooled investment vehicles. These have the effect of reducing the fair value of the investments. The estimated embedded costs within pooled investment vehicles were £13.3 million in 2019/20 (£13.3 million in 2018/19).

## 11. Investments

(a) Investment Analysis	31 March 2019 £000	31 March 2020 £000
Fixed Interest Securities		
UK Public Sector	176,070	208,155
UK Other	488,039	176,572
Overseas Other	12,945	-
Equities		
UK	821,987	667,552
Overseas	179,050	174,959
Unlisted	7,524	4,304
Pooled Investment Vehicles		
Unit Trusts	968,072	1,252,280
Other Managed Funds	1,890,700	1,627,204
Pooled Vehicles Invested in Property		
Property Unit Trusts	122,251	116,997
Other Managed Funds	126,110	148,606
Property	483,262	481,379
Forward Foreign Exchange	(25)	-
Cash and Currency	130,653	151,744
Investment Liabilities	-	-
<b>Total Investments</b>	<b><u>5,406,638</u></b>	<b><u>5,009,752</u></b>

The original values of investments are based on purchase cost plus transaction costs. If any investments have been held since 1 April 1974 (when the Authority was given the responsibility for the Fund) these are included at the market value as at that date.

	31 March 2019 £000	31 March 2020 £000
Market Value	5,406,638	5,009,752
Original Value	4,553,254	4,733,655
<b>Excess/(Deficit) of Market Value over Original Value</b>	<b><u>853,384</u></b>	<b><u>276,097</u></b>

**(b) Reconciliation of Opening and Closing Values of Investments 2019/20**

	Value at 1 April 2019 £000	Purchases at Cost £000	Proceeds of Sales £000	Change in Market Value £000	Value at 31 March 2020 £000
Fixed Interest Securities	677,054	324,838	(639,019)	21,854	384,727
Equities	1,008,561	290,444	(249,355)	(202,835)	846,815
Pooled Investment Vehicles	2,858,772	565,989	(259,910)	(285,367)	2,879,484
Property Pooled Vehicles	248,361	16,164	(1,551)	2,629	265,603
Property	483,262	28,517	(9,350)	(21,050)	481,379
	<b>5,276,010</b>	<b>1,225,952</b>	<b>(1,159,185)</b>	<b>(484,769)</b>	<b>4,858,008</b>
Forward Foreign Exchange	(25)	92,166	(93,686)	1,545	-
	<b>5,275,985</b>	<b>1,318,118</b>	<b>(1,252,871)</b>	<b>(483,224)</b>	<b>4,858,008</b>
Cash deposits	130,653				151,744
	<b>5,406,638</b>				<b>5,009,752</b>

**Reconciliation of Opening and Closing Values of Investments 2018/19**

	Value at 1 April 2018 £000	Purchases at Cost £000	Proceeds of Sales £000	Change in Market Value £000	Value at 31 March 2019 £000
Fixed Interest Securities	716,004	319,584	(353,860)	(4,674)	677,054
Equities	2,032,516	313,317	(1,443,685)	106,413	1,008,561
Pooled Investment Vehicles	1,554,547	1,496,162	(237,167)	45,230	2,858,772
Property Pooled Vehicles	252,751	45,992	(51,327)	945	248,361
Property	438,470	37,459	-	7,333	483,262
	<b>4,994,288</b>	<b>2,212,514</b>	<b>(2,086,039)</b>	<b>155,247</b>	<b>5,276,010</b>
Forward Foreign Exchange	103	121,688	(121,014)	(801)	(25)
	<b>4,994,391</b>	<b>2,334,202</b>	<b>(2,207,053)</b>	<b>154,446</b>	<b>5,275,985</b>
Cash deposits	146,032				130,653
	<b>5,140,423</b>				<b>5,406,638</b>

For Forward Foreign Exchange contracts, the purchase cost and sale proceeds represent the sterling value of the currency purchases and sales at the settlement dates specified in the contracts.

Transaction costs are included in the cost of purchases and sale proceeds. The costs charged directly to the fund, such as fees, commissions and stamp duty, amounted to £1.8 million in 2019/20 (£3.4 million in 2018/19). In addition, indirect costs are incurred through the bid-offer spread on investments. This amount is not separately provided.

### (c) Management Arrangements

The assets of the Fund are managed within five portfolios and a breakdown of these as at the Net Assets Statement date is shown below:

	31 March 2019 £000		31 March 2020 £000	
Core Index	1,361,636	25.2%	1,110,544	22.2%
Schroder Investment Management	1,509,073	27.9%	1,297,411	25.9%
Fixed Interest	690,557	12.8%	681,429	13.6%
Aberdeen Property Investors	499,881	9.2%	610,486	12.2%
Specialist	1,345,491	24.9%	1,309,882	26.1%
<b>Total</b>	<b>5,406,638</b>	<b>100.0%</b>	<b>5,009,752</b>	<b>100.0%</b>

A breakdown of material pooled holdings managed by external managers within the Core Index, Fixed Interest and Specialist portfolios is shown below:

	31 March 2019 £000	31 March 2020 £000
<b>Core Index</b>		
Legal & General	1,329,955	1,065,133
<b>Fixed Interest</b>		
LGPS Central	-	283,738
<b>Specialist</b>		
Kames Capital	279,317	265,908
RWC Capital	245,858	177,543
Aberdeen Standard	128,494	44,823
Darwin	74,838	79,444
LGPS Central	-	81,010

The European Property Growth Fund managed by Aberdeen Standard worth £109m at 31/3/20 was transferred to the Aberdeen Property portfolio during the year.

### (d) Asset Allocation

The asset allocation of the Fund as at the Net Assets Statement date is shown below:

	31 March 2019 £000		31 March 2020 £000	
UK Fixed Interest	664,109	12.3%	384,727	7.7%
Overseas Fixed Interest	12,945	0.2%	283,738	5.7%
UK Equities	1,314,735	24.3%	1,082,969	21.6%
Overseas Equities:				
US	829,170	15.3%	641,947	12.8%
Europe	447,427	8.3%	362,238	7.2%
Japan	242,487	4.5%	241,134	4.8%
Pacific Basin	143,438	2.7%	120,864	2.4%
Emerging Markets	235,623	4.4%	197,797	3.9%
Global Equities	9,484	0.2%	26,085	0.5%
UK Property	628,945	11.6%	746,251	14.9%
Overseas Property	102,678	1.9%	731	0.0%
Private Equity	188,213	3.5%	218,264	4.4%
Infrastructure	260,281	4.8%	311,677	6.2%
Credit	-	-	52,421	1.0%
Multi-Asset	196,475	3.6%	187,165	3.7%
Forward Foreign Exchange	(25)	-	-	-
Cash	130,653	2.4%	151,744	3.0%
<b>Total</b>	<b>5,406,638</b>	<b>100.0%</b>	<b>5,009,752</b>	<b>100.0%</b>

**(e) Property**

Direct property is shown at open market value (as defined by the International Valuation Standards Committee) as determined by Savills Commercial Limited. The valuation has been provided subject to a material uncertainty clause.

	<b>31 March 2019</b>	<b>31 March 2020</b>
	<b>£000</b>	<b>£000</b>
Freehold	451,662	455,029
Leasehold more than 50 years	31,600	26,350
	<b>483,262</b>	<b>481,379</b>
Original Value	382,211	410,348

Details of movement on directly owned properties is as follows:-

	<b>31 March 2019</b>	<b>31 March 2020</b>
	<b>£000</b>	<b>£000</b>
<b>Opening balance</b>	<b>438,470</b>	<b>483,262</b>
Additions:		
Purchases	28,983	201
New construction	6,726	27,605
Subsequent expenditure	1,750	711
Disposals	-	(9,000)
Net increase in market value	7,333	(21,400)
Other changes in fair value	-	-
<b>Closing balance</b>	<b>483,262</b>	<b>481,379</b>

**(f) Analysis of Pooled Investment Vehicles**

The underlying economic exposure of pooled investment vehicles is shown below:

	<b>31 March 2019</b>	<b>31 March 2020</b>
	<b>£000</b>	<b>£000</b>
Global Fixed Interest	-	283,738
UK Equities	617,052	512,668
Overseas Equities:		
US	826,323	640,212
Europe	334,216	249,090
Japan	179,495	181,059
Pacific Basin	143,438	120,864
Emerging Markets	204,012	197,797
Global	9,484	26,085
UK Property	145,683	155,511
Overseas Property	102,678	110,092
Private Equity	180,689	213,961
Infrastructure	167,588	214,424
Credit	-	52,421
Multi-Asset	196,475	187,165
<b>Total</b>	<b>3,107,133</b>	<b>3,145,087</b>

**(g) Private Equity and Infrastructure Funds**

The Fund has made commitments to a number of private equity and infrastructure funds. The original commitment amounts are shown below in the fund currencies:

	<b>Currency</b>	<b>Commitment</b> millions
<b>Private Equity Funds</b>		
Wilton Private Equity Fund LLC	USD	13
Pantheon Europe Fund III	EUR	10
East Midlands Regional Venture Capital Fund	GBP	4
Coller International Partners IV	USD	9
Schroders Private Equity Fund of Funds III	EUR	22
DCM Private Equity Fund II	USD	18
Pantheon Europe Fund V	EUR	15
Coller International Partners V	USD	18
Catapult Growth Fund LP	GBP	4
Altius Associates Private Equity Fund	USD	10
Partners Group Secondary 2008	EUR	13
DCM Private Equity Fund III	USD	16
Coller International Partners VI	USD	16
Altius Associates Private Equity Fund II	USD	15
Foresight Nottingham Fund LP	GBP	10
Aberdeen SVG Private Equity	USD	15
DCM Private Equity Fund IV	USD	16
Coller International VII	USD	16
Pantheon Multi-Strategy	EUR	14
Capital Dynamics CPEV 15-16	GBP	10
Capital Dynamics CPEV 16-17	GBP	10
Capital Dynamics CPEV 17-18	GBP	10
YFM Equity Partners 2016 LP	GBP	10
Darwin Leisure Development Fund	GBP	30
Darwin Leisure Property Fund	GBP	20
Capital Dynamics CPEV 17-18	GBP	10
Darwin Bereavement Services Fund	GBP	20
Capital Dynamics CPEP 18-19	GBP	10
YFM Buyout Fund II LP	GBP	15
LGPS Central PE Primary Fund 2018	GBP	10
LGPS Central PE Co-Investments P 2018 LP	GBP	5
Coller International VIII	USD	35
Dorchester Capital Secondaries Offshore V	USD	50
<b>Infrastructure Funds</b>		
Partners Group Global Infrastructure	EUR	12
Altius Real Assets Fund I	USD	15
Hermes GPE Infrastructure Fund LP	GBP	25
AMP Capital Global Infrastructure Fund	USD	32
SL Capital Infrastructure LP	GBP	15
JP Morgan IIF UK 1	USD	22
Green Investment Bank Offshore Wind Fund	GBP	15
MacQuarie European Infrastructure Fund 5 LP	EUR	30
Equitix Fund IV LP	GBP	20
Hermes GPE Infrastructure II LP	GBP	25
Equitix Fund V LP	GBP	10
SL Capital Infrastructure II LP	EUR	20
Capital Dynamics Clean Energy and Infrastructure VIII	GBP	10

These commitments are drawn by the funds over time as investments are made in underlying companies or assets. The undrawn commitments as at 31 March 2020 were £190.4 million (£175.9 million at 31 March 2019). Of the funds above, the following were new commitments made during 2019/20:-

	Currency	Commitment millions
Dorchester Capital Secondaries Offshore V	USD	50
Capital Dynamics Clean Energy and Infrastructure VIII	GBP	10

#### (h) Analysis of derivatives

##### Open Forward Foreign Exchange contracts at 31 March 2020

Settlement	Currency Bought	Local Value 000	Currency Sold	Local Value 000	Asset Value £000	Liability Value £000
Up to 3 months	GBP	-	EUR	-	-	-
Up to 3 months	GBP	-	USD	-	-	-
<b>Total net forward foreign exchange contracts</b>					<b>-</b>	<b>-</b>

##### Open Forward Foreign Exchange contracts at 31 March 2019

Settlement	Currency Bought	Local Value 000	Currency Sold	Local Value 000	Asset Value £000	Liability Value £000
Up to 3 months	GBP	13,310	EUR	(15,400)	5	-
Up to 3 months	GBP	5,857	USD	(7,700)	(30)	-
<b>Total net forward foreign exchange contracts</b>					<b>(25)</b>	<b>(25)</b>

## 12. Contingent Liabilities

The fund has 38 private equity and infrastructure funds which have undrawn commitments as at 31 March 2020 of £190.4 million (£175.9 million at 31 March 2019).

## 13. Other Investment Balances and Liabilities

	31 March 2019 £000	31 March 2020 £000
Other investment balances		
Outstanding investment transactions	-	-
Investment income	28,944	28,575
	<b>28,944</b>	<b>28,575</b>
Investment Liabilities		
Outstanding investment transactions	(146)	-
Investment income	(3,821)	(5,387)
	<b>(3,967)</b>	<b>(5,387)</b>

## 14. Current Assets and Liabilities

	31 March 2019 £000	31 March 2020 £000
<b>Current assets</b>		
Contributions due from employers	9,473	12,065
Other	1,565	3,696
	<b>11,038</b>	<b>15,760</b>
<b>Current Liabilities</b>		
Payments in advance	-	-
Sundry creditors	(9,155)	(7,809)
Other	(435)	(479)
	<b>(9,590)</b>	<b>(8,288)</b>

## 15. Financial Instruments and Property Investments

- (a) The various financial instruments held by the Fund are valued at fair value. The following tables analyse the fair value of financial assets and liabilities by asset class.

	31 March 2020			Totals
	Financial assets measured at Fair Value through profit and loss £000	Assets at amortised cost £000	Financial liabilities at amortised cost £000	£000
<b>Financial Assets</b>				
Fixed Interest Securities	384,727	-	-	384,727
Equities	846,815	-	-	846,815
Pooled Investment Vehicles	2,879,484	-	-	2,879,484
Property Pooled Vehicles	265,603	-	-	265,603
Forward Foreign Exchange	-	-	-	-
Cash deposits	-	151,744	-	151,744
Other investment balances	-	28,575	-	28,575
Current Assets	-	15,760	-	15,760
	<b>4,376,629</b>	<b>196,079</b>	-	<b>4,572,708</b>
<b>Financial Liabilities</b>				
Investment Liabilities	-	-	(5,387)	(5,387)
Current Liabilities	-	-	(8,288)	(8,288)
	-	-	<b>(13,675)</b>	<b>(13,675)</b>
	<b>4,376,629</b>	<b>196,079</b>	<b>(13,675)</b>	<b>4,559,033</b>

	31 March 2019			
	Financial assets measured at Fair Value through profit and loss £000	Assets at amortised cost £000	Financial liabilities at amortised cost £000	Totals £000
<b>Financial Assets</b>				
Fixed Interest Securities	677,054	-	-	677,054
Equities	1,008,561	-	-	1,008,561
Pooled Investment Vehicles	2,858,772	-	-	2,858,772
Property Pooled Vehicles	248,361	-	-	248,361
Forward Foreign Exchange	(25)	-	-	(25)
Cash deposits	-	130,653	-	130,653
Other investment balances	-	28,944	-	28,944
Current Assets	-	11,038	-	11,038
	<b>4,792,723</b>	<b>170,635</b>	<b>-</b>	<b>4,963,358</b>
<b>Financial Liabilities</b>				
Investment Liabilities	-	-	(3,967)	(3,967)
Current Liabilities	-	-	(9,590)	(9,590)
	-	-	<b>(13,557)</b>	<b>(13,557)</b>
	<b>4,792,723</b>	<b>170,635</b>	<b>(13,557)</b>	<b>4,949,801</b>

No financial assets were reclassified during the accounting period.

**(b) Valuation of financial instruments and Property Investments carried at fair value**

The valuation of financial instruments has been classified into three levels according to the quality and reliability of information used to determine fair values.

- Level 1 Fair values derived from quoted market price.
  - this includes all quoted equity, fixed interest and index linked instruments.
- Level 2 Fair values derived from valuation techniques based significantly on observable inputs.
  - this includes all pooled property investments.
- Level 3 Fair values derived from valuation techniques where at least one significant input is not based on observable market data.
  - this includes unlisted shares and investments in private equity funds.
  - following guidance from IFRS13 Property is included in level 3

As at 31 March 2020	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
<b>Financial Assets</b>				
Fair value through profit and loss				
Financial instruments	3,625,917	265,603	485,109	4,376,629
<b>Non Financial Assets</b>				
Fair value through profit and loss				
Freehold and leasehold property	-	-	481,379	481,379
<b>Total</b>	<b>3,625,917</b>	<b>265,603</b>	<b>966,488</b>	<b>4,858,008</b>
<b>Financial Liabilities</b>				
Liabilities at amortised cost	-	-	-	-
Financial liabilities	(13,675)	-	-	(13,675)
<b>Total</b>	<b>(13,675)</b>	<b>-</b>	<b>-</b>	<b>(13,675)</b>
<b>Net</b>	<b>3,612,242</b>	<b>265,603</b>	<b>966,488</b>	<b>4,844,333</b>

As at 31 March 2019	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
<b>Financial Assets</b>				
Fair value through profit and loss				
Financial instruments	4,188,561	248,361	355,801	4,792,723
<b>Non Financial Assets</b>				
Fair value through profit and loss				
Freehold and leasehold property	-	-	483,262	483,262
<b>Total</b>	<b>4,188,561</b>	<b>248,361</b>	<b>839,063</b>	<b>5,275,985</b>
<b>Financial Liabilities</b>				
Liabilities at amortised cost	-	-	-	-
Financial liabilities	(13,557)	-	-	(13,557)
<b>Total</b>	<b>(13,557)</b>	<b>-</b>	<b>-</b>	<b>(13,557)</b>
<b>Net</b>	<b>4,175,004</b>	<b>248,361</b>	<b>839,063</b>	<b>5,262,428</b>

### Reconciliation of Fair Value measurements within Level 3

	Freehold and leasehold property	Private equity and unlisted shares
	£000	£000
<b>Market value 1 April 2019</b>	-	<b>355,801</b>
Transfers into level 3	-	-
Transfers out of level 3	-	-
Purchases during the year	28,517	185,713
Sales during the year	(9,350)	(33,821)
Unrealised gains / (losses)	(21,050)	(22,584)
Realised gains / (losses)	-	-
<b>Market value 31 March 2020</b>	<b>481,379</b>	<b>485,109</b>

### Sensitivity of assets valued at level 3

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted global financial markets and increased the uncertainty of fair value assessments at 31 March 2020.

Market activity is being impacted in many sectors and the property valuation is reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global as the valuers do not consider that they can rely upon previous market evidence to fully inform opinions of value at the valuation date.

Private assets are based on valuations generally a quarter earlier and do not reflect the market impact of the pandemic. Consequently the assessed valuation range has been increased for 31 March 2020 to reflect the additional uncertainty.

	Assessed valuation range (+/-)	Value at 31 March 2020 £000	Value on increase £000	Value on decrease £000
Freehold and leasehold property	15%	481,379	553,586	409,172
Private equity and unlisted shares	30%	485,109	630,642	339,576
<b>Total</b>		<b>966,488</b>	<b>1,184,228</b>	<b>748,748</b>

### (c) Nature and extent of risks arising from financial instruments

The aims of the Fund are to:

- manage employers' liabilities effectively
- ensure that sufficient resources are available to meet all liabilities as they fall due
- maximise the returns from investments within reasonable risk parameters
- enable employer contribution rates to be kept as nearly constant as possible and at reasonable cost to the taxpayers, scheduled, resolution and admitted bodies.

The key risks to the achievement of these aims, as well as measures to mitigate those risks, are set out in the various Fund policies (available at [www.nottspf.org.uk](http://www.nottspf.org.uk)) including:

- Investment Strategy Statement
- Funding Strategy Statement
- Governance Compliance Statement
- Risk Management Strategy and Risk Register

The Risk Register identifies the highest risks as arising from:

- Fund assets are assessed as insufficient to meet long term liabilities
- Standing data and permanent records are not accurate
- Significant variations from assumptions used in the actuarial valuation

Actions have been agreed to mitigate these risks.

The Fund's primary risk is that its assets fall short of its long term liabilities. The Funding Strategy Statement states that the funding objectives are to:

- Set levels of employer contribution that will build up a fund of assets that will be sufficient to meet all future benefit payments from the Fund
- Build up the required assets in such a way that employer contribution rates are kept as low and stable as possible.

The most significant effect on the funding level arises from changes in the discount rate used by the actuaries. The sensitivity analysis below (prepared by the Fund's actuaries) shows the impact of a

Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present Value of Total Obligation (£000)	8,142,920	8,315,005	8,490,900

The Fund deficit at the last triennial valuation was £405 million.

For the first time in 2013/14 there was a net withdrawal from dealings with members. Since then the net withdrawal has been relatively small, and in some years more than offset by deficit contributions, but the clear trend is for this to increase. In 2019/20 the fund again experienced a net withdrawal from dealings with members. Investment income significantly exceeded this withdrawal.

The Fund continues to receive significant investment income and is therefore unlikely to need to sell assets in order to meet pension benefits in the near future. This allows the Fund to implement a long term investment strategy and minimise the impact of short term fluctuations in investment and currency markets. The strategy, and the assumptions that underpin it, are reviewed on a regular basis and cash flows are monitored closely to ensure there is sufficient liquidity to meet forecast cash flows.

The investment strategy is aimed at achieving best returns in line with the requirements of the triennial valuation whilst minimising risk and overall variability in future employers' contribution rates. Specific risks arising from financial instruments include market risk, credit risk and liquidity risk. These risks are managed within the fund through diversification of assets, careful selection of managers and counter parties, and prudent treasury management. The level of risk in the equities block is managed by a balance between passive and active management.

Policies are reviewed regularly to reflect changes in activity and in market conditions. Responsibility for reviewing and revising the policies rests with the Nottinghamshire Pension Fund Committee.

## 16. Members Additional Voluntary Contributions

The Nottinghamshire Fund provides an additional voluntary contribution (AVC) scheme to enable members to purchase additional benefits. Contributions are paid over to, and invested separately by, the two scheme providers, Prudential and Scottish Widows. The contributions are not included in the Fund's accounts in accordance with regulation 4(2)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009. The value of the separately invested AVCs is shown below:

	<b>31 March 2019</b> <b>£000</b>	<b>31 March 2020</b> <b>£000</b>
Prudential	31,824	32,559
Scottish Widows	3,962	3,275
	<b>35,786</b>	<b>35,834</b>

## 17. Related Party Transactions

Under IAS 24, a party is related to an entity if:

- the party is a member of the key management personnel
- the party is a post-employment benefit plan for the benefit of employees of the entity.

The purpose of related party disclosures is to provide information on transactions and balances that could have an effect on the operations or financial position of an entity. For example, related parties may enter into transactions that unrelated parties would not and transactions between related parties may not be made at the same amounts as between unrelated parties.

Disclosures are required for:

- the nature of the related party relationship
- key management personnel compensation
- information about the transactions and outstanding balances necessary for an understanding of the potential effect of the relationship on the financial statements.

Nottinghamshire County Council is the administering authority for the Local Government Pension Scheme (LGPS) within Nottinghamshire and is one of the major employers within the scheme. Information regarding key management personnel is provided within the main accounts of Nottinghamshire County Council. The proportion recharged to the Pension Fund is as follows:-

<b>2019-20</b> <b>Post Holder</b> <b>information (Post title</b> <b>and name (where</b> <b>applicable))</b>	<b>Note</b>	<b>Salary</b> <b>(including</b> <b>fees &amp;</b> <b>allowances)</b> <b>£</b>	<b>Expenses</b> <b>£</b>	<b>Compensation for</b> <b>Loss of Office</b> <b>£</b>	<b>Employer</b> <b>Pension</b> <b>contributions*</b> <b>£</b>	<b>Total</b> <b>Remuneration</b> <b>£</b>
Service Director (Customers, Governance and Employees)	1	14,732	-	-	3,271	18,003
Service Director (Finance, Infrastructure & Improvement)	2	19,643	92	-	4,361	24,096

\*Pension Contributions are estimated at 22.2% to account for the pensions deficit

1. The Service Director for Customers, Governance and Employees gained responsibility for the Monitoring Officer post in July 2018.

2. The post of Service Director (Finance, Infrastructure and Improvement) has the statutory responsibility of S151 Officer.

Members and officers of the Council involved in managing the Fund are allowed to be members of the LGPS. All transactions between Nottinghamshire County Council and the Fund and all benefit payments from the Fund are in accordance with the regulations governing the LGPS. There are no transactions therefore that are made on a different basis from those with non-related parties.

LGPS Central Ltd has been established to manage investment assets on behalf of nine LGPS funds across the Midlands. It is jointly owned in equal shares by the eight administering authorities participating in the Pool.

£1,315,000 has been invested in share capital and £685,000 in a loan to LGPS Central. These are the balances at year end, unchanged from 2018/19. The fund earned £36,000 in interest during the year (£43,000 in 2018/19) and £36,000 was owed to the fund at the end of the year (£43,000 in 2018/19).

LGPS Central Ltd has charged £966,000 in operating and investment management costs during the year (2018/19 £860,000), of which £297,000 (2018/19 £161,000) was outstanding at year end.

Nottinghamshire Pension Fund has guaranteed a share of the pension liability relating to employees of LGPS Central Ltd that transferred into the company on creation.

Set up costs in the creation of LGPS Central Ltd were borne by West Midlands Pension Fund and then recharged equally to the administering authorities. A total of £501,760 was refunded to Nottinghamshire Pension Fund by LGPS Central Ltd during 2018/19 reflecting the cost of setting up the enterprise to the end of March 2018.

Over time, LGPS Central Ltd will manage an increasing proportion of the Pension Funds investments. At 31 March 2020 investments worth £398.410 million (31 March 2019 £18.963 million) were invested in LGPS Central Ltd funds.

## 18. Post Balance Sheet Events

As previously disclosed, the accounts have been prepared amidst the outbreak of the COVID 19 global pandemic. This has impacted global markets and generated significant volatility. The year end valuation of assets may consequently be significantly different from the valuation of assets at any date after 31 March 2020. However this is not considered to be a post balance sheet event that changes the valuation on 31 March 2020.

No post balance sheet events have been identified.