



**LGPS** Central Limited

# Progress Review and Plan for 2018/19

Callum Campbell

*7<sup>TH</sup> September 2018*

*Leicestershire Pension Committee*



# REMINDER OF KEY DELIVERABLES FOR 2018/19



1. Delivery within Budget.
2. Design and delivery of cost saving model.
3. Design and delivery of investment performance monitoring model.
4. Delivery of the Company's Responsible Investment and Engagement Policy.
5. Completion of Target Organisational Structure.
6. Completion of Target Operating Model.
7. Creation of Client Servicing and Shareholder Engagement Plans.
8. Product Development and Delivery Plans for 2018/19-2020/21.
9. Design and delivery of the Compliance Framework, Compliance Monitoring Plan, Risk Framework and Risk Monitoring Suite.
10. Design and delivery of the Company Handbook.

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# STRATEGIC BUSINESS PLAN DELIVERY



## Summary

The strategic business plan delivery is currently tracking Amber owing to:

- Continued focus on development of client relationship arrangements with increasing contact and communication being established.
- Product delivery has been behind the original plan due to underestimates of e.g. manager selection, but implementation is accelerating.

<b>Overall RAG</b>	<b>A</b>
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- The following key items are Green:
- Partner Funds are aligned with our plans for stewardship provider. And procurement in progress.
- Establishing sound HR processes for training, development, performance assessment.

Outcome Indicators	Executive Sponsors	Manager/ Owner	Key Achievements ( <i>last reporting period</i> )	Key Activities ( <i>next period</i> )	Previous RAG	Current RAG
Delivery within budget & reporting	John Burns	David Kane	<ul style="list-style-type: none"> <li>• ExCo dashboard developed</li> </ul>		G	C
“cost saving” model & reporting	John Burns	David Kane	<ul style="list-style-type: none"> <li>• Meeting held with Neil Smith; data request has gone out to Partner Funds</li> </ul>	<ul style="list-style-type: none"> <li>• Develop cost savings tool</li> </ul>	A/G	A
Investment performance model & reporting	Jason Fletcher	Callum Campbell	<ul style="list-style-type: none"> <li>• July CIO report includes performance</li> <li>• May fund reports sent for 3 ACS and 1 mandate</li> <li>• Quarter 2 risk analysis completed</li> </ul>	<ul style="list-style-type: none"> <li>• Meeting with Partner Fund Reporting Group</li> <li>• Preparing RFP for procurement of client reporting service provider</li> </ul>	G	G
Responsible Investment & Engagement (RI&E)	Jason Fletcher	Michael Marshall	<ul style="list-style-type: none"> <li>• Opened procurement for stewardship provider via Norfolk Framework</li> <li>• Consulted on Voting Principles</li> </ul>	<ul style="list-style-type: none"> <li>• Conclude stewardship provider procurement</li> <li>• Publish Voting Principles by end-Sept</li> <li>• Draft Quarterly Stewardship Report for publication early Sept</li> </ul>	G	G
Target Org Structure Recruitment	Andrew W-Thompson	Harjinder Kaur	<ul style="list-style-type: none"> <li>• Tax Accountant recruitment in process</li> <li>• Investment Director recruitment in progress/reviewing options</li> <li>• Succession Planning for DCIO under review</li> <li>• External SPM commencing employment beginning September</li> </ul>	<ul style="list-style-type: none"> <li>• Exploring Graduate/Apprenticeship for further Investment roles</li> <li>• Reviewing Recruitment Policies and pre-screening checks SLA with CWC</li> </ul>	G	G
TOM delivery & oversight	John Burns	Monica Bell	<ul style="list-style-type: none"> <li>• Recruitment of an Assistant Manager Front Office Support</li> <li>• Monitoring procedures for the new Securities Lending Programme</li> <li>• Taken on the responsibility for New Broker Set up</li> <li>• Taken on the responsibility for Client Reporting</li> <li>• Design of a Fund Manager SLA</li> </ul>	<ul style="list-style-type: none"> <li>• NT SLD review and sign off</li> <li>• Share INV OPS v Front Office SLA</li> <li>• Training of the new resource</li> <li>• Business Plan for Outsourced Client Reporting Provider</li> <li>• Familiarisation with roles and responsibilities for the New Committee structures</li> </ul>	G	G

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# STRATEGIC BUSINESS PLAN DELIVERY



Outcome Indicators	Executive Sponsors	Manager/ Owner	Key Achievements ( <i>last reporting period</i> )	Key Activities ( <i>next period</i> )	Previous RAG	Current RAG
Client servicing & shareholder engagement & reporting	Andrew W-Thompson & John Burns	Callum Campbell	<ul style="list-style-type: none"> <li>Fortnightly Information Bulletin to PAF</li> <li>Quarterly Information Bulletin to PC</li> <li>SAB Cost Transparency Code endorsed</li> <li>Key meetings held with PAF Groups</li> <li>Decision to implement CRM system</li> <li>Website development content commenced</li> </ul>	<ul style="list-style-type: none"> <li>Further engagements with PAF Groups</li> <li>Product Information Day 12/8</li> <li>AGM 10/8</li> <li>Completion of website</li> <li>Installation of CRM System</li> <li>PE product launch (October)</li> <li>GE product launch (November)</li> </ul>	A	A
Product development & delivery	Jason Fletcher	Duncan Sanford	<ul style="list-style-type: none"> <li>Appointment of Global Active Equity Fund managers</li> <li>Agreement of PE investment vehicle</li> <li>Approval of Selection of Delegated Investment Managers Policy</li> <li>Approval of Manager Oversight Policy</li> </ul>	<ul style="list-style-type: none"> <li>Deliver on product planning process in Global Equity</li> <li>PQQ for external EM fund assessed and move towards RFP stage</li> <li>Seek approval for PE Business Case</li> <li>Further take on of Partner Fund segregated mandates on advisory/execution basis</li> </ul>	A	A
Compliance & Risk	Mike Vinton		<ul style="list-style-type: none"> <li>Commencement of the compliance monitoring plan</li> <li>Recruitment of Compliance Manager and Compliance Assistant</li> <li>Training to all staff</li> <li>Breach register established</li> <li>Meetings to compile the risk register</li> <li>Build out of compliance monitoring</li> <li>FCA/compliance awareness presentation to Joint Committee</li> <li>Compliance procedures documented</li> </ul>	<ul style="list-style-type: none"> <li>Company risk register to be approved</li> <li>Risk framework to be approved</li> <li>Completion of compliance monitoring</li> <li>Risk appetite statement to be approved</li> <li>Work with HR on CPD requirements</li> <li>Work with Partner Funds to ensure they are comfortable in respect of audit requirements</li> <li>Commence work on ICAAP with the Finance Team</li> </ul>	G	G
Company Handbook	Andrew W-Thompson & John Burns	Harjinder Kaur	<ul style="list-style-type: none"> <li>Culture – Values and Behaviours agreed</li> <li>Succession and Talent Management approach reviewed for all LGPSC staff</li> <li>Health and Safety Policy developed</li> <li>Staff Handbook and Policies reviewed and validated</li> <li>Draft SLA for recruitment pre-screening checks completed –with CWC</li> <li>Training Policy developed</li> <li>Draft Training Delivery Plan developed</li> <li>Exit interview process and a number of other HR templates developed</li> </ul>	<ul style="list-style-type: none"> <li>Launch of Values and Behaviours – at September Training Day</li> <li>Succession Plan to be reviewed by the Executive Committee</li> <li>Draft report on Performance and Appraisal approach</li> <li>Sign- off Payroll/HR and Business Services SLA</li> <li>Confirm Training Plan and requirements for all staff</li> <li>Commence Pay benchmarking review and align with appraisal</li> <li>Run Policy workshops for all staff</li> <li>Team update session building engagement</li> </ul>	G	G

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# HOW WE WORK WITH YOU: SEPARATION OF ROLES



Area	Leicestershire Pension Fund	LGPS Central Limited
Investment Strategy	Sets strategy	Implements strategy
Asset Allocation	Decides on asset allocation	Day to day management of asset allocation
Responsible investment strategy	Sets WMPF's RI Framework	Implements WMPF's framework via LGPS Central's RI&E Framework
Reporting	Reports to employers and scheme members	Reports to Partner Funds
Manager selection		Selects managers and/or invests directly

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# HOW WE WORK WITH YOU: CLIENT SERVICE AGREEMENTS



EXECUTION ONLY	ADVISORY ONLY	ADVISORY & EXECUTION	DISCRETIONARY	ACS APPLICATION
An execution only service is when a transaction executed by a firm upon the specific instruction of a client where the firm does not give advice on investments relating to the merits of the transaction and in relation to which the rules on assessment of appropriateness apply.	An Advisory service is where the firm will make recommendations based on the client's circumstances and attitude to risk.	An Advisory & Execution service is where the firm will make recommendations based on the client's circumstances and attitude to risk, however, they have to contact the client and obtain agreement before any changes are made to the portfolio. The firm is unable to make changes to a client's portfolio without prior agreement.	A Discretionary service is where the firm manages a client's portfolio of investments in line with a risk profile agreed with them beforehand. This means the firm are able to manage the portfolio without checking with the client before making routine alterations. However, they will still be required to check beforehand if they wish to make a change that is outside the scope of the agreed mandate.	A collective investment scheme that enables a number of investors to 'pool' their assets and invest in a professionally managed portfolio of investments, typically gilts, bonds, and quoted equities. Some investments may be in unquoted investments or property. An investor will complete an Investor Application Form.

***Partner Funds can "mix and match" the service agreements that best meet their needs including asking us to provide "oversight" on existing mandates prior to their transfer to new pooled funds.***

# LGPS CENTRAL LTD MANDATES AT LAUNCH IN APRIL 2018



Mandate Description	Structure	Partner funds	Inception date	Approval	AUM
UK passive Equities	ACS	Pooled	03/04/2018	Prospectus & FCA Approval	1,277
Global ex uk passive equities	ACS	Pooled	03/04/2018	Prospectus & FCA Approval	3,967
Global Income Growth Factor passive Equities	ACS	Pooled	03/04/2018	Prospectus & FCA Approval	264
Global Active Equities Internal	Execution and advice	WMPF	01/04/2018	Agreed and signed.Changed to A&E diven by changed asset allocation	1,020
UK Equities Active	Discretionary	DPF	01/04/2018	Agreed and signed off.	1,095
Private Equity	Execution with advice	WMPF	01/04/2018	Agreed and signed off.	1,300
Infrastructure	Execution with advice	WMPF	01/04/2018	Agreed and signed off.	1,300
Property	Execution with advice	WMPF	01/04/2018	Agreed and signed off.	600
Fixed Income:G10 and Index linked	Advisory	WMPF	01/04/2018	Agreed and signed off.	1,000
Fixed Income: Multi asset Credit	Advisory	WMPF	01/04/2018	Agreed and signed off.	808
Fixed Income: Emerging Market Debt	Advisory	WMPF	01/04/2018	Agreed and signed off.	623
Target return	Advisory	WMPF	15/04/2018	Agreed and signed off.	398
				<b>TOTAL AUM</b>	<b>13,652</b>

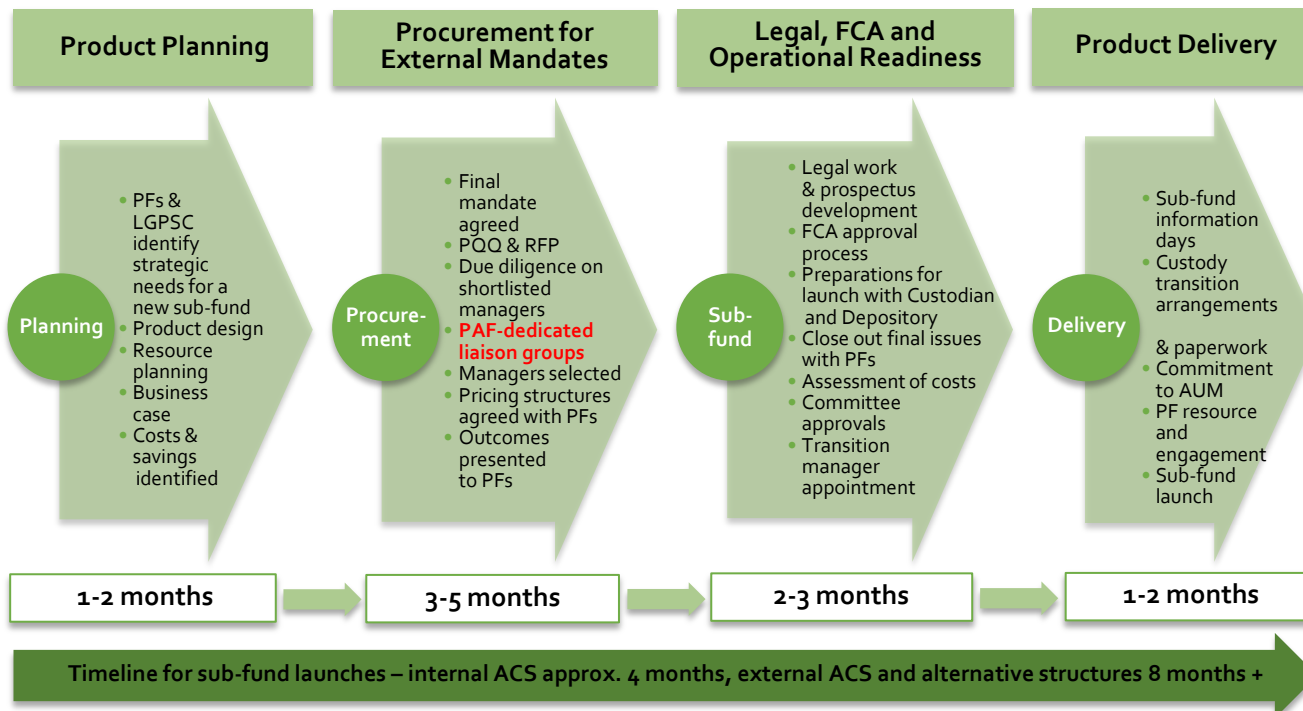
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# SUB FUND DEVELOPMENT AND DELIVERY PROCESS



## LGPS Central Sub-Fund Launch Timeline



***Partner Funds participating in a new pooled fund will need to devote significant time and effort to the relevant liaison group in the delivery phase.***

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# ACS SUB FUNDS AND OTHER POOLED FUNDS IN PLANNING WITH PAF



ACS AND POOLED SUB FUNDS	FUND STRUCTURE	CURRENT TRANSITION PHASE	ESTIMATED LAUNCH DATE	EST AUM
Global Active External Equities	ACS	Finalising	Q4 2018	2,500
GEM Active External Equities	ACS	PQQ/Selection	Q4 2018	1,500
UK Active Equities Internal	ACS	Planning	Q1 2019	1,200
Private Equity 2018 vintage	SLLP	Implementing	Q4 2018	200 +
Global Factor Based Strategy	ACS	Planning	Q1 2019	1,000
Global Active Internal Equities	ACS	Planning	Q1 2019	500
Global Corporate Bonds	ACS	Product Development	Q1 2019	1,500
Global Multi Asset Credit	ACS	Planning	Q1 2019	1,182
Fixed Income G10	ACS	Planning	Q2 2019	1,000
Infrastructure	ACS, Open ended fund, LP	Planning	Q1 2019	300
Property	ACS, Open ended fund, LP	Planning	Q3 2019	300
Target Return	ACS, Open ended fund, LP	Planning	Q2 2019	700
			<b>TOTAL AUM</b>	<b>11,882</b>

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# UPCOMING EVENTS



EVENT	PURPOSE	LOCATION	DATE E (Estimated) A (Actual)	ATTENDEES
<b>PRODUCT INFORMATION DAY</b>	- TO PROVIDE ALL PARTNER FUNDS AND THEIR ADVISERS WITH THE PRE-LAUNCH DETAILS OF THE GLOBAL EQUITY FUND	WOLVERHAMPTON	12th SEPTEMBER 2018	PENSION COMMITTEE MEMBERS, PAF OFFICERS, PARTNER FUND ADVISERS
<b>ANNUAL GENERAL MEETING</b>	- ADOPTION OF COMPANY REPORT & ACCOUNTS - RE-ELECTION OF DIRECTORS - RE-APPOINTMENT OF AUDITOR	BOARD ROOM LGPS CENTRAL LIMITED 5 <sup>TH</sup> FLOOR MANDER HOUSE WOLVERHAMPTON WV1 3NB	10th SEPTEMBER 2018 10.00am ((A))	LGPS CENTRAL LIMITED SHAREHOLDERS AND BOARD MEMBERS
<b>CLIENT DAY</b>	- TO PROVIDE AN UPDATE ON THE COMPANY'S DEVELOPMENT AND ITS PROGRESS VERSUS THE 2018/2019 BUSINESS PLAN	TBC	TBC	PENSION COMMITTEE MEMBERS, PAF OFFICERS, SHAREHOLDERS
<b>TRAINING DAY</b>	-TO PROVIDE MEMBERS OF PARTNER FUNDS WITH SPECIFIC TRAINING NEEDS AS REQUESTED	COUNTY HALL, WORCESTER	18th SEPTEMBER	PENSION COMMITTEE MEMBERS, PAF OFFICERS

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# UPCOMING EVENTS (cont.)



EVENT	PURPOSE	LOCATION	DATE	ATTENDEES
<b>PRODUCT LAUNCH</b>  <b>PRIVATE EQUITY 2018 VINTAGE</b>	N/A	N/A	30TH OCTOBER 2018	N/A
<b>PRODUCT LAUNCH</b>  <b>GLOBAL EQUITY ACTIVE MULT-MANAGER ACS SUB-FUND</b>	N/A	N/A	30TH NOVEMBER 2018	N/A

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# QUESTIONS

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