

NORTH YORKSHIRE COUNTY COUNCIL**PENSION FUND COMMITTEE****24 MAY 2018****LGPS POOLING ARRANGEMENTS****Report of the Treasurer****1.0 PURPOSE OF REPORT**

- 1.1 To update Members on progress towards the Government's announced proposal to pool the assets of LGPS funds.

2.0 RECENT EVENTS

- 2.1 There continues to be a significant amount of work being undertaken as the 'Go Live' date of 2 July 2018 approaches. The key milestones that have been achieved since that last update are gaining FCA approval, drafting the ACS Prospectus and the approval of the 3 year operating budget. The current areas of focus are on the set up and launch of the upcoming subfunds, transition planning and recruitment and TUPE of staff. Further detail is provided on some of these key tasks and milestones in the sections below.
- 2.2 The Joint Committee (JC) had its last meeting on 13 March 2018. A verbal update on this meeting and other BCPP developments will also be provided at the meeting by the Chairman and Treasurer.

3.0 SHAREHOLDER DIRECTORS ON THE BCPP BOARD

- 3.1 At the January 2018 JC meeting the principle of appointing two shareholder directors to the BCPP Board with full standing including voting rights was agreed. These additional roles will be non-executive directors and will bring the total directors to seven, three Executive and four non-executive directors.
- 3.2 In the March 2018 meeting it was decided that these two shareholder directors would be selected by the JC through an exhaustive ballot process in the July 2018 meeting. It has also been agreed that these Members, if currently a Member of the JC, would no longer sit on the JC.
- 3.3 To provide a degree of continuity for the Board, one of the initial appointments will be for a one year term and the other a two year term. No director appointed through the JC will be allowed to serve more than two consecutive terms.

- 3.4 BCPP have provided a role description for these posts which is attached along with the report that went to JC in March as **Appendix 1**. Administering Authorities will be sent an invitation by the end of May to put forward suitably qualified candidates for election to the roles. These candidates will be asked to provide a short supporting statement to the JC through the secretariat no later than two weeks prior to the 10 July 2018 meeting. Members may wish to consider whether they would like to put themselves forward for the roles.
- 3.5 The Chair and the Vice chair of the JC will also be elected through exhaustive ballot in the July 2018 meeting.

4.0 BCPP BUSINESS PLAN AND ANNUAL BUDGET

- 4.1 In April the BCPP Strategic Business Plan, Annual Budget and support for regulatory capital draw down was presented to Shareholders for approval. This required 100% approval as this is the first year of operations; this required approval will drop to 75% in future years. At the end of April 100% approval was achieved from the Shareholders. The approved documents are attached for information in **Appendix 2**. Following this approval BCPP has received all regulatory capital from the Funds.
- 4.2 The approved annual operating charge for NYPF, included in Appendix 2, has been included in the 2018/19 budget in the Budget and Statistics paper.

5.0 TRANSITION PLAN

- 5.1 The current high level draft transition timeline is as follows:
- Internal Funds (UK and Global Equities) - July 2018
 - UK Equities – Q3 2018
 - Alternatives- Q4 2018 onwards
 - Global Equities- Q1 2019
 - Fixed Income- Q2 2019
 - Diversified Growth Funds- Q4 2019
 - Property- Q3 2020
- 5.2 As we approach the Go Live date, detailed work is being undertaken on the launch of the July 2018 and Q3 2018 sub funds. There is a working group of BCPP staff and Partner Fund officers, including NYPF, that are working on the launch of the UK equities sub fund.
- 5.3 The procurement process is currently being finalised for the procurement of the external managers and the detail will be shared with Funds once available; it is anticipated that this will be available in the next week for the UK equity subfund. An external search advisor is being appointed to assist with the earlier procurement processes.

- 5.4 BCPP are holding Manager Days in advance of the external manager procurements to explain the process to them, including the timelines and what is expected from them. All existing managers have been invited to these days.
- 5.5 Before the launch of each sub fund it is important that the PFC is provided with enough information to allow them to approve the transition of funds into the sub fund and the disinvestment from current managers. There have been discussions between BCPP and each of the Partner Fund officers on what due diligence information is required to allow this decision to be made by committees; this agreed information will be provided for each sub fund in advance of its launch. For the UK equity sub fund it is expected that this due diligence information will be available in the next week. In addition it is intended that the newly appointed relationship manager will attend a future PFC to further explain the transition plan and support the due diligence information if necessary.
- 5.6 Due to the current investment strategy changes, outlined in the Investment Strategy update paper in this pack, it is not anticipated that NYPF will invest in the External UK equity sub fund when it is launched in Q3 of 2018.
- 5.7 BCPP have appointed a transition adviser, Inalytics, for the Internal and UK equity transitions to advise both the Pool and the Partner Funds. Work is continuing to agree the approach to the transition of funds.

6.0 NEXT STEPS

- 6.1 The next Joint Committee meeting is to be held on 10 July 2018.

7.0 RECOMMENDATION

- 7.1 Members note the content of the report and verbal updates provided in the meeting.
- 7.2 Members to consider whether they would like to put themselves forward for the roles of shareholder directors on the BCPP Board.

GARY FIELDING
Treasurer, North Yorkshire Pension Fund
NYCC
10 May 2018