

# **Nottinghamshire Pension Fund Committee**

**Thursday, 07 March 2024 at 10:30**

**County Hall, West Bridgford, Nottingham, NG2 7QP**

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## **AGENDA**

- |    |  |         |
|----|--|---------|
| 1  | Minutes of the last meeting held on 14 December 2023                                 | 5 - 12  |
| 2  | To note the replacement of Councillor Andre Camilleri with Councillor Richard Butler |         |
| 3  | Apologies for Absence  |         |
| 4  | Declarations of Interests by Members and Officers:- (see note below)                 |         |
| 5  | Working party  | 13 - 22 |
| 6  | Treasury Management Strategy 2024-25   | 23 - 34 |
| 7  | Conferences and training   | 35 - 42 |
| 8  | Local Authority Pension Fund Forum Annual Conference 2023                            | 43 - 46 |
| 9  | Independent Adviser's report   | 47 - 50 |
| 10 | Work Programme   | 51 - 54 |
| 11 | Pension Administration System  | 55 - 58 |

13 EXCLUSION OF THE PUBLIC

The Committee will be invited to resolve:-

“That the public be excluded for the remainder of the meeting on the grounds that the discussions are likely to involve disclosure of exempt information described in Schedule 12A of the Local Government Act 1972 and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.”

**Note**

If this is agreed, the public will have to leave the meeting during consideration of the following items.

**EXEMPT INFORMATION ITEMS**

14 Pension Administration System - Exempt Appendix

- Information relating to the financial or business affairs of any particular person (including the authority holding that information);

15 Fund valuation and performance - Exempt appendix

- Information relating to the financial or business affairs of any particular person (including the authority holding that information);

16 Fund managers presentations

- a) Abrdn
- b) Schroders

**Notes**

- (1) Councillors are advised to contact their Research Officer for details of any Group Meetings which are planned for this meeting.
- (2) Members of the public wishing to inspect "Background Papers" referred to in the reports on the agenda or Schedule 12A of the Local Government Act should contact:-

Customer Services Centre 0300 500 80 80

- (3) Persons making a declaration of interest should have regard to the Code of Conduct and the Council's Procedure Rules. Those declaring must indicate the nature of their interest and the reasons for the declaration.

Councillors or Officers requiring clarification on whether to make a declaration of interest are invited to contact Jo Toomey (Tel. 0115 977 4506) or a colleague in Democratic Services prior to the meeting.

- (4) Councillors are reminded that Committee and Sub-Committee papers, with the exception of those which contain Exempt or Confidential Information, may be recycled.
- (5) This agenda and its associated reports are available to view online via an online calendar - <http://www.nottinghamshire.gov.uk/dms/Meetings.aspx>



Meeting	NOTTINGHAMSHIRE PENSION FUND COMMITTEE
Date	Thursday 14 December 2023 at 10.30 am

**membership****COUNCILLORS**

Eric Kerry (Chairman)  
Mrs Sue Saddington (Vice Chairman)

André Camilleri  
John Clarke MBE  
Bethan Eddy  
Stephen Garner  
Roger Jackson - **Apologies**

Sheila Place - **Apologies**  
Francis Purdue-Horan  
Tom Smith  
Lee Waters - **Apologies**

**SUBSTITUTE MEMBERS**

Councillor Richard Butler for Councillor Roger Jackson

**NON-VOTING MEMBERS:****Nottingham City Council**

Councillor Graham Chapman  
Councillor Zafran Khan  
Councillor AJ Matsiko - **Apologies**

**District / Borough Council Representatives**

Councillor Davinder Viridi, Rushcliffe Borough Council - **Absent**  
Councillor Dan Henderson, Bassetlaw District Council - **Absent**

**Trades Union**

Yvonne Davidson - **Apologies**  
Chris King

**Scheduled Bodies**

Sue Reader - **Apologies**

**Pensioners' Representatives**

Vacancy x 2

**Independent Adviser**

William Bourne

## **Officers in Attendance**

Heather Dickinson	(Chief Executive's Department)
Ciaran Guilfoyle	(Chief Executive's Department)
Keith Palframan	(Chief Executive's Department)
Tamsin Rabbitts	(Chief Executive's Department)
Nigel Stevenson	(Chief Executive's Department)
Sarah Stevenson	(Chief Executive's Department)
Jo Toomey	(Chief Executive's Department)

### **1. MINUTES OF THE LAST MEETING HELD ON 12 OCTOBER 2023**

The minutes of the last meeting held on 12 October 2023 were confirmed as a correct record.

### **2. TO NOTE UPDATES TO THE COMMITTEE'S MEMBERSHIP**

Members noted the replacement of Councillor Mike Introna

### **3. APOLOGIES FOR ABSENCE**

- Councillor Roger Jackson (other reasons) substituted by Councillor Richard Butler
- Councillor Sheila Place (other reasons)
- Councillor Lee Waters (other reasons)
- Councillor AJ Matsiko (Nottingham City Council)
- Yvonne Davidson (Trade Union representative)
- Sue Reader (Scheduled bodies representative)

### **4. DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS**

None were disclosed.

### **5. UPDATE ON PROGRESS ON THE IMPACT OF THE MCCLOUD JUDGEMENT ON THE ADMINISTRATION OF THE PENSION FUND**

The Group Manager, Business Services Centre, presented the report which updated members of the Fund's progress with the McCloud project.

During discussions, Members:

- Noted that the Fund's cost per member was £16.55 compared with a national average in excess of £22.
- Queried the anticipated impact on affected pensioners and how the fund would communicate with them.

### **RESOLVED 2023/041**

That the committee notes the update on the implementation of the McCloud Judgement.

## **6. TRANSFORMING PENSION ADMINISTRATION UPDATE**

The Group Manager, Business Services Centre introduced the report which updated members on the transforming pension administration through digital development and new ways of working agenda. In support of this, members were asked to approve funding to support Civica UPM to a hosted environment and associated resource.

During discussions, Members:

- Asked about other funds that had already implemented increased automation and sought assurance that any lessons they had learned were being applied to Nottinghamshire's rollout.
- Noted timelines for self-service platforms for scheme members and the data accuracy work being undertaken in preparation for them.
- Commended the appointment of four pensions administration apprentices and noted ongoing development work by the LGA to create a specific local government pension scheme apprenticeship.

### **RESOLVED 2023/042**

The Pension Fund Committee:

1. Noted the update on the delivery of the key aims of the 'transforming pension administration through digital development and new ways of working' programme.
2. Approved the setup and ongoing funding for the move to a hosted environment.
3. Approved the ongoing funding for the Functional Support Officer within the Pension Systems Team.

## **7. THE COMPOSITION AND VOTING RIGHTS MEMBERS OF THE PENSION FUND COMMITTEE**

The Group Manager, Legal, Democratic and Information Governance presented the report that gave members information about the composition of the Nottinghamshire Pension Fund Committee and voting rights.

During discussions, Members:

- Noted the potential impacts of amending voting rights for committee members.
- One member indicated a preference for giving all members voting rights and facilitating this by reducing the size of the committee, recognising that it could be difficult to recruit to the committee and there were often members who were unable to attend meetings; they highlighted benefits of consistency of a smaller number of members who were able to fully commit their time.
- An alternative view was expressed, which did not support reducing the size of the committee, citing those members who were unable to attend meetings and that it was important to retain a larger number of members to enable it to fulfil its functions.

- Noted that the Government had yet to respond to the good governance review and that the Fund may need to take action to implement any finalised recommendations.
- A request was made, should the recommendations in the report be agreed, that the item remains on the committee's work programme until the Government responded to the Scheme Advisory Board's good governance review.

### **RESOLVED 2023/043**

The Committee:

1. Noted the contents of the report and the information set out in the appendix.
2. Agreed that at this time no changes were required to the composition and voting rights of the committee pending the outcome of the Government response to the Scheme Advisory Board's Good Governance report and that committee would consider any appropriate steps at that time.

### **8. PENSION FUND TREASURY MANAGEMENT MID-YEAR REPORT 2023-24**

The Investments Officer presented the Treasury Management mid-year report for 2023/24.

### **RESOLVED 2023/044**

The Pension Fund Committee endorsed the actions by the Section 151 Officer to date as set out in the report.

### **9. DEPARTMENT OF LEVELLING UP, HOUSING AND COMMUNITIES CONSULTATION ON PROPOSED REFORMS REGARDING THE INVESTMENTS OF THE LOCAL GOVERNMENT PENSION SCHEME**

The Senior Accountant, Pensions and Treasury Management presented the report which highlighted the Government's response to the Department of Levelling Up, Housing and Communities consultation on proposals relating to the investments of the Local Government Pension Scheme.

During discussions, Members:

- Noted that a further report would be brought to Committee once guidance was available.

### **RESOLVED 2023/045**

That the contents of the report be noted.

### **10. INDEPENDENT ADVISOR'S REPORT**

William Bourne, the Independent Adviser to the committee, presented his report.



During discussions, Members:

- Noted that inflation had fallen and one day prior to the meeting the US Federal Reserve had reduced interest rates.
- Were advised that in the long-term the greatest risk to the Fund was inflation.

*11:43am Councillor Garner left the meeting and did not return*

#### **RESOLVED 2023/046**

That the contents of the report be noted.

### **11. WORK PROGRAMME**

#### **RESOLVED 2023/046**

That the work programme be agreed with the addition of a holding item on the committee's composition and voting rights pending the Government's response to the Scheme Advisory Board's good governance review.

### **12. CLIMATE ACTION PLAN PROGRESS REPORT**

The Senior Accountant, Pensions and Treasury Management presented the Climate Action Plan progress report.

#### **RESOLVED 2023/47**

That members:

- 1) Agreed the proposed amendment to delete the following action from the action plan: *"Notwithstanding other factors in the Fund's asset allocation process, seek to move towards the long-term target strategic asset allocation weightings"*.
- 2) Endorsed the work that has been undertaken and note the progress made against the climate action plan.
- 3) Did not require any further actions in relation to the progress on the Nottinghamshire County Council Pension Fund Climate Action Plan.

### **13. CLIMATE RISK ANALYSIS AND TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES**

The Senior Accountant, Pensions and Treasury Management presented the report, which included the Climate Risk Management Report from LGPS Central and the year's Task Force on Climate-related Financial Disclosures report. LGPS Central was thanked for the quality of the work that it had produced.

#### **RESOLVED 2023/48**

That the new actions identified in paragraph 12 of the report be included in the Climate Action report.

**14. FUND VALUATION AND PERFORMANCE**

The Senior Accountant, Pensions and Treasury Management presented the Fund Valuation and Performance report, which covered the period up to 30 September 2023.

**RESOLVED 2023/49**

That members note the contents of the Fund valuation and performance report.

**15. EXCLUSION OF THE PUBLIC**

**RESOLVED 2023/50**

That the public be excluded for the remainder of the meeting on the grounds that the discussions were likely to involve disclosure of exempt information described in schedule 12A of the Local Government Act 1972 and the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

**16. CLIMATE RISK ANALYSIS – EXEMPT APPENDIX**

**RESOLVED 2023/51**

Members noted the contents of the exempt appendix to the climate risk analysis report.

**17. FUND VALUATION AND PERFORMANCE – EXEMPT APPENDIX**

**RESOLVED 2023/52**

Members noted the contents of the exempt appendix to the Fund valuation and performance report.

*12:12-12:22pm – the meeting adjourned. Councillor Clarke did not return to the meeting following the adjournment.*

**18. FUND MANAGERS' PRESENTATIONS**

**18a LGIM**

Chris Lyons (Client Director) and Robert Dowling (Portfolio Manager, Index Funds) provided an update to the committee on the recent activity of LGIM.

**18b LGPS Central**

Cara Forrest (Head of Clients), John Goodall (Senior Portfolio Manager, Active Equities) and Jakril Hoque (Portfolio Manager, Active Equities) provided an update to the committee on the recent activity of LGPS Central.

*13:09 – Chris King left the meeting and did not return*

The meeting concluded at 13:51.

**CHAIR**



**REPORT OF SERVICE DIRECTOR – FINANCE, INFRASTRUCTURE &  
IMPROVEMENT****WORKING PARTY****Purpose of the Report**

1. The Pension Fund Working Party meets twice a year or additionally where circumstances require and is open to all Pension Committee Members to attend. The purpose of the Working Party is to discuss key issues in more detail and to make recommendations to Pension Fund Committee. This report sets out details of the items discussed at the most recent meeting on 11 January 2024 and makes recommendations as follows:-
  - 1) Reduce the outperformance target to 0.8% as part of the gradual process of de-risking the Fund as it becomes more mature.
  - 2) Reduce the allocation to Growth by 3% through a 1% reduction in each of Developed Markets, Emerging Markets and Private Equity.
  - 3) Increase the allocation to Income by 1%. Amend the income category subclass allocations as shown in Table 1.
  - 4) Increase the allocation to Liquidity by 2%.
  - 5) Amend the Inflation category subclass allocations as shown in Table 2.

**Information and Advice**

2. The Working Party met on 11 January 2024. The agenda and attendees are listed in Appendices A and B, and details of the discussions and recommendations for each item are set out below.

**Strategic Asset Allocation**

3. The Working Party considered a report from William Bourne, independent adviser to the fund. The report considered the market environment and the financial and climate risks in the Fund.
4. The Fund reviews its strategic asset allocation (SAA) annually to ensure it is appropriate. The report reviewed the Fund's SAA in the light of last year's triennial valuation and the current economic outlook. The option of de-risking the current strategic asset allocation was considered alongside specific proposals for inflation and credit. The Working Party agreed to make the following recommendations to committee.

**Recommendation 1. Reduce the outperformance target to 0.8% as part of the gradual process of de-risking the Fund as it becomes more mature.**

5. It is recommended that the outperformance allowance (i.e., the emphasis on affordability) be reduced to 0.8% as part of the gradual process of de-risking the Fund as it becomes more mature. The resulting target return which the portfolio is designed to deliver is 5.5%.

**Recommendation 2. Reduce the allocation to Growth by 3% through a 1% reduction in each of Developed Markets, Emerging Markets and Private Equity.**

6. As part of the de-risking journey it is recommended to take 1% out of the allocation to each of DM, EM, and PE to reduce the allocation Growth assets by 3% to 57%. The implementation of this change is likely to take some time for Private Equity and holdings may increase before they decrease due to the time lag between commitment and draw down.

**Recommendation 3. Increase the allocation to Income by 1%. Amend the income category subclass allocations as shown in Table 1.**

Table 1

Income subcategory	Current SAA %	Proposed SAA %
Fixed Income	6.5	6.5
Gilts	1.6	2.0
Corporates	4.9	4.5
Credit	3.5	4.5
MAC	1.3	1.8
EM debt	0.4	0.4
Private	1.8	2.3
<b>TOTAL</b>	<b>10.0</b>	<b>11.0</b>

7. Given the opportunities available in Credit relative to gilts and corporates, the recommendation is to focus the additional 1% allocation to Income in 2024 on this sub-class with 0.5% each being added to Multi asset credit and Private credit.
8. Within Fixed Income the allocation to conventional gilts is increased slightly, offset by a reduction in the allocation to Investment Grade Corporate Bonds.

**Recommendation 4. Increase the allocation to Liquidity by 2%.**

9. A 4% weighting to Liquidity is recommended, as it is the one asset class guaranteed to provide some diversification at times of financial stress, and the opportunity cost is now low as interest rates for cash are much higher than in recent years. Subject to the return profile being considered attractive, the Liquidity allocation may also be invested in an extension of the Aegon Buy and Maintain corporate bond portfolio. In addition to a higher return this will provide secure cashflow over the next two years and reduce exposure to individual banks.

**Recommendation 5. Amend the Inflation category subclass allocations as shown in Table 2.**

Table 2

Inflation subcategory	Current SAA %	Proposed SAA %
Index Linked Gilts (ILG)	0	3.5
Infrastructure	9.8	9.3

Real Estate	12.6	9.0
Aegon Sustainable DGF	5.6	6.2
<b>TOTAL</b>	<b>28.0</b>	<b>28.0</b>

10. ILGs have the potential to give full protection against inflation and match future cashflows, even though not necessarily act as a full matching asset against liabilities. Now that yield levels have returned to something like normal, they should be considered the core asset within the Inflation category. However it is important to purchase at a good entry price so the time of future investment is uncertain. An initial investment in £30m of ILGs was made in October 2023. The allocation to ILGs is funded from a small reduction to Infrastructure and a larger reduction to Real Estate.
11. The Aegon Sustainable Diversified Growth Fund is a strategy which aims to beat inflation by 3% a year by investing in a range of listed investments including equity, infrastructure, and fixed income. Because it does not receive steady income, the short-term returns are not as predictable as the other three assets. However, over the long-term it has broadly delivered its target return. It has two additional important attributes. One is that it is less correlated with the other three asset classes in this category. That makes it a better diversifying asset and attractive for that reason. The second is that the manager can allocate tactically. In more volatile markets and lower economic growth, some ability to take advantage of market opportunities is valuable. For these reasons a small increase in allocation is recommended.
12. The liquidity and pricing of Infrastructure and Real Estate, and the importance of ILG yields at purchase will influence the timing of the implementation of this change.

### **Climate Risk Considerations**

13. In accordance with the LGPSC Climate Risk Report's recommendations climate change considerations have been integrated into the advice and recommendations in the report.
14. LGPS Central provided an updated scenario analysis to the Fund in 2022. LGPSC's reports demonstrate the Fund is managed in a way which mitigates climate risk and is consistent with a pathway to net zero.

## Summary

15. The following table shows the current and proposed high level strategic asset allocations.

Table 3

Outcome	Asset Classes	Current SAA %	Proposed SAA %	Range %
Growth	Listed and Private equity	60.0	57.0	47-67
Inflation protection	Property, Infrastructure, Index Linked Aegon DGF	28.0	28.0	23-33
Income	Fixed Income	10.0	11.0	6-16
Liquidity	Cash, Aegon short term bonds	2.0	4.0	0-10

## Members Questions

16. At recent meetings Members had asked two questions which were responded to in a paper provided by William Bourne.

- a) Why does the Fund not engage in currency hedging?
- b) An update on the Fund's exposure in tobacco

17. The complexities and risks of hedging currency exposure were outlined and no case was identified for engaging in a general currency hedging programme. The Fund has benefitted from the weakening of sterling, a benefit which would have been lost had a hedging programme been in place.

18. A detailed review of tobacco investment was made in winter 2021/22. The Fund's listed exposure to tobacco at 31 December 2021 was less than 0.5% of the Fund. The majority of the Fund's exposure was through the market cap passive funds. The transition cost of moving these investments to alternative passive funds would be significant, but more importantly the ongoing management costs of the passive investments against a more expensive index would be considerable, especially relative to the scale of investments excluded. Moreover to introduce a formal exclusion across the Fund would require changes to some of the Fund's other investment arrangements at significant one off and ongoing costs, (including to some funds where there is no actual exposure to tobacco currently). As a result of this Members acknowledged that under these circumstances it would not be possible to justify the costs and risks of an exclusion policy but wish to keep the Fund's exposure under review.

19. Exposure has continued to be reviewed and has remained low. However in response to the Member's question a formal review was undertaken for the Working Party. This found that the exposure to tobacco has reduced further. No further action is recommended.



## **Climate risk training**

20. Climate risk training was provided by LGPS Central. The topic of this year's training was "Investing During the Time of Climate Change". The presentation considered how to monitor climate risk and opportunities and the impact Pension Funds can have through capital allocation, stewardship and manager engagement activities.

## **Statutory and Policy Implications**

21. This report has been compiled after consideration of implications in respect of finance, the public sector equality duty, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

## **RECOMMENDATIONS**

It is recommended that Committee amends the Strategic Asset Allocation to:

- 1) Reduce the outperformance target to 0.8% as part of the gradual process of de-risking the Fund as it becomes more mature.
- 2) Reduce the allocation to Growth by 3% through a 1% reduction in each of Developed Markets, Emerging Markets and Private Equity.
- 3) Increase the allocation to Income by 1%. Amend the income category subclass allocations as shown in Table 1.
- 4) Increase the allocation to Liquidity by 2%.
- 5) Amend the Inflation category subclass allocations as shown in Table 2

**Nigel Stevenson**

**Service Director for Finance, Infrastructure & Improvement and Section 151 Officer**

**For any enquiries about this report please contact: Tamsin Rabbitts**

## **Constitutional Comments (LPW 15/02/2024)**

The proposals in this report are within the remit of the Nottinghamshire Pension Fund Committee.

## **Financial Comments (TMR 07/02/2024)**

The financial implications are noted 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.

- none

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**Meeting title:** PENSION FUND WORKING PARTY MEETING  
**Date and time:** Thursday 11<sup>th</sup> January 2024, ~12.30 p.m. (to follow AGM)  
**Location:** Committee Room C

1. Strategic Asset allocation discussion – William Bourne 60 mins
2. Members' Question – William Bourne 30 mins
  - a) Why does the Fund not engage in currency hedging?
  - b) An update on the Fund's exposure in tobacco
3. Climate Related RI training – LGPS Central 45 mins  
Investing during the time of climate change

All timings are approximate.

Lunch is available in Committee Room C about 12



**NOTTINGHAMSHIRE PENSION FUND COMMITTEE**  
**WORKING PARTY ATTENDANCE SHEET**

**COMMITTEE ROOM B**

**MEETING HELD ON: THURSDAY 11 JANUARY 2024 AT:12.30**

**MEETING CLOSED AT:**

**COUNTY COUNCILLORS**

<b><u>Name</u></b>	<b><u>Signature</u></b>	<b><u>Name</u></b>	<b><u>Signature</u></b>
Eric Kerry (Chairman)	Attended	Sue Saddington (Vice-Chairman)	Attended
Andre Camilleri	Attended	Roger Jackson	Apologies
Sheila Place	Apologies	Bethan Eddy	Absent
John Clarke	Attended	Lee Waters	Attended
Stephen Garner	Attended	Francis Purdue-Horan	Attended
Tom Smith	Attended		

**CITY COUNCILLORS**

<b><u>Name</u></b>	<b><u>Signature</u></b>	<b><u>Name</u></b>	<b><u>Signature</u></b>
Graham Chapman	Attended	AJ Matsiko	Attended
Zafran Khan	Apologies		

**DISTRICT COUNCIL REPRESENTATIVES**

<b><u>Name</u></b>	<b><u>Signature</u></b>	<b><u>Name</u></b>	<b><u>Signature</u></b>
Councillor Dan Henderson – Bassetlaw District Council		Councillor D Verdi – Rushcliffe Borough Council	

**TRADE UNIONS**

<b><u>Name</u></b>	<b><u>Signature</u></b>	<b><u>Name</u></b>	<b><u>Signature</u></b>
Ms Y Davidson	Apologies	Mr C King	Attended

## SCHEDULED BODIES

<u>Name</u>	<u>Signature</u>	<u>Name</u>	<u>Signature</u>
Sue Reader	Apologies		

## PENSIONERS REPS

<u>Name</u>	<u>Signature</u>	<u>Name</u>	<u>Signature</u>

## OTHER COUNCILLORS

<u>Name (Block Caps)</u>	<u>Signature</u>	<u>Name (Block Caps)</u>	<u>Signature</u>
Richard Butler	Attended		

## OFFICERS

<u>Name (Block Caps)</u>	<u>Signature</u>	<u>Name (Block Caps)</u>	<u>Signature</u>
Jo Toomey		Nigel Stevenson	
Keith Palframan		Tamsin Rabbitts	Attended
Ciaran Guilfoyle		Sarah Stevenson	
Jon Clewes		Marjorie Toward	
Ashley Booker			

## OTHER ATTENDEES

<u>Name (Block Caps)</u>	<u>Signature</u>	<u>Name (Block Caps)</u>	<u>Signature</u>
William Bourne	Attended		
Jack Yonge LGPS Central	Attended	Ed Baker LGPS Central	Attended

**REPORT OF SERVICE DIRECTOR – FINANCE, INFRASTRUCTURE &  
IMPROVEMENT****PENSION FUND TREASURY MANAGEMENT STRATEGY STATEMENT  
2024/25****Purpose of the Report**

1. The Pension Fund Treasury Management Strategy covers the management of the Fund's cash balances, which are maintained to ensure that liquidity is maintained in between other cash inflows (eg. dividends on long-term investments) and outflows (eg. monthly pension payroll) experienced by the Fund.
2. Responsibility for the Treasury Management Strategy of the Pension Fund was delegated to the Pension Fund Committee at Full Council in February 2020. The purpose of this was to improve the clarity of the governance of the Pension Fund Committee and enable the Strategy, reviewed annually, to be amended more quickly in response to changes to the Fund's Investment Strategy or to any long-term changes in the money markets. This report lays out the Strategy to be approved for 2024/25.
3. In addition to an annual Strategy Report, the Pension Fund Committee will receive a Treasury Management Mid-year report in the autumn and a year-end Treasury Management report after accounts closure.

**Information**

4. Nottinghamshire County Council, in line with the CIPFA Treasury Management in the Public Services Code (2021 edition), defines treasury management activities as:  
*The management of the organisation's borrowing, investments and cash flows, including its banking, money market and capital market transactions, the effective control of the risks associated with those activities, and the pursuit of optimum performance consistent with those risks.*
5. The Council is an administering authority in the Local Government Pension Scheme and is required, under the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009, to invest any fund money that is not needed immediately to make payments.
6. Pension Fund cash is separately identified from the Council's cash. Regarding cash investments and cashflows relating to the Pension Fund, the Council has delegated responsibility for identifying, monitoring and controlling such risk to the Pension Fund

Committee. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Pension Fund.

7. The Pension Fund Committee acknowledges that effective treasury management will provide support towards achieving its objectives. It is therefore committed to the principles of achieving value for money in treasury management within the context of effective risk management.
8. The Pension Fund Committee delegates responsibility for the implementation, scrutiny and monitoring of its treasury management policies and practices to the *Treasury Management Group*, comprising:
  - Service Director (Finance, Infrastructure & Improvement)
  - Group Manager (Financial Services)
  - Senior Accountant (Financial Strategy & Accounting)
  - Senior Accountant (Pensions & Treasury Management)
  - Investments Officer
9. The Pension Fund Treasury Management Strategy will be implemented through the following Treasury Management Practices (TMPs). The responsible officer for the execution and administration of treasury management decisions is the Senior Accountant (Pensions & Treasury Management), who will act in accordance with the strategy statement and TMPs.

#### **TMP1 - Risk management**

10. The Senior Accountant (Pensions & Treasury Management) will design, implement and monitor all arrangements for the identification, management and control of treasury management risk. Reports will be made on these arrangements in accordance with the procedures set out in *TMP6 Reporting requirements and management information arrangements*. The arrangements will seek to cover each of the following risks.

#### **Credit and counterparty risk**

11. This is the risk of failure by a counterparty to meet its contractual obligations to the Pension Fund, particularly because of the counterparty's diminished creditworthiness, and the resulting detrimental effect on the Pension Fund's resources.
12. The Pension Fund regards a key objective of its treasury management activities to be the security of the principal sums it deposits. Accordingly, it will ensure that its counterparties and lending limits reflect a prudent attitude towards organisations with which monies may be deposited and will limit its treasury activities in the market to the instruments, methods and techniques referred to in the following paragraphs.
13. The Local Government Act 2003 gives a local authority power to invest for any purpose relevant to its functions or for the purposes of the prudent management of its financial affairs. In exercising this power, the local authority must have regard to guidance issued by the Secretary of State.
14. The guidance classifies investments between "specified" and "non-specified". Specified investments are those offering high security and high liquidity. All such investments should be in sterling and with a maturity of no more than a year. Such short-term investments made with the UK Government or a local authority will automatically count as specified investments. In



addition, short-term sterling investments with bodies or investment schemes of "high credit quality" will count as specified investments. The Fund's policy is to invest cash surpluses prudently, giving priority to security and liquidity rather than yield and investing in sterling instruments only. The majority of these will be specified investments.

15. The Pension Fund will operate an approved list of counterparties for lending. The approved lending list will comprise institutions with high credit ratings based on minimum ratings from at least 2 rating agencies together with a Fitch support rating for longer term lending. The list reflects a prudent attitude to lending and uses a combination of ratings issued by the 3 main ratings agencies: Fitch, Moody's and Standard & Poor's. Banks will be assessed for inclusion on the basis of long-term, short-term and support ratings; money market funds (MMFs) on the basis of MMF ratings.
16. Short-term ratings assess the capacity of an entity to meet financial obligations with maturity of up to and including 12 months and are based on the short-term vulnerability to default. The long-term ratings cover a period in excess of 12 months. They are useful as a key indicator as they reflect the ability of the financial institution to obtain funds at reasonable cost to maintain their own liquidity.
17. MMFs are mutual funds that invest in cash and short-term money market instruments such as government bonds and commercial paper. They allow investors to participate in a more diverse portfolio than direct investment by spreading capital across a variety of institutions. The highest AAA rating reflects an extremely strong capacity to achieve the 'investment objective of preserving principal and providing shareholder liquidity through limiting credit, market, and liquidity risk'.
18. The Pension Fund will monitor ratings from the main agencies along with general market data. The Fund will also monitor developments in the financial markets including policy announcements by the Government, Bank of England, regulatory bodies and other international bodies. It will use this information to determine if any changes are required to the above methodology.
19. The approved list will include institutions that meet the following criteria from at least 2 rating agencies:

	<b>Long Term</b>	<b>Short Term</b>	<b>Sterling MMFs</b>
Fitch	A-	F1	AAAmmf
Moody's	A3	P-1	Aaamf
Standard & Poors	A-	A-1	AAAm

Sovereign Rating	AA
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20. Within the approved list the following minimum criteria will apply, dependent on the terms of the deposit, from at least 2 ratings agencies:

	Fitch Long term	Fitch Support	Moody's Long term	S&P Long term
Instant access	A-	-	A3	A-
Up to 3 months	A-	-	A3	A-
Up to 364 days	AA-	-	AA3	AA-
365 days and over	A	1 or 2	A2	A

21. All investments (up to 365 days duration) with the counterparties in the approved list are considered specified investments.
22. Exceptions (to be determined by the *Treasury Management Group*) to rating criteria may be made in respect of the following:
- 1) UK government
  - 2) UK local authorities
  - 3) The Council's bank (currently Barclays Bank)
  - 4) the Pension Fund's custodian (currently State Street)
23. The lending list will be approved by the *Treasury Management Group* and monitored by the Senior Accountant (Pensions & Treasury Management) in the light of rating changes and market conditions. Individual institutions or countries may be suspended from the list if felt appropriate. The *Treasury Management Group* may add or remove organisations from the approved list subject to maintaining consistency with the approved criteria.
24. The maximum amount to be lent by the Pension Fund to any organisation on the approved list is subject to individual institution limits of £20m. A separate limit of £40m applies to investments in Money Market Funds and the Fund's custodian bank. Only two institutions within the same group may be used at any one time. The *Treasury Management Group* may increase the limit for specific institutions by £10 million for investments in call accounts and MMFs with same day liquidity.
25. Investments with the UK government will have no upper limit but in practice limits will be dependent on the liquidity of those investments and may fall within the definition of specified or non-specified investments. Amounts invested in non-specified investments will be limited to £20 million or 15% of the total invested at the time of the investment, whichever is the higher.
26. The Pension Fund's current account, through which all treasury management activity operates, is held at Barclays Bank.
27. As a result of the second Markets in Financial Instruments Directive (MiFID II), all LGPS pension funds have been treated as 'retail' clients by investment counterparties by default unless they have chosen to opt up to 'professional' client status. The Pension Fund has opted for this with all of its counterparties where required.

## Liquidity risk

28. Liquidity risk is the risk that cash will not be available when it is needed, that ineffective management of liquidity creates additional costs, and that the Pension Fund's objectives will be thereby compromised. This is of especial concern regarding the Pension Fund as a large portion of its cash is either allocated or committed to individual investment managers and may be called by them at short notice.
29. The Pension Fund will ensure it has adequate though not excessive cash resources to always enable it to have the level of funds available to it which are necessary for the achievement of its business/service objectives and its investment strategy.
30. Summarised cash flow forecasts will be provided on a quarterly basis to the *Treasury Management Group*. Daily cash flow forecasts will be maintained by the Loans Officer. These forecasts will be used as the basis for ensuring adequate cash resources are available in order to support the payment of pensions, the cash allocations and commitments to investment managers, and other such outflows.
31. The Senior Accountant (Pensions & Treasury Management) or Investments Officer may approve fixed term investments up to 365 days. Longer periods require permission from either the Service Director (Finance & Procurement), the Group Manager (Financial Strategy & Compliance) or the Group Manager (Financial Management) and must comply with the relevant treasury management limits.

## Exchange rate risk

32. This is the risk that fluctuations in foreign exchange rates create an unexpected burden on the Fund's finances, against which it has failed to protect itself adequately.
33. The Fund will manage its exposure to fluctuations in exchange rates so as to minimise any detrimental impact on its income levels. Treasury Management exposure will be minimal as the Fund's cash investments are all in sterling.

## Legal and regulatory risk

34. This is the risk that the Pension Fund, or a counterparty with which it is dealing in its treasury management activities, fails to act in accordance with its legal powers or regulatory requirements, and that the Fund suffers losses accordingly.
35. The Pension Fund Committee will ensure that all of the Pension Fund's treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with which it deals in such activities. In framing its credit and counterparty policy under *TMP1(1) credit and counterparty risk management*, it will ensure that there is evidence of counterparties' powers, authority and compliance in respect of the transactions they may affect with the Fund, particularly with regard to duty of care and fees charged.
36. The Pension Fund Committee recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the Fund.

## **Fraud, error and corruption, and contingency management**

37. This is the risk that the Pension Fund fails to identify the circumstances in which it may be exposed to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings, and fails to employ suitable systems and procedures and maintain effective contingency management arrangements to these ends. It includes the area of risk commonly referred to as operational risk.
38. The Fund will ensure that it has identified the circumstances which may expose it to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings. Accordingly, it will employ suitable systems and procedures, and will maintain effective contingency management arrangements, to these ends.

## **Market risk**

39. This is the risk that, through adverse market fluctuations in the value of the principal sums the Fund invests, its stated treasury management policies and objectives are compromised, against which effects it has failed to protect itself adequately.
40. The Fund will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests and will accordingly seek to protect itself from the effects of such fluctuations. Decisions on investment in tradeable securities, which risk loss of capital due to market fluctuations, will only be authorised by the *Treasury Management Group*.

## **TMP2 Performance measurement**

41. Cash investment returns will be benchmarked against the adjusted average Sterling Overnight Index Average (SONIA) rate each year.

## **TMP3 Decision-making and analysis**

42. The Fund will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions, both for the purposes of learning from the past, and for demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were considered at the time.
43. Treasury management processes and practices are documented. Full records are maintained of all treasury management decisions. Where appropriate, decisions are reported to the *Treasury Management Group*.

## **TMP4 Approved instruments, methods and techniques**

44. The Fund will undertake its treasury management activities within the limits and parameters defined in *TMP1 Risk management*. For investing purposes, the Fund may use the following financial instruments:
- a) call or notice accounts
  - b) fixed term deposits
  - c) callable deposits

- d) structured deposits
- e) certificates of deposits
- f) money market funds
- g) UK Treasury Bills
- h) UK government bonds

45. For money market funds the Fund will limit their use to those with minimum total assets of £5 billion. For surplus cash invested in UK Treasury bills and UK government bonds the objective will be to hold until maturity, but their tradeability gives the flexibility to realize these instruments earlier for liquidity purposes or in the event of significant capital gains. The Fund will use forward dealing for investing where market conditions indicate this approach to offer better value for money.

#### **TMP5 Organisation, clarity and segregation of responsibilities and dealing arrangements**

46. The Pension Fund Committee considers it essential, for the purposes of the effective control and monitoring of its treasury management activities, for the reduction of the risk of fraud or error, and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner, and that there is always clarity of treasury management responsibility.

47. The principle on which this will be based is a clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling these policies, particularly regarding the execution and transmission of funds, the recording and administering of treasury management decisions, and the audit and review of the treasury management function.

48. If the Committee intends, because of lack of resources or other circumstances, to depart from these principles, the Senior Accountant (Pensions & Treasury Management) will ensure that the reasons are properly reported in accordance with *TMP6 Reporting requirements and management information arrangements*, and the implications properly considered and evaluated.

49. The Senior Accountant (Pensions & Treasury Management) will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management, and the arrangements for absence cover. The Senior Accountant (Pensions & Treasury Management) will also always ensure that those engaged in treasury management shall follow the policies and procedures set out.

50. The Senior Accountant (Pensions & Treasury Management) will ensure that there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds.

51. The current responsibilities are outlined below.

- Treasury management policies and practices are set by the Pension Fund Committee.
- Responsibility for the implementation, scrutiny and regular monitoring of the treasury management policies and practices is delegated to the *Treasury Management Group*.
- The responsible officer for the execution and administration of treasury management decisions is the Senior Accountant (Pensions & Treasury Management), who will act within the parameters set by the Treasury Management Policy Statement and TMPs

and decisions of the *Treasury Management Group*. The Investments Officer will act as deputy to the Senior Accountant (Pensions & Treasury Management) in his or her absence.

52. The current procedures are outlined below.

1. Daily cash flow forecasts will be maintained by the Loans Officer. Annual cash flow forecasts will be provided to the *Treasury Management Group* on a quarterly basis.
2. The daily procedures for cash flow monitoring, placing deals, transmission of funds and documentation are set out in the Treasury Management Procedure Manual. These are usually carried out by the Loans Officer with absences covered by another officer under the responsibility of the Senior Accountant (Pensions & Treasury Management).
3. The officer dealing on the money market each day must prepare a cash flow forecast for that day based on the most up-to-date information available and this must be checked by the Senior Accountant (Pensions & Treasury Management), or another officer under the responsibility of the Senior Accountant (Pensions & Treasury Management), before that day's deals are carried out. Before conducting a deal, the officer will confirm that the credit ratings of the counterparty are in line with the approved policy.
4. Deals must be within the limits set out in *TMP1 Risk management*. Dealing staff must be aware of the principles set out in the Bank of England's UK Money Markets Code 2021, which are 'intended to promote an open, fair, effective and transparent market'. Documentation must be kept in accordance with the Treasury Management Procedure Manual.
5. The transfer of funds will normally be actioned by CHAPS transfer through the banking system operated by the Fund's bank (currently Barclays).

53. Individual deal limits specified in *TMP1 Risk management* apply to all staff placing deals. Any lending for periods greater than 365 days may only be actioned on the authority of the Senior Accountant (Pensions & Treasury Management) and either the Service Director (Finance, Infrastructure and Improvement) or the Group Manager (Financial Services). Money may only be lent to institutions or funds on the *Approved List*.

## **TMP6 Reporting requirements and management information arrangements**

54. The Service Director (Finance, Infrastructure and Improvement) will ensure that regular reports are prepared and considered on the implementation of the Pension Fund's treasury management policies.

55. The *Treasury Management Group* will receive regular monitoring reports on treasury management activities and risks and on compliance with and suggested revisions to policy. Members of the *Treasury Management Group* will be informed of any breach of the principles contained in TMP5.

## **TMP7 Accounting and audit arrangements**

56. The Pension Fund accounts for its treasury management activities, for decisions made and transactions executed, in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements in force for the time being.



57. Systems and procedures are subject to both internal and external audit and all necessary information and documentation shall be provided on request.

#### **TMP8 Cash and cash flow management**

58. Unless statutory or regulatory requirements demand otherwise, all monies in the Pension Fund will be under the control of the Service Director (Finance, Infrastructure & Improvement), and will be aggregated for cash flow and investment management purposes. Cash flow projections will be prepared on a regular and timely basis, and the Service Director (Finance, Infrastructure & Improvement) will ensure that these are adequate for the purposes of monitoring compliance with *TMP1(2) liquidity risk management*.

59. As outlined in TMP5, daily cash flow forecasts are to be prepared in accordance with the Treasury Management Procedure Manual, and summarised weekly and annual activity reports are regularly provided to the *Treasury Management Group*.

#### **TMP9 Money laundering**

60. The Pension Fund Committee is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, it will maintain procedures for verifying and recording the identity of counterparties and reporting suspicions and will ensure that staff involved in this are properly trained.

61. All treasury management activity with banks other than the Fund's own bank is actioned through CHAPS transfers to/from nominated accounts. Suspicions that a third party is attempting to involve the Pension Fund in money laundering will be reported to the Service Director (Finance, Infrastructure & Improvement).

#### **TMP10 Training and qualifications**

62. The Pension Fund Committee recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills.

63. The person specifications for the Senior Accountant (Pensions & Treasury Management) and the Investments Officer require a UK chartered accountancy qualification and other members of the treasury team have the option to be supported to attain professional qualifications from the Association of Accounting Technicians, the Chartered Institute of Public Finance & Accountancy, or the Association of Corporate Treasurers (ACT). The members of the *Treasury Management Group* are also required to be chartered accountants or ACT qualified.

64. Professional qualifications will be supplemented by relevant training courses, attendance at seminars and conferences and access to CIPFA's Treasury Management Network and Technical Information Service for all team members. The Senior Accountant (Pensions & Treasury Management) will recommend and implement the necessary arrangements. Requests and suggestions for training may be discussed at any time with the Senior Accountant (Pensions & Treasury Management) and also feature as part of the personal development review process.

65. The *Treasury Management Group* will ensure that Committee members tasked with treasury management responsibilities have access to training relevant to their needs and those responsibilities. Those charged with governance recognise their individual responsibility to ensure that they have the necessary skills to undertake their role effectively.

#### **TMP11 Use of external service providers**

66. The Pension Fund Committee recognises that ultimate responsibility for treasury management decisions cannot be outsourced. It also recognises that there may occasionally be potential value in employing external providers of treasury management services, in order to acquire access to specialist skills and resources. However, it does not currently employ the services of any specialist treasury management advisers.

67. In the employment of such service providers, the Committee will ensure it does so for reasons which have been submitted to a full evaluation of the costs and benefits. It will also ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review. It will also ensure, where feasible and necessary, that a spread of service providers is used, to avoid over-reliance on one or a small number of companies. Where services are subject to formal tender or re-tender arrangements, legislative requirements will be observed. The monitoring of such arrangements rests with the responsible officer.

68. The Fund makes use of broking companies to act as intermediaries in lending activity although it will also carry out this activity directly with counterparties when opportunities arise and when settlement details can be adequately verified.

#### **TMP12 Corporate governance**

69. The Pension Fund Committee is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity, and accountability.

70. As part of the Council, the Committee has adopted and implemented the key provisions of the CIPFA Treasury Management in the Public Services Code (2021 edition) and reports are made in accordance with the approved policy. The Council's constitution includes schemes of delegation covering treasury management activities.

71. These measures are considered vital to the achievement of proper corporate governance in treasury management, and the responsible officer will monitor and, if necessary, report upon the effectiveness of these arrangements.

#### **Statutory and Policy Implications**

72. This report has been compiled after consideration of implications in respect of finance, the public sector equality duty, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.



## **RECOMMENDATION/S**

1. That Pension Fund Committee members approve the Strategy Statement as set out in the report.

**Nigel Stevenson**

**Service Director for Finance, Infrastructure & Improvement and Section 151 Officer**

**For any enquiries about this report please contact: Ciaran Guilfoyle**

### **Constitutional Comments (KA 05/02/2024)**

73. The proposal in this report is within the remit of the Nottinghamshire Pension Fund Committee (Constitution - Section 7, Part 2 – Nottinghamshire Pension Fund Committee - Terms of Reference).

### **Financial Comments (TMR 07/02/2024)**

74. There are no financial implications arising directly from this 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.

- CIPFA Treasury Management in the Public Services Code (2021 edition)
- [The UK Money Markets Code 2021](#)



**7 March 2024****Agenda Item: 7****REPORT OF SERVICE DIRECTOR – FINANCE, INFRASTRUCTURE &  
IMPROVEMENT****CONFERENCES AND TRAINING****Purpose of the Report**

1. To seek approval for the Training Plan 2024/25 for the Pension Fund Committee and the Nottinghamshire Pensions Board and approve Member attendance at conferences and training in 2024/25.

**Information and Advice**

2. The Fund is committed to ensuring those charged with decision-making and financial management have effective knowledge and skills and this is achieved through attendance at key conferences and the provision of specific training and information for Members of both the Pension Fund Committee and the Nottinghamshire Pension Board.
3. DLUHC published its response to the consultation on LGPS: Next steps on Investments in November and set expectations that all Funds should have a formal Training Policy for Pension Fund Committee Members and report against it. Further guidance and regulations should follow in due course. This should deliver the long anticipated formalised training requirements signposted in the Good Governance recommendation made by the Scheme Advisory Board.
4. In addition the General Code of Practice was published in January and expected to come into effect in March. This sets out an expectation that all governing bodies should:-
  - Maintain a list of items the members of the governing body should be familiar with
  - Complete a Training Needs Analysis on a regular basis
  - Have a working knowledge of a list of items as relevant to their scheme.
5. Appendix A is a Joint Training Plan for the Pension Fund Committee and the Nottinghamshire Pension Board.
6. It is proposed to continue to attend key pension conferences and to ensure training is available.
7. The LGA's LGPS Fundamentals course is well regarded and it is proposed to continue to offer this course to new members of the Committee or those wishing to refresh existing knowledge.

8. The Pension Board has an established programme for required training and this will continue.
9. Approval is sought for attendance at the following conferences and training in 2024/25.

<b>Conference</b>	<b>Location</b>	<b>Date</b>	<b>Attendance</b>
<b>External training/events</b>			
LGPS Pooling Symposium	Birmingham	23-24 April 24	Committee chair 1 officer
PLSA Local Authority Conference	Gloucestershire	11-13 June 24	2 PFC Members 1 Officer If unfilled places may be offered to the Board.
LAPF Strategic Investment Forum	Hertfordshire	1-3 July 24	2 PFC Members 1 Officer
LAPFF Annual Conference	Bournemouth	4-6 Dec 24	1 PFC Member 1 Officer
LAPFF Business Meetings	Online/London	Quarterly	2 PFC Members 1 Officer
LGA LGPS Fundamentals Course	Various	October to December	All New PFC Members and any PFC Members requiring refresher training
LGPS Governance Conference	Unknown	January 25	2 PFC Members, 1 Board Member, 1 Officer
<b>Internal training/events</b>			
Pensions Board training from the Board Independent Adviser	Board meetings	Quarterly	Available to all members of Pension Board.
Climate Risk training from LGPS Central	Working Party	January 25	Available to all members of Pension Committee
Responsible investment training from LGPS Central	Working Party	Summer 24	Available to all members of Pension Committee and Pensions Board
Property Training/visits	Various	Tbc	Available to all members of Pension Committee
Portfolio related training – Index Linked Gilts	After PFC	March 24	Available to all members of Pension Committee
LGPS Central Responsible Investment summit	Teams event	Tbc	Available to all members of Pension Committee and Board

Conference	Location	Date	Attendance
LGPS Central trainings such as the Stakeholder Day	Online/ Birmingham	Various	Available to all members of Pension Committee and Board
Pool Board Chairs' meeting	Wolverhampton	Various	Board chair

10. Officers attend training courses where these are required to ensure they are properly skilled and qualified to fulfil their responsibilities.

### **Other Options Considered**

11. Members and Officers could attend other conferences in addition to or instead of those suggested. The conferences suggested have proved useful and interesting in previous years. Not attending any such events was not considered due to the importance of ensuring that those charged with decision-making and financial management have effective knowledge and skills.

### **Reason/s for Recommendation/s**

12. Under the terms of the Council's constitution, the Nottinghamshire Pension Fund Committee is responsible for the administration of the Nottinghamshire Pension Fund and it is best practice to ensure that those charged with decision-making and financial management have effective knowledge and skills.

### **Statutory and Policy Implications**

13. 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.

## **RECOMMENDATION/S**

- 1) The training plan in Appendix A is approved.
- 2) That attendance at conferences and training as set out in the report be approved.

**Nigel Stevenson**

**Service Director – Finance, Infrastructure and Improvement**

**For any enquiries about this report please contact:**

Tamsin Rabbitts, Senior Accountant – Pensions and Treasury Management

### **Constitutional Comments (LPW 15/02/2024)**

14. The Nottinghamshire Pension Fund Committee is responsible for approving all Councillor attendance at conferences, seminars and training events within the UK within the remit of this

Committee. The proposals insofar as they relate to Councillors are within the remit of this Committee. Approval for officer attendance is a departmental matter.

### **Financial Comments (TMR 7/02/2024)**

15. Costs associated with attending conferences and other training events are a legitimate charge to the Fund in accordance with governing regulations.

### **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.

- None

## **TRAINING PLAN 2024/25**

### **Regulatory Requirements**

1. The Fund is committed to ensuring those charged with decision-making and financial management have effective knowledge and skills and this is achieved through attendance at key conferences and the provision of specific training and information for Members of both the Pension Fund Committee and the Nottinghamshire Pension Board.
2. Pension Fund Committee and Pension Board Members face different requirements for gaining and maintaining knowledge and understanding. This reflects their different responsibilities and that their remit originates from different pieces of legislation. Knowledge requirements falling on Board members are defined statutorily under section 248a of the Public Service Pensions Act 2013 and are personal to each individual. Learning requirements for Committees have been less stringently defined in legislation and fall collegiately on Committees as collective bodies rather than on their members as individuals.
3. Though their learning obligations under legislation are different, Committee and Board members share significant common ground in terms of the sphere of knowledge and understanding they need to be conversant with.
4. Across the range of Technical Knowledge and Skills Frameworks it has published to date, CIPFA has identified a syllabus of 8 core areas of knowledge under the CIPFA Knowledge and Skills Framework (2021) for LGPS Committee Members and LGPS Officers. These 8 core areas are as follows:
  - 1) Pensions Legislation and Guidance;
  - 2) Pensions Governance;
  - 3) Fund Strategy and Actuarial Methods;
  - 4) Pensions Administration and Communications;
  - 5) Pensions Financial Strategy, Management Accounting, Report and Audit Standards;
  - 6) Investment Strategy, Asset Allocation, Pooling, Performance and Risk Management;
  - 7) Financial markets and product;
  - 8) Pension Services Procurement, Contract Management and Relationship Management;

5. There is a separate technical knowledge and skills framework for Local Pension Boards (2015) with the following 8 core areas:
  - 1) Pensions Legislation;
  - 2) Pensions Governance;
  - 3) Pensions Administration;
  - 4) Pensions Accounting and Auditing Standards;
  - 5) Pension Services Procurement and Relationship Management;
  - 6) Investment Performance and Risk Management;
  - 7) Financial Markets and Product Knowledge;
  - 8) Actuarial Methods. Standards and Practices
6. As can be observed there is significant commonality between these.

## **Training Needs Analysis**

7. DLUHC published its response to the consultation on LGPS: Next steps on Investments in November and set expectations that all Funds should have a formal Training Policy for Pension Fund Committee Members and report against it. Further guidance and regulations should follow in due course. This should deliver the long anticipated formalised training requirements signposted in the Good Governance recommendation made by the Scheme Advisory Board.
8. In addition the General Code of Practice was published in January and expected to come into effect in March. This sets out an expectation that all governing bodies should:-
  - Maintain a list of items the members of the governing body should be familiar with
  - Complete a Training Needs Analysis on a regular basis
  - Have a working knowledge of a list of items as relevant to their scheme.
9. Appendix A is a Joint Training Plan for the Pension Fund Committee and the Nottinghamshire Pension Board.
10. It is proposed to conduct a Training Needs Analysis during the next financial year, and in future about 12 months after every significant change to committee membership.



## Training Plan

### External training

11. Attendance at the following conferences and training in 2024/25.

Conference	Location	Date	Attendance
<b>External training/events</b>			
LGPS Pooling Symposium	Birmingham	23-24 April 24	Committee chair 1 officer
PLSA Local Authority Conference	Gloucestershire	11-13 June 24	2 PFC Members 1 Officer If unfilled places may be offered to the Board.
LAPF Strategic Investment Forum	Hertfordshire	1-3 July 24	2 PFC Members 1 Officer
LAPFF Annual Conference	Bournemouth	4-6 Dec 24	1 PFC Member 1 Officer
LAPFF Business Meetings	Online/London	Quarterly	2 PFC Members 1 Officer
LGA LGPS Fundamentals Course	Various	October to December	All New PFC Members and any PFC Members requiring refresher training
LGPS Governance Conference	Unknown	January 25	2 PFC Members, 1 Board Member, 1 Officer

12. In addition to the specific events listed members are encouraged to attend the free trainings and briefings offered by industry bodies at no charge, and any other internal training provided during the year covering both general pensions matters and any changes in legislation which impact on the work of the Committee. Members are encouraged to inform the Senior Accountant – Pensions when they attend training sessions so the training record can be updated.

### Internal training

13. Attendance at the following training arranged internally or by the Fund's pooling company, LGPS Central:-

<b>Internal training/events</b>			
Pensions Board training from the Board Independent Adviser	Board meetings	Quarterly	Available to all members of Pension Board.
Climate Risk training from LGPS Central	Working Party	January 25	Available to all members of Pension Committee
Responsible investment training from LGPS Central	Working Party	Summer 24	Available to all members of Pension Committee and Pensions Board
Property Training/visits	Various	Tbc	Available to all members of Pension Committee
Portfolio related training – Index Linked Gilts	After PFC	March 24	Available to all members of Pension Committee
LGPS Central Responsible Investment summit	Teams event	Tbc	Available to all members of Pension Committee and Board
LGPS Central trainings such as the Stakeholder Day	Online/ Birmingham	Various	Available to all members of Pension Committee and Board
Pool Board Chairs' meeting	Wolverhampton	Various	Board chair

### Individual Training for Committee and Board Members

14. All members can arrange to meet with fund officers to discuss their individual training needs. Based on this meeting, an individualised training plan can be developed to best suit each individual member.

### Officers

15. Officers attend training courses where these are required to ensure they are properly skilled and qualified to fulfil their responsibilities.

7 March 2024

Agenda Item: 8

## **REPORT OF SERVICE DIRECTOR – FINANCE, INFRASTRUCTURE & IMPROVEMENT**

### **LOCAL AUTHORITY PENSION FUND FORUM ANNUAL CONFERENCE 2023**

#### **Purpose of the Report**

1. To report on the Local Authority Pension Fund Forum (LAPFF) Conference 2023.

#### **Information & Advice**

2. The 2023 LAPFF Conference entitled 'Action + Impact' was held between 6 and 8 December 2023. In accordance with prior approval, and as part of the Fund's commitment to ensuring those charged with decision-making and financial management have effective knowledge and skills, the conference was attended by Cllr Stephen Garner with an officer attending some of the sessions online. Details of the main sessions are set out below. It should be noted that the views set out are those of the presenters, not of LAPFF or the Nottinghamshire Pension Fund.

#### **Day one**

3. ***A watershed moment: How can water companies better deliver environmental value?***  
***Richard Eadie, Head of Corporate Strategy, Sustainability & Transformation, Severn Trent Plc***  
***How can investors promote positive environmental outcomes with water companies?***  
***Simon Davy, Head of Real Assets, LPPI Moderator: Councillor Doug McMurdo, LAPFF Chair***

The presenters illustrated both the opportunities and challenges of achieving environment outcomes for water companies.

4. ***Responding to the climate emergency: How are LGPS Funds and Pools managing climate-related financial risk***  
***Sian Kunert – East Sussex Pension Fund, Jane Firth, Border to Coast Pensions Partnership. Tom Harrington, GMPF/NLGPS, LAPFF Executive, Will Lidbetter, EAPF Member Representative and Pensions Committee Member***  
***Moderator: Marika Mansley, PIRC Limited***

A conversation considering how LGPS Funds and pools are approaching the management of climate-related risk.

5. ***The Success of Shareholder Resolutions in 2023***  
***Brad Lander, New York City Comptroller***  
***Moderator: Councillor Doug McMurdo, Chair, LAPFF***

Brad shared details of some of New York City's successful shareholder resolutions during 2023.

**6. Escalating action: LAPFF Voting on Climate**

**Paul Hunter, PIRC Limited**

**Moderator: Councillor Mark Norris, RCT Pension Fund, LAPFF Executive**

Paul described some of the climate related activity undertaken by LAPFF during the year.

**7. Shareholder resolutions coming up in 2024**

**Lisa Hayles, Director of International Shareholder Advocacy, Trillium Asset Management, Martin Buttle, Better Work Lead, CCLA, Emma Pullman, Head of Shareholder Engagement & ESG, BCGEU**

**Moderator: Tom Harrington, GMPF/NLGPS, LAPFF Executive**

Three presentations of upcoming Shareholder resolutions in 2024.

**Day Two**

**8. Why Proxy Voting Choice is essential for investors in passive funds**

**Rob Skelton, First Actuarial, Georgia Stewart, Founder, Tumelo, Councillor Heather Johnson, LB Camden Pension Fund, Councillor John Gray, LB Newham, LAPFF Executive**

**Moderator: Tom Powdrill, PIRC Limited**

A presentation about the opportunities and the importance for a proxy voting process to allow clients to vote based on their own policies.

**9. The ESG Backlash: What should LGPS funds and pools expect from their asset managers?**

**Damon Silvers, Visiting Professor of Practice at University College London's Institute for Innovation and Public Purpose, and at Newcastle University,**

**Moderator: Councillor Doug McMurdo, LAPFF Chair, LAPFF Executive**

**The ESG backlash: How are asset managers responding?**

**John Hoepfner, Head of US Investment Stewardship, LGIM, Lisa Hayles, Director of International Shareholder Advocacy Trillium Asset Management, Juliette Vartikar, Sustainable Investing Director, UBS**

**Moderator: Councillor Toby Simon, Avon PF, LAPFF Executive**

Two sessions considering the ESG backlash from the perspective of the LGPS, and the reaction of asset managers.

**10. Avoiding a market for lemons: Should investors be concerned by the listing rules review?**

**Sir Philip Augar, independent commentator on Banks and other issues**

**Moderator: Tim Bush, PIRC Limited**

Concerns that the review of the listing rules may lead to a reduction in requirements for listing companies.

**11. Lead the Charge: Ensuring a clean and equitable EV supply chain**

**Speakers: Mat McDermid, Program Director, The Sunrise Project, Cecilia Mattea, Transport & Environment**

**Moderator: John Anzani, Lothian Pension Fund, LAPFF Executive)**

Despite the benefits of electric vehicles, the potential negative environmental and social consequences of their manufacture need to be considered.

**12. Seeing the unseen: What role can investors play in ending Modern Day Slavery**

**Lucy Mann, Senior Business Engagement Manager, Unseen UK**

**Moderator: Rachel Brothwood, WMPF, LAPFF Executive)**

A presentation on the impact investors can have on this important issue.

**13. Power of nature: How can investors manage nature-related risks and tackle the biodiversity crisis.**

**Isobel Rosen, Investor Outreach Analyst, FAIRR Initiative, Norah Berk, Senior Programme Manager, Nature Action 100 & IIGCC**

**Moderator: Cllr Rob Chapman, LB Hackney Pension Fund, LAPFF Executive**

A consideration of the increasing concern over reducing biodiversity and nature-related risks.

**14. Getting to net zero: the role of alternatives**

**James Penney, Chair, Darwin Alternatives, Paddy Dowdall, GLIL, Greg McClymont, Executive Director, Public Affairs, Policy & Strategy, IFM,**

**Moderator: Euan Miller, WYPF, LAPFF Executive**

Despite the difficulty in assessing climate data alternative assets, these presentations illustrated the benefits that alternatives can offer in the journey to net zero.

**Day Three**

**15. The Great Pay Divide: Is it a financial necessity?**

**Will Hutton, President of the Academy of Social Sciences, Co-Chair, The Purposeful Company and Observer Columnist, Sebastian Bachelier, Senior Programme Manager, Living Wage Foundation**

**Moderator: Councillor Ged Cooney, GMPF, LAPFF LTD)**

A consideration of whether, in a competitive market we are attracting the best people into companies in the UK or whether we need to increase executive pay to compete with other markets such as the US.

**16. Levelling up: What have Local Authorities Learnt from the Debate?**

**Barry Quirk, Special Advisor to the LGA on the Professional Development of Chief Executives**

**Moderator: Neil Sellstrom Tyne & Wear Pension Fund, LAPFF Executive**

As the debate continues, and there are no easy answers there may be some lessons to learn.

**17. Dave Fishwick, Burnley Savings and Loans (The Bank of Dave)**

**Moderator: Councillor Doug McMurdo, Chair, LAPFF Executive)**

An entertaining and engaging session which illustrated some of the issues in the banking industry.

**Statutory and Policy Implications**

18. 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.

## **RECOMMENDATIONS**

- 1) That Pension Fund Committee members continue to attend appropriate conferences to enable members to be kept up to date with the main national topics relating to investments.
- 2) That Members consider if there are any actions they require in relation to the issues contained within the report

### **Tamsin Rabbitts**

Senior Accountant – Pensions and Treasury Management

**For any enquiries about this report please contact: Tamsin Rabbitts**

### **Constitutional Comments (LPW 15/02/24)**

19. The proposals in this report are within the remit of the Nottinghamshire Pension Fund Committee.

### **Financial Comments (TMR 30/01/24)**

20. There are no financial implications arising from this 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.

None

**7 March 2024****Agenda Item: 9****REPORT OF THE ADVISOR TO THE NOTTINGHAMSHIRE PENSION FUND  
COMMITTEE****INDEPENDENT ADVISER'S REPORT****Purpose of the Report**

1. To provide an opportunity for the Advisor to the Committee to update and brief the Committee on matters relevant to the Pension Fund (Appendix A).

**Information**

2. The Nottinghamshire Pensions Fund Committee receives regular updates from its advisor. The updates set out issues affecting the fund, including matters on a national and global level.
3. The last update was presented to the Committee at its meeting on 14 December 2023.

**Statutory and Policy Implications**

4. 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**

5. There are no financial implications arising as a result of this report.

**RECOMMENDATION/S**

- 1) That the report of the Advisor to the Nottinghamshire Pension Fund Committee be noted.

**William Bourne****Advisor to the Nottinghamshire Pension Fund Committee**

**For any enquiries about this report please contact:**

Jo Toomey, Advanced Democratic Services Officer  
Telephone: 0115 977 4506  
Email: jo.toomey@nottscc.gov.uk

**Constitutional Comments (KK)**

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

**Financial Comments (SES)**

7. There are no specific financial implications arising directly from this 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.

- None

**Electoral Division(s) and Member(s) Affected**

- All





## Independent Adviser's Report for Nottinghamshire Pension Fund Committee

William Bourne

9<sup>th</sup> February 2024

### Market Commentary

1. Three months ago I said that the main risks to the fund were higher inflation in the longer term, and higher bond yields in the short term. I have not changed this view, but both have declined since I last reported. I also commented that geo-politics and politics remain a source of risk and disruption, and the latest events in the Red Sea and Jordan bear that out.
2. Inflation has continued to fall in most of the world, by more than expected in the United States in particular. Deflation in China, where consumer inflation stands at -0.8% and producer price inflation at -2.5% year on year, is an important factor. However, wage cost growth in the West remains significantly higher (e.g., U.K. is growing at 8%, U.S. 4%) which may spark a resurgence in inflation.
3. The Federal Reserve said that it could see up to 75bps of interest rate cuts in 2024, which prompted falls in bond yields and a stock market rally. It became apparent that any rate cuts were likely to be later in the year, but that did not stop the U.S. stock market going to a new high as Amazon reported better than expected earnings, and Meta for the first time paid shareholders a dividend. Elsewhere central banks made little changes to interest rates.
4. United States economic growth grew by 2.5% in 2023 after a stronger second half. Non-farm payrolls (i.e., employment) rose by 353,000 to an all-time high, considerably higher than expected. It underlines the fact that the U.S. economy seems to be on a better path than most of the rest of the world. Correspondingly, interest rate cuts may be slower than the market expects.
5. In contrast China, the world's other engine, has been struggling with deflation, despite relatively loose monetary conditions. The preliminary estimate of 2023 economic growth was 5.5% after 3.0% in 2022, but manufacturing activity has now fallen for four months with both domestic consumption and export weakening. Evergrande (second largest real estate company) finally went into administration.
6. A recent theme in my reports has been the growing levels of public debts as politicians struggle to keep expenditure and revenue in balance. The U.S. duly announced its largest ever issue of new

public debt (\$70bn) to take place in April. It is increasingly relying on shorter-term financing, which will need to be refinanced sooner rather than later. If (as I expect) bond yields rise further the cost of debt service is likely in due course to put pressure on government budgets.

7. Geo-politics remains a source of risk, but markets have so far not been greatly disrupted even when there has been a threat to oil supply security, as in the Red Sea. However, the cost of these more localised confrontations to the West will have an impact on both fiscal spending and also on inflation — governments are rarely price sensitive, especially when it comes to military expenditure.
8. Politics is likely to be increasingly important over the next twelve months. Trump's campaign is building momentum, but the pending legal court cases make it hard to read what might happen in the Presidential election. The Democrats consolidated their hold on the Senate (now 51 out of 100 seats) which will act as a counterbalance should Trump win.
9. I remain reasonably positive about the outlook for equities and risk assets in the shorter-term. The combination of moderate growth (led by the U.S.), moderate inflation, and governments who ahead of elections are likely to keep fiscal policy reasonably loose is quite benign. The liquidity background is also looser than the newspaper headlines which focus on interest rates suggest.
10. The impact of higher bond yields is the most likely risk to this scenario. Markets will at some point wake up to the fiscal incontinence of governments, especially the U.S., and the sheer volume of refinancing required. Market theory suggests longer-term bond yields should rise substantially in response, but the authorities cannot afford to let that happen because of the cost of servicing their debt. They will probably therefore look to find ways to cap bond yields, such as relying on short-term instruments or forms of financial repression.
11. The question is at what level will bond yields settle. It is quite possible that the current environment will continue throughout 2024, which is reasonably benign for other asset classes. However, at some point I expect the ten-year bond yield to test 5% again, and perhaps rise higher. That might cause markets more concern if it is sustained.
12. In the longer-term (much) higher inflation seems to me to be the inevitable consequence of ever-increasing government spending, especially in the U.S., and the growing reliance on short-term financing. We are effectively going to the Magic Money Tree. This will have a negative impact on future service costs and consequently on liabilities. I therefore recommend that the strategic focus should remain on building up allocations to assets which will provide some mitigation to this long-term inflation risk.

**REPORT OF THE SERVICE DIRECTOR – CUSTOMERS, GOVERNANCE  
AND EMPLOYEES****WORK PROGRAMME****Purpose of the Report**

1. To consider the Committee's work programme.

**Information**

2. The County Council requires each committee to maintain a work programme. The work programme will assist the management of the committee's agenda, the scheduling of the committee's business and forward planning. The work programme will be updated and reviewed at each pre-agenda meeting and committee meeting. Any member of the committee is able to suggest items for possible inclusion.
3. The attached work programme has been drafted in consultation with the Chair and Vice-Chairs, and includes items which can be anticipated at the present time. Other items will be added to the programme as they are identified.

**Other Options Considered**

4. None.

**Reason/s for Recommendation/s**

5. To assist the committee in preparing its work programme.

**Statutory and Policy Implications**

6. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the NHS Constitution (Public Health only), the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required

## **RECOMMENDATION/S**

That the Committee considers whether any amendments are required to the Work Programme.

**Marjorie Toward**  
**Customers, Governance and Employees**

**For any enquiries about this report please contact:**

Jo Toomey, Advanced Democratic Services Officer

E-mail: [jo.toomey@nottsc.gov.uk](mailto:jo.toomey@nottsc.gov.uk)

Tel: 0115 977 4506

### **Constitutional Comments (HD)**

7. The Committee has authority to consider the matters set out in this report by virtue of its terms of reference.

### **Financial Comments (NS)**

8. There are no direct financial implications arising from the contents of this report. Any future reports to Committee on operational activities and officer working groups, will contain relevant financial information and comments.

### **Background Papers**

None

### **Electoral Division(s) and Member(s) Affected**

All

# **PENSION FUND COMMITTEE – WORK PROGRAMME (updated 12 February 2024)**

<b><u>Report Title</u></b>	<b><u>Summary of agenda item</u></b>	<b><u>Report Author</u></b>
<b>18 April 2024</b>		
Review of progress on the Climate Risk Action plan	6-monthly report	Tamsin Rabbitts
Climate Stewardship report	Progress on the Fund's climate stewardship strategy	Tamsin Rabbitts
Review of Pension Fund Strategies		Tamsin Rabbitts / Jon Clewes
Review of the Pension Fund Risk Register		Sarah Stevenson
Proxy voting	Summary of voting activity	Ciaran Guilfoyle
Local Authority Pension Fund Forum business meeting	Report from Local Authority Pension Fund Forum business meetings	Ciaran Guilfoyle
Report on the Local Government Pension Scheme Governance Conference	Report of the presentations attended by representatives of the Fund at the Local Government Pension Scheme Governance Conference held in January 2024	Jon Clewes
<b>13 June 2024</b>		
Fund valuation and performance – quarter 4	Summary of quarterly performance	Tamsin Rabbitts
Fund valuation and performance – exempt appendix	Detailed review of quarterly performance (exempt)	Tamsin Rabbitts
Independent Adviser's report	Independent Adviser's review of performance	Independent Adviser
Managers presentations	Presentations by Fund Managers (exempt)	LGPS Central
<b>11 July 2024</b>		
Proxy voting	Summary of voting activity	Ciaran Guilfoyle
Local Authority Pension Fund Forum business meeting	Report from Local Authority Pension Fund Forum business meeting	Ciaran Guilfoyle
Annual administration performance report		Jon Clewes
Pooling update	An update will be provided on pooling arrangements	LGPS Central

<b><u>Report Title</u></b>	<b><u>Summary of agenda item</u></b>	<b><u>Report Author</u></b>
Treasury management outturn 2023/24	Summary of Treasury management activity for the year ended 31 March 2023	Ciaran Guilfoyle
<b>To be placed</b>		
Pensions Administration – Tracing Service		Sarah Stevenson / Jon Clewes
Pension Fund Review of Cyber Security – Pension Regulator Requirement		Sarah Stevenson / Jon Clewes
Pension Regulator’s Code of Practice		Jon Clewes

**REPORT OF SERVICE DIRECTOR – CUSTOMERS, GOVERNANCE, AND  
EMPLOYEES.****PENSION ADMINISTRATION SYSTEM UPDATE****Purpose of the Report**

1. To update Members on the alignment of the main Civica Universal Pension Manager (UPM) contract and the contract for the UPM system migration from the Council's on premise Data Centre to Civica's Microsoft Azure Cloud hosting environment into a LGPS Enhanced Solution contract.
2. Some information relating to this report is not for publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972. Having regard to the circumstances, on balance the public interest in disclosing the information does not outweigh the reason for exemption because divulging the information would significantly damage the Council's commercial position in relation to the Pension Fund. The exempt information is set out in the exempt appendix.

**Information  
Background**

1. In March 2021 Pension Committee were updated on the award of a contract to Civica for the continued provision of the pension administration system, Universal Pensions Manager (UPM), from Civica UK Limited (UK) via the Crown Commercial Services Data and Application Solutions agreement. This procurement compliant process allowed a direct contract to be awarded where a system is already in place and would attract very high cost of change.
2. In December 2023 Pension Committee approved funding for the migration of the UPM application to operate within Civica's Microsoft Azure Cloud Hosting environment.

**Contract Award**

3. Work has been undertaken with Procurement to bring both elements into a LGPS Enhanced Solution contract for a period of 7 years from 1 April 2024 through to 31 March 2031. The following elements will be covered by the contract -
  - a. Move to an enterprise license which will include a one off license cost, support and maintenance and all existing modules and the right to install any newly developed

modules during the lifetime of the contract. An enterprise licence also includes unlimited users so additional licences would not need to be purchased in the future if the pension department grew.

- b. All charges for hosting via Civica's Microsoft Azure hosting environment for the lifetime of the contract.
  - c. A basket of professional services days to be used over the term of the contract at a discounted cost. These days will enable the Pension Office to use these for a variety of matters for example -training, consultancy, additional work on the system, project management to support implementation of the additional modules as part of the transforming pension administration programme.
  - d. Biannual strategic roadmap review and planning events to cover review of current plan of work and progress on activities and to also set out the work and development planned for the second 6 months of the financial year.
- 4. The costs of the pension administration system including the Microsoft Azure cloud hosting environment charges are legitimate charges to the pension fund under governing regulations.
  - 5. The details of the costs are contained within the exempt Appendix A.

### **Other Options Considered**

- 6. Maintaining two separate contracts of differing lengths with Civica, one for the UPM system and another for the Microsoft Azure hosting environment is not efficient and would also incur additional cost for the management of two contracts.
- 7. Consideration has also been given to any impact on the current "Transforming Pension administration and new ways of working" programme of maintaining separate contracts given the level of investment by the Fund in the digital developments of the UPM system, ensuring that the Fund is able to fully comply with the requirements laid down by the Pension Regulator in the new code of practice and in particular the requirements around cyber security. The Fund has no plans in the future to move to another system.

### **Reason/s for Recommendation/s**

- 8. As the Administering Authority, Nottinghamshire County Council must ensure that it has in place a fully functioning and operational pension administration system to enable it to be able to fully meet its administration obligations to all scheme members and employers and its statutory responsibilities.

### **Statutory and Policy Implications**

- 9. 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.



## **Data Protection and Information Governance**

10. A Data Privacy Impact Assessment (DPIA) has been completed and signed off for the Civica UPM system. As and when new modules/changes are implemented the DPIA will be reviewed and updated in accordance with the requirements from Information Governance and ICT.

## **Financial Implications**

11. The financial implications are set out in the exempt appendix A.

## **Human Resources Implications**

12. There are no human resources implications arising from this report as the update set out in the report relates to the existing system used in the pension administration office.

## **RECOMMENDATION/S**

It is recommended:

- 1) That the alignment of the two contracts into a LGPS Enhanced Solution contract with Civica is supported for a period of 7 years from 1 April 2024 through to 31 March 2031.

**Marjorie Toward**

**Service Director – Customers, Governance and Employees**

**For any enquiries about this report please contact:**

Sarah Stevenson, Group Manager Business Services Centre on 0115 9775740 or [sarah.stevenson@nottsc.gov.uk](mailto:sarah.stevenson@nottsc.gov.uk)

## **Constitutional Comments (KK 26/02/24)**

13. The report is for information purposes only to update Pension Fund Committee.

## **Financial Comments (TR 26/02/24)**

14. The financial implications are set out in the exempt appendix. The costs of the Civica UPM system including hosting costs are valid charges to the pension fund.

## **HR Comments (JP 27/02/24)**

15. There are no specific HR comments in respect of this 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.

- None

## **Electoral Division(s) and Member(s) Affected**

All

**7 March 2024**
**Agenda Item: 12**

## **REPORT OF THE SERVICE DIRECTOR FOR FINANCE, INFRASTRUCTURE & IMPROVEMENT**

### **FUND VALUATION AND PERFORMANCE**

#### **Purpose of the Report**

1. To report on the total value and performance of the Pension Fund to 31 December 2023.

#### **Information and Advice**

2. This report is to inform the Nottinghamshire Pension Fund Committee of the value of the Pension Fund at the end of the latest quarter and give information on the performance of the Fund. Some information relating to this report is not for publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972. Having regard to the circumstances, on balance the public interest in disclosing the information does not outweigh the reason for exemption because divulging the information would significantly damage the Council's commercial position in relation to the Pension Fund. The exempt information is set out in the exempt appendices.
3. The table below shows a summary of the total value of the investment assets of the Fund as at 31 December 2023 in comparison with the benchmark, together with the comparative position 3 and 12 months previously. The benchmark is a long-term target which the fund will move towards over the next year.

	<b>Latest Quarter</b>		<b>Long term</b>	<b>Previous Quarter</b>		<b>Previous Year</b>	
	<b>31 Dec 2023</b>		<b>Benchmark</b>	<b>30 Sept 2023</b>		<b>31 Dec 2022</b>	
	£m	%		£m	%	£m	%
Growth	4,228	62.9%	60%	4,018	62.4%	3,879	61.2%
Inflation Protection	1,612	24.0%	28%	1,540	23.9%	1,582	25.0%
Income	680	10.1%	10%	646	10.0%	620	9.8%
Liquidity	207	3.1%	2%	238	3.7%	259	4.1%
	<b>6,726</b>	<b>100.0%</b>	<b>100%</b>	<b>6,442</b>	<b>100.0%</b>	<b>6,340</b>	<b>100.0%</b>

4. Liquidity includes the Fund's short bond portfolio which is designed to return cash to the Fund over the next year or so as commitments to less liquid investments are called.
5. Within Inflation Protection are investments in Infrastructure assets amounting to £508.8m or 7.5% of the fund. If funds committed but not yet drawn down are included, the allocation to infrastructure would total 9.1% of the fund. Following the decisions made by Pension Fund

Committee in March 22 there was a long-term target for investments in infrastructure to be 9.8% of the fund. This target is being reviewed at today's meeting.

6. The table below shows the detailed breakdown by portfolio of the Fund as at 31 December 2023 together with the total value of each portfolio at the previous quarter end.

	Core Index		Schroders		LGPS Central		Aegon S		Abrdn		Specialist		Total	
	£m	%	£m	%	£m	%	£m	%	£m	%	£m	%	£m	%
<b>Growth</b>														
<b>UK Equities</b>	469.9	34%	693.5	36%	0.0	0%					0.0	0%	1,163.4	17%
<b>Overseas Equities</b>														
North America	291.4	21%	718.1	37%							0.0	0%	1,009.5	15%
Europe	271.9	20%	158.9	8%							167.1	11%	597.9	9%
Japan	135.5	10%	68.5	4%							71.7	5%	275.7	4%
Pacific	129.6	9%	49.5	3%									179.1	3%
Emerging Markets	81.6	6%	108.9	6%	129.7	10%					0.0	0%	320.2	5%
Global	0.0	0%	76.3	4%	383.0	29%					0.0	0%	459.3	7%
	<b>910.0</b>	<b>66%</b>	<b>1,180.2</b>	<b>62%</b>	<b>512.7</b>	<b>39%</b>					<b>238.8</b>	<b>16%</b>	<b>2,841.7</b>	<b>42%</b>
<b>Private Equity</b>					54.6	4%					168.1	11%	222.7	3%
<b>Inflation protection</b>														
<b>Property</b>														
UK Commercial									362.2	69%			362.2	5%
UK Commercial - Local									29.6	6%			29.6	0%
UK Strategic Land									2.0	0%			2.0	0%
Pooled - UK					4.9	0%			38.1	7%	158.6	10%	201.6	3%
Pooled - Overseas									93.8	18%	57.6	4%	151.4	2%
									<b>525.7</b>		<b>216.2</b>	<b>14%</b>	<b>746.8</b>	<b>11%</b>
<b>Infrastructure</b>					113.3	9%					395.4	26%	508.7	8%
<b>Inflation Linked</b>					35.3	3%					321.1	21%	356.4	5%
<b>Income</b>														
<b>UK Bonds</b>														
Gilts					136.2	10%							136.2	2%
Corporate Bonds					<b>136.2</b>	<b>10%</b>							<b>136.2</b>	<b>2%</b>
<b>Overseas Bonds</b>														
Corporate Bonds					318.4	24%							318.4	5%
					<b>318.4</b>	<b>24%</b>							<b>318.4</b>	<b>5%</b>
<b>Credit</b>					153.3	12%					72.1	5%	225.4	3%
<b>Liquidity</b>														
<b>Cash/Currency</b>	0.0	0%	41.7	2%	0.2	0%	0.0	0%	0.0		123.3	8%	165.2	2%
<b>Short bonds</b>							41.4	100%					41.4	1%
<b>Total</b>	<b>1,379.9</b>	<b>21%</b>	<b>1,915.4</b>	<b>28%</b>	<b>1,328.9</b>	<b>20%</b>	<b>41.4</b>	<b>1%</b>	<b>525.7</b>	<b>8%</b>	<b>1,535.0</b>	<b>23%</b>	<b>6,726.3</b>	
Previous Qtr Totals	1,309.6	20%	1,819.4	28%	1,198.1	19%	58.8	1%	536.0	8%	1,520.4	24%	6,442.3	

7. The value of the Fund's investments has increased by £284.0 million (4.4%) since the previous quarter. Over the last 12 months the value has increased by £290.3 million (4.5%).

8. The table below shows the Fund Account for the first three quarters of 2023/24 with the audited full year figures for 2023/24.

<b>Summary Fund Account</b>	<b>Q3 2023/24 £000</b>	<b>Full Year 2022/23 £000</b>
Employer contributions	(139,502)	(175,315)
Member contributions	(41,206)	(54,643)
Transfers in from other pension funds	(13,701)	(18,937)
Pensions	164,555	197,937
Commutation of pensions and lump sums	29,614	36,224
Lump sum death benefits	5,338	6,202
Payments to and on account of leavers	5,457	17,991
<b>Net (additions)/withdrawals from dealings with members</b>	<b>10,555</b>	<b>9,459</b>
<b>Administration Expenses</b>	<b>181</b>	<b>2,687</b>
<b>Oversight &amp; governance expenses</b>	<b>724</b>	<b>1,701</b>
<b>Investment management expenses</b>	<b>2,580</b>	<b>21,838</b>
Investment Income	(57,567)	(90,118)
Profits & losses on disposals & changes in value	(277,056)	204,164
Taxes on income	250	404
<b>Net Returns on Investments</b>	<b>(334,373)</b>	<b>114,450</b>
 <b>Net (increase)/decrease in net assets</b>	 <b>(320,333)</b>	 <b>150,135</b>

### Sustainable investments and fossil fuels

9. The Pension Fund has been asked to publish figures showing the Fund's direct and indirect holdings of fossil fuel companies together with the Fund's investments in Sustainable equities and renewable energy.
10. This data is published together with detailed caveats below. It is anticipated that these figures will show a gradual increase in investment in Sustainable equities and renewable energy. It is further anticipated that investments in fossil fuels will decrease as a proportion of the Fund over time. However fossil fuel holdings will vary from quarter to quarter in Schroders (direct) portfolio as investments are made based on Schroders assessments of market opportunities. Valuations will also change from quarter to quarter in both categories due to changes in share prices which are highly correlated to the oil price. Consequently this downward trend is unlikely to be smooth.

	<b>Latest Quarter</b>		<b>Previous Quarter</b>		<b>Previous Year</b>	
	<b>31 Dec 2023</b>		<b>30 Sep 2023</b>		<b>31 Dec 2022</b>	
	£m	% of Fund	£m	%	£m	%
Schroders Fossil fuel	112.7	1.67%	118.4	1.83%	111.6	1.76%
Other Fossil fuel	91.6	1.36%	99.4	1.54%	93.8	1.48%
Total Fossil fuel	204.3	3.02%	217.8	3.37%	205.4	3.24%
Sustainable & Renewable	835.5	12.37%	783.4	12.12%	786.4	12.38%

11. Concerns over oil supplies eased during the quarter and this was reflected in the share prices of Oil and Gas companies. Consequently the valuations of Oil and Gas holdings in the Fund reduced slightly.
12. Schroders hold a number of Oil and Gas companies within the Active Equity portfolio. Sustainability forms part of their criteria in assessing companies for investment. For example one of their holdings, Equinor, develops not only oil but gas, wind and solar energy. Schroders lost £6.6m on their Oil and Gas holdings during the quarter, giving back some of their gains in the previous quarter.
13. The 'Other Fossil fuel' category is almost entirely the Energy sector in our passive portfolio and will reflect the share of the index relating to Energy. It should be noted that the Energy sector includes any renewable energy companies within the index, and that some oil and gas producers are also involved in the production of biofuels, hydrogen, wind power and solar energy, so have a renewables element. As a result of these two factors the figure for fossil fuels is likely to be overstated, and the figure for renewables understated.
14. Equally there will be some companies such as those in the mining sector which do not fall within this category but may produce for example coal which would not be included in these figures.
15. For this reason, while the data provided should show the Fund's exposure to fossil fuels reducing over time, it can only be an indicative part of our risk monitoring and does not provide the full picture.
16. A more thorough assessment of the Fund's equity investments is provided by LGPS Central's 2023 carbon risk analysis which assesses the carbon footprint and weight in fossil fuel and coal reserves which was presented to Committee at the December 2023 meeting.
17. The 'sustainable and renewable energy' investment figure contains more estimates. The figure includes eleven specific investments – the Renewables Infrastructure Group, Impax Environmental, Aegon Sustainable Diversified Growth Fund, the three LGPS Central Global Sustainable Equity funds, and three renewable energy infrastructure investments – Capital Dynamics Clean Energy Infrastructure VIII, Green Investment Bank's Offshore Wind Fund and the Langan Lane Solar Farm. First Solar and Siemens Energy, held within the Schroders portfolio are also included.
18. An estimate of the renewable energy investments within the Fund's other infrastructure funds was added to these identified investments. Not all funds identify this as a sector in their reporting so this data is incomplete. Furthermore because of the longer reporting cycle for unlisted investments the estimate was based on both valuations and percentages from earlier in the year, so this figure can only be considered indicative, but is likely to be an underestimate.
19. It can be seen that the Fund's investments in Sustainable Equities and Renewable Energy is now several times higher than those in Fossil Fuel investments.
20. Because of the way they are calculated, these numbers will only ever be indicative, but are helpful for the pension fund in identifying risk and progress.

## Core Index Portfolio

21. Below are detailed reports showing the valuation of the Core Index portfolio at the quarter end and the transactions during the quarter. The table below summarises the valuation and compares it to the portfolio benchmark (and a comparison with the previous quarter).

	31 Dec 2023			30 Sep 2023		
	Portfolio		B/Mark	Portfolio		
	£000	%	%	£000	%	
UK Equities	469,862	34.0%	35%	455,141	34.7%	
Overseas Equities:	910,068	66.0%	65%	854,450	65.3%	
North America	291,414	21.1%	20%	271,917	20.8%	
Europe	271,946	19.7%	20%	251,167	19.2%	
Japan	135,536	9.8%	10%	131,192	10.0%	
Pacific Basin	129,612	9.4%	10%	120,286	9.2%	
Emerging Markets	81,560	5.9%	5%	79,888	6.1%	
Cash	0	0.0%	0%	0	0.0%	
<b>Total</b>	<b>1,379,930</b>			<b>1,309,591</b>		

22. There were no purchases or sales during the period.

## Schroder Investment Management Portfolio

23. The table below summarises the valuation and compares it to Schroders' benchmark. The position at the end of the previous quarter is also shown.

	31 Dec 2023			30 Sep 2023		
	Portfolio		B/Mark	Portfolio		
	£000	%	%	£000	%	
UK Equities	693,495	36.2%	40.0%	667,978	36.7%	
Overseas Equities	1,180,262	61.6%	59.5%	1,108,856	60.9%	
North America	718,104	37.5%	35.7%	671,293	36.9%	
Europe	158,901	8.3%	7.6%	145,889	8.0%	
Japan	68,525	3.6%	3.6%	65,807	3.6%	
Pacific Basin	49,483	2.6%	2.8%	48,415	2.7%	
Emerging Markets	108,946	5.7%	5.8%	105,305	5.8%	
Global Small Cap	76,303	4.0%	4.0%	72,147	4.0%	
Cash	41,748	2.2%	0.5%	42,534	2.3%	
<b>Total</b>	<b>1,915,505</b>			<b>1,819,368</b>		

24. The table below summarises transactions within the quarter.

<b>Sector</b>	<b>Purchases £000</b>	<b>Sales £000</b>	<b>Net Purchases £000</b>
UK Equities	28,544	18,991	9,553
Overseas Equities			
North America	60,122	62,537	-2,415
Europe	24,940	18,205	6,735
Japan	4,209	3,587	622
Pacific Basin	0	0	0
Emerging Markets	0	0	0
Global Small Cap	0	0	0
<b>Totals</b>	<b>117,815</b>	<b>103,320</b>	<b>14,495</b>

#### **LGPS Central**

25. The table below summarises the valuation by asset class of investments managed by LGPS Central. The proportional holdings are also shown. However the allocation to each LGPS Central fund is at the discretion of the Pension Fund in line with the overall Pension Fund approved asset allocation and as such there is no benchmark for this portfolio.

	<b>31 Dec 2023 Portfolio</b>		<b>30 Sep 2023 Portfolio</b>	
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>%</b>
Global equity	382,976	29%	350,676	31%
EM equity active	129,659	10%	127,299	11%
Corporate bonds	318,431	24%	294,024	24%
Gilts	136,243	10%	125,651	11%
Index linked gilts	35,271	3%		
Private Equity	54,578	4%	48,134	3%
Infrastructure	113,348	9%	108,819	9%
Credit	153,312	12%	143,334	12%
Property	4,883	0%		
Cash	191	0%	190	0%
<b>Total</b>	<b>1,328,892</b>		<b>1,198,127</b>	



26. The table below summarises transactions within the quarter.

Sector	Purchases £000	Sales £000	Net Purchases £000
<b>Bonds</b>			
Gilts	452	0	452
Corporate Bonds	0		0
<b>Equities</b>			
UK	0		0
Global	0		0
Emerging Markets	0		0
<b>Index Linked Gilts</b>	30,013		30,013
<b>Private Equity</b>	3,716	0	3,716
<b>Infrastructure</b>	1,526		1,526
<b>Property</b>	4,883		4,883
<b>Credit</b>			0
<b>Totals</b>	<b>40,590</b>	<b>0</b>	<b>40,590</b>

### Abrdn (previously Aberdeen Standard Investments)

27. The Committee is asked to note that approval was given in the last quarter to the following, after consultation with Members where appropriate, as operational matters falling under the responsibility of the Service Director, Finance, Infrastructure & Improvement exercised by the Senior Accountant (Pensions & Treasury Management):

Date	Property	Transaction
09/11/2023	Unit 2C Bagshot Retail Park	Rent Review Memorandum
16/11/2023	The Ivy, Spinningfields, Manchester	Rent Review Memorandum
21/11/2023	Unit 4 Concorde Park, Concorde Way, Fareham	Lease and Rent Deposit Deed
29/11/2023	Land at Ditchling Road, Wivelsfield, East Sussex	Sale agreement
29/11/2023	Land at Carrington Farm, North Road, Tollesbury and Land on the North Side of Tollesbury, Essex	Promotion agreement
14/12/2023	Unit B1 Brooke Park, Handforth	Licence
19/12/2023	Units 2A and 2B Bagshot Retail Park, Bagshot, Surrey	Deed of Determination
20/12/2023	2A Bagshot Bagshot Retail Park, Bagshot, Surrey	AFL
21/12/2023	Chippenham Drive, Kingston Industrial Estate	Lease

### Specialist Portfolio

28. Below are tables showing the composition and the valuation of the Specialist portfolio at the quarter end and the transactions during the quarter. The table below summarises the valuation at quarter end. The position at the end of the previous quarter is also shown.

	31 Dec 2023		30 Sep 2023	
	£000	£000	£000	%
Private Equity	168,100	11.9%	179,100	12.4%
Infrastructure	395,400	28.0%	388,400	28.2%
Credit	72,100	5.1%	83,200	5.9%
Property Funds	216,200	15.3%	203,500	15.0%
Aegon DGF	321,100	22.7%	303,300	22.2%
Equity Funds	238,800	16.9%	226,200	16.3%
<b>Total</b>	<b>1,411,700</b>		<b>1,383,700</b>	

29. The table below summarises transactions within the quarter.

<b>Sector</b>	<b>Purchases £000</b>	<b>Sales £000</b>	<b>Net Purchases £000</b>
Private Equity	-7,219	3,530	-10,749
Infrastructure	-1,197	1,018	-2,215
Credit	-7,497		-7,497
Property Funds	10,370		10,370
Aegon DGF			0
Equity Funds			0
<b>Totals</b>	<b>-5,543</b>	<b>4,548</b>	<b>-10,091</b>

The negative purchases relate to returns of capital from various funds.

### **Responsible Investment Activity**

30. The Pension Fund believes that Responsible Investment is supportive of risk-adjusted returns over the long term. As a long-term investor, the Fund seeks to invest in assets with sustainable business models across all asset classes.
31. During the quarter the Fund's investment managers have continued with their usual stewardship activities through considered voting of shares and engaging with investee company management as part of the investment process. Quarterly reports on Responsible Investment issues have been received from LGIM and Schroders and a number of smaller investment managers in addition to the LAPFF Quarterly Engagement report. Full reports and other responsible investment information can be found on the Pension Fund website here <https://www.nottspf.org.uk/about-the-fund/responsible-investment>.
32. Hermes EOS has exercised the Fund's voting responsibilities as our Proxy voting service. A quarterly report on voting activity can be found on our website here <https://www.nottspf.org.uk/about-the-fund/investments>.
33. LAPFF (Local Authority Pension Fund Forum) have engaged with a number of companies during the quarter. More information can be found in their quarterly engagement report which can be accessed on the Fund's (or on LAPFF's) website. The October LAPFF business meeting was attended and will be reported to Committee at next month's meeting.
34. The 2023 Climate Risk report was presented at the December 2023 Pension Fund Committee meeting. LGPS Central attended the working party in October and presented on the proposed stewardship themes for the Central Pool.
35. Responsible investment considerations run through everything done by the Fund and there have been many specific actions taken during the quarter in addition to those already mentioned. The LGPS Central pool Responsible Investment Working Group was attended in October and considered such issues as stewardship, biodiversity and an update on Central's new ESG system. The Liontrust conference was attended – Liontrust manage LGPS Centrals Thematic Sustainable Equity Fund. The LAPFF Annual Conference was attended in December.
36. Regular investment monitoring meetings included a review of responsible investment by the funds being scrutinised.

## **Statutory and Policy Implications**

37. This report has been compiled after consideration of implications in respect of finance, the public sector equality duty, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

## **RECOMMENDATION**

- 1) It is recommended that Members consider whether there are any actions they require in relation to the issues contained within the report.

**Name of Report Author: Tamsin Rabbitts**

**Title of Report Author: Senior Accountant – Pensions & Treasury Management**

**For any enquiries about this report please contact: Tamsin Rabbitts**

## **Constitutional Comments**

38. This is an updating information report and the Nottinghamshire Pension Fund Committee is the correct body for considering that information and any further action which members may wish to take in light of that information.

## **Financial Comments (TMR 23/2/2024)**

39. There are no direct financial implications arising from this report.

