

# **Nottinghamshire Pension Fund Committee**

**Tuesday, 17 March 2015 at 10:30**

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

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## **AGENDA**

- |   |  |         |
|---|--|---------|
| 1 | Minutes of the last meeting held on 16 Sept 2014   | 5 - 8   |
| 2 | Apologies for Absence  |         |
| 3 | Declarations of Interests by Members and Officers:- (see note below)<br>(a) Disclosable Pecuniary Interests<br>(b) Private Interests (pecuniary and non-pecuniary) |         |
| 4 | Referral from Pensions Sub Committee Revised Funding Strategy Statement and Statement of Investment Principles   | 9 - 28  |
| 5 | Pensions Investment Service Plan and Training  | 29 - 38 |
| 6 | Pensions Investment Sub Committee Meetings   | 39 - 40 |
| 7 | Referral from Pensions Sub Committee Working Party Recommendations   | 41 - 42 |

- 8 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 paragraph 3 of the Local Government (Access to Information) (Variation) Order 2006 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 item.

- 9 Exempt appendix to Referral from Pensions Sub-Committee – Working Party Recommendations

### **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 Paul Davies (Tel. 0115 977 3299) 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 **Tuesday, 16 September 2014 (commencing at 10.30 am)**

**membership**

Persons absent are marked with 'A'

**COUNCILLORS**

Stella Smedley MBE JP (Chair)  
Ken Rigby (Vice-Chairman)

Reg Adair  
Chris Barnfather  
Mrs Kay Cutts  
Sheila Place

Darrell Pulk  
Parry Tsimbiridis  
A John Wilkinson

**OFFICERS IN ATTENDANCE**

Jon Clewes	(Environment & Resources)
Simon Cunnington	(Environment & Resources)
Dave Forster	(Policy, Planning & Corporate Services)
Neil Robinson	(Environment & Resources)
Marje Toward	(Environment & Resources)
Sue Bearman	(Legal Services)
Ciaran Guilfoyle	(Environment & Resources)

**MINUTES**

The Minutes of the last meeting of the Committee held on 17 June 2014, having been previously circulated, were confirmed and signed by the Chair.

**APOLOGY FOR ABSENCE**

An apology for absence was received from Councillor John Wilkinson (on other County Council Business).

**DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS**

None

**PENSION FUND ACCOUNTS 2013/14**

Simon Cunnington introduced the report and highlighted that the net return of £242 million as stated in the report included both realised and unrealised profits and losses as well as £105 Million of investment income.

**RESOLVED: 2014/004**

That the accounts and the audit report for 2013/14 be noted.

## **LOCAL GOVERNMENT PENSIONS SCHEME CONSULTATION RESPONSE**

### **RESOLVED 2014/005**

That the response to the Department for Communities and Local Government's consultation on "*Opportunities for collaboration, cost savings and efficiencies*" be noted.

## **LOCAL GOVERNMENT PENSIONS SCHEME GOVERNANCE REGULATIONS**

Sue Bearman introduced the report and highlighted the fact that the Governments Regulations had not been published yet and could be subject to changes. She also highlighted the options for the Council set out in the report.

On a motion by the Chairman seconded by Councillor Cutts it was:-

### **RESOLVED 2014/006**

1. That the consultation response submitted to the Department of Communities and Local Government on 8 September 2014 be noted and
2. That, subject to the membership requirements of the final regulations being the same as the draft regulations, the Pensions Fund Committee recommends to Council that a Local Pensions Board is established with a membership of 7 (made up of local authority Members, scheme membership representatives) and that the arrangements be reviewed after the Board has been in operation for 6 months

## **REFERRAL FROM PENSIONS SUB-COMMITTEE-REVISED FUNDING STRATEGY STATEMENT AND STATEMENT OF INVESTMENT PRINCIPLES**

### **RESOLVED 2014/007**

That the revised Funding Strategy Statement and Statement of Investment Principles be approved.

## **REFERRAL FROM PENSIONS SUB-COMMITTEE – WORKING PARTY RECOMMENDATIONS**

### **RESOLVED 2014/008**

That the recommendations as detailed in the exempt appendix be approved as follows:

- a) An allocation to direct property investment in Nottinghamshire
- b) An additional allocation to the Fund's main property portfolio
- c) That cash is transferred from the In-house portfolio to cover lump sum payments required for additional pooled fund investments.

## **LOCAL GOVERNMENT PENSIONS SCHEME ADMISSION BODY STATUS – APPROVAL PROCESS**

Marje Toward introduced the report and highlighted the changes to the approval process for admission to the Local Government Pensions Scheme.

### **RESOLVED 2014/009**

1. That the proposal to implement a modified access procedure in respect of admission body applications under Schedule 2, part 3 (1d) of the Local Government Pension Scheme Regulations 2013 be approved and
2. That any requests for admission body status for new employers be presented to Committee on a quarterly basis.

## **LOCAL GOVERNMENT PENSION SCHEME APPLICATION FOR ADMISSION BODY STATUS**

Jon Clewes, Environment and Resources Department, presented the report to the Committee informing them of the proposed admission of four admission bodies into the Fund.

### **RESOLVED: 2014/010**

That the report be noted.

## **LOCAL GOVERNMENT PENSION SCHEME UPDATE ON THE IMPLEMENTATION OF THE NEW PENSIONS ADMINISTRATION SYSTEM**

### **RESOLVED: 2014/011**

That the report be noted.

## **EXCLUSION OF THE PUBLIC**

### **RESOLVED: 2014/012**

That the public be excluded from the remainder of the meeting on the grounds that discussions are likely to involve the disclosure of exempt information described in paragraph 3 of the Local Government (Access to Information) (Variation) Order 2006 and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

**EXEMPT INFORMATION ITEM**

**REFERRAL FROM PENSIONS SUB-COMMITTEE – WORKING PARTY  
RECOMMENDATIONS – APPENDIX**

**RESOLVED: 2014/012**

That the exempt Appendix be noted

The meeting closed at 11.10 am.

**CHAIRMAN**



**17 March 2015****Agenda Item:****REPORT OF SERVICE DIRECTOR – FINANCE & PROCUREMENT****REFERRAL FROM PENSIONS SUB-COMMITTEE – REVISED FUNDING  
STRATEGY STATEMENT AND STATEMENT OF INVESTMENT PRINCIPLES****Purpose of the Report**

1. To seek approval of the Pension Fund Committee to items referred from the Pensions Sub-Committee regarding:
  - revised versions of the Risk Management Strategy and Risk Register

**Information and Advice**

2. At its meeting on 5 February 2015, the Pensions Sub-Committee considered a report on proposed changes to the Fund's Risk Management Strategy and Risk Register. These revised documents are attached as Appendices A and B.

**Reason/s for Recommendation/s**

3. It is considered best practice for an administering authority to prepare, maintain and publish a risk management strategy and risk register and then keep them under review, making revisions as appropriate.
4. Under the terms of the Council's constitution, the Nottinghamshire Pension Fund Committee is responsible for all decisions in relation to administering the Nottinghamshire Pension Fund, including investments by and management of pension funds. This report makes recommendations regarding the management of risk within the operations of the Fund.

**Statutory and Policy Implications**

5. 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**

- 1) That the revised Risk Management Strategy and Risk Register be approved.

### **Report Author:**

**Simon Cunnington**

**Senior Accountant – Pensions & Treasury Management**

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

### **Constitutional Comments (KK 03/03/2015)**

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

### **Financial Comments (SRC 23/02/15)**

7. There are no direct financial implications arising from 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'

## **RISK MANAGEMENT STRATEGY**

### **Introduction**

1. This is the Risk Management Strategy for the Nottinghamshire County Council Pension Fund. Risk Management is a key element in the Fund's overall framework of internal control and its approach to sound governance. However, it is not an end in itself, but a means of minimising the costs and disruption to the Fund caused by undesirable or unexpected events. The aim is to eliminate or reduce the frequency of risk events occurring (where possible and practicable) and minimise the severity of the consequences if they do occur.
2. Risk can be defined as any event or action which could adversely affect the Fund's ability to achieve its purpose and objectives. Risk management is the process by which:
  - risks are systematically identified
  - the potential consequences are evaluated
  - the element of risk is reduced where reasonably practicable
  - actions are taken to control the likelihood of the risk arising and reducing the impact if it does

### **Purpose and Objectives of the Fund**

3. The purpose of the Fund is to:
  - Pay pensions, lump sums and other benefits provided under the LGPS Regulations
  - Meet the costs associated in administering the Fund
  - Receive contributions, transfer values and investment income
  - Invest any Fund money not needed immediately to make payments.
4. The funding objectives are to:
  - Set levels of employer contribution that will build up a fund of assets that will be sufficient to meet all future benefit payments from the Fund
  - Build up the required assets in such a way that employer contribution rates are kept as low and stable as possible.
5. The following principles underpin the Fund's investment activity:
  - The Fund will aim to be sufficient to meet all its obligations on a continuing basis.
  - The Fund will be invested in a diversified range of assets.
  - Proper advice on the suitability of types of investment will be obtained and considered at reasonable intervals.
  - The Fund will aim to conduct its business and to use its influence in a long term responsible way.

## Key Parties

6. The key parties involved in the Fund and their responsibilities are as follows.

### The Administering Authority

7. The Administering Authority for the Pension Fund is Nottinghamshire County Council. The main responsibilities of the Administering Authority are to:

- Collect employee and employer contributions
- Invest the Fund's assets
- Pay the benefits due to Scheme members
- Manage the actuarial valuation process in conjunction with the Fund Actuary
- Prepare and maintain the Funding Strategy Statement (FSS) and Statement of Investment Principles (SIP) after consultation with other interested parties as appropriate
- Monitor all aspects of the Fund's performance.

### Scheme Employers

8. In addition to the Administering Authority, a number of other Scheme Employers, including Admission Bodies, participate in the Fund. The responsibilities of each Scheme Employer that participates in the Fund, including the Administering Authority, are to:

- Collect employee contributions and pay these together with their own employer contributions as certified by the Fund Actuary to the Administering Authority within the statutory timescales
- Notify the Administering Authority of any new Scheme members and any other membership changes promptly
- Exercise any discretions permitted under the Regulations
- Meet the costs of any augmentations or other additional costs in accordance with agreed policies and procedures
- Notify the Administering Authority of significant changes in the employer's structure or membership.

### Trustees

9. The members of the Nottinghamshire Pension Fund Committee and its Sub-Committees act in a quasi-trustee capacity and are hereafter referred to as "Trustees". The main responsibilities of the Trustees are to:

- Determine the overall investment strategy, and what restrictions, if any, are to be placed on particular types and market locations of investments
- Determine the type of investment management to be used and appoint and dismiss fund managers
- Receive quarterly reports on performance from the main fund managers and question them regularly on their performance
- Receive independent reports on the performance of fund managers on a regular basis
- Be encouraged to receive suitable training to help them discharge their responsibilities and attend such training courses, conferences and meetings that deliver value for money to the Fund.

### Fund Actuary

10. The Fund Actuary for the Pension Fund is Barnett Waddingham LLP. The main responsibilities of the Fund Actuary are to:

- Advise interested parties on funding strategy and completion of actuarial valuations in accordance with the FSS and the Regulations
- Advise on other actuarial matters affecting the financial position of the Fund.

### **Chief Finance Officer**

11. Under the Council's constitution, the Service Director (Finance & Procurement) is designated the Council's Chief Finance Officer (also known as the Section 151 Officer). The Group Manager (Financial Management) is the deputy Section 151 Officer. Financial Regulations specify that the Section 151 Officer is responsible for arranging the investment of the Pension Fund. Operational matters falling under this responsibility are exercised by the Senior Accountant (Pensions & Treasury Management).

12. Representatives of the Service Director (Finance & Procurement) provide advice to the Trustees on investment matters and attend meetings of the Pension Fund Committees as required.

### **Service Director (HR & Customer Service)**

13. The Service Director (HR & Customer Service) is responsible for the Pensions Administration function, operated by the Pensions Office within the Business Support Centre. This function covers:

- Pensions administration and employers support
- Pensions administration systems
- Communications
- Technical/performance support

14. Representatives of the Service Director (HR & Customer Service) provide advice to the Trustees on pension administration matters and attend meetings of the Pension Fund Committees as required.

### **Independent Adviser**

15. The Fund has an Independent Adviser who attends meetings of the Pensions Investment Sub-Committee, Pensions Sub-Committee and Pensions Working Party as required.

16. The independent adviser is engaged to provide advice on:

- the objectives and policies of the fund
- investment strategy and asset allocation
- the fund's approach to responsible investment
- choice of benchmarks
- investment management methods and structures
- choice of managers and external specialists
- activity and performance of investment managers and the fund
- the risks involved with existing or proposed investments
- the fund's current property portfolio and any proposals for purchases, sales, improvement or development
- new developments and opportunities in investment theory and practice.

## Risk Management Strategy

17. The Pension Fund's Risk Management Strategy is to:
- identify key risks to the achievement of the Fund's aims
  - assess the risks for likelihood and impact
  - identify mitigating controls
  - allocate responsibility for the mitigating controls
  - maintain a risk register detailing the risk features in a)-d) above
  - review and update the risk register on an annual basis
  - report the outcome of the review to the Nottinghamshire Pension Fund Committee.
18. The Risk Register is a key part of the Risk Management Strategy as it identifies the main risks to the operation of the Fund, prioritising the risks identified and detailing the actions required to further reduce the risks involved. These actions will link to the Service Plan process currently reported to the Nottinghamshire Pension Fund Committee in accordance with the *Principles for Investment Decision Making and Disclosure in the Local Government Pension Scheme in the United Kingdom 2012*.
19. All staff involved in the Pension Fund and Members of the Nottinghamshire Pension Fund Committee and its two Sub-Committees need to have an appropriate level of understanding of risk and how risks affect the performance of the Fund. To consolidate the risk management process, the Pension Fund Committee will be asked to:-
- agree the Risk Management Strategy
  - approve the Risk Register and agreed actions
  - receive and approve the Annual Governance Statement, which will comment upon the Fund's risk management process.
20. By adopting this approach, the Pension Fund will be able to demonstrate a clear commitment, at a strategic level, to the effective management of Pension Fund risks. The Risk Management Strategy and Risk Register will be kept under review and will be revised following any material changes in policy.

## Objectives

- The objectives of the Risk Register are to:
  - identify key risks to the achievement of the Fund's objectives
  - assess the significance of the risks
  - consider existing controls to mitigate the risks identified
  - Identify additional action required.

## Risk Assessment

- Identified risks are assessed separately and for each the following is determined:
  - the likelihood of the risk materialising
  - the severity of the impact/potential consequences if it does occur.
- Each factor is evaluated on a sliding scale of 1 to 5 with 5 being the highest value i.e. highest likelihood/most severe impact/consequences. The risk evaluation tables below have been used in order to assess specific risks and to introduce a measure of consistency into the risk assessment process. The overall rating for each risk is calculated by multiplying the likelihood value against the impact value.

<b>LIKELIHOOD:</b>		
<b>1</b>	Rare	0 to 5% chance
<b>2</b>	Unlikely	6 to 20% chance
<b>3</b>	Possible	21 to 50% chance
<b>4</b>	Likely	51 to 80% chance
<b>5</b>	Almost certain	81%+ chance

<b>IMPACT:</b>		
<b>1</b>	Insignificant	0 to 5% effect
<b>2</b>	Minor	6 to 20% effect
<b>3</b>	Moderate	21 to 50% effect
<b>4</b>	Significant	51 to 80% effect
<b>5</b>	Catastrophic	81%+ effect

- Having scored each risk for likelihood and impact, the risk ratings can be plotted onto the following matrix to enable risks to be categorised into Low, Medium, High and Very High Risk.

**Risk Rating Matrix**

<b>Relative Impact</b>	Catastrophic (5)	M	H	VH	VH	VH
	Significant (4)	M	H	VH	VH	VH
	Moderate (3)	M	M	H	H	H
	Minor (2)	L	L	M	M	M
	Insignificant (1)	L	L	L	L	L
		(1)	(2)	(3)	(4)	(5)
		Rare	Unlikely	Possible	Likely	Almost Certain
		<b>Relative Likelihood</b>				

5. This initial assessment gives the inherent risk level. Existing controls are then identified and each risk is re-assessed to determine if the controls are effective at reducing the risk rating. This gives the current (or residual) risk level. The current risk rating scores and categories are then used to prioritise the risks shown in the register in order to determine where additional action is required in accordance with the following order of priority:

**Red = Very High Priority**

Take urgent action to mitigate the risk.

**Orange = High Priority**

Take action to mitigate the risk.

**Yellow = Medium Priority**

Check current controls and consider if others are required.

**Green = Low Priority**

No immediate action other than to set a review date to re-consider your assessment.



## NOTTINGHAMSHIRE PENSION FUND RISK REGISTER - SUMMARY

Key to risk rating change since previous version of Risk Register:

 Increase    
  Decrease    
  No Change    
 ★ New

Risk	Inherent Risk			Current Risk		
	Rating	Change		Rating	Change	
<b>Risk Inv3</b> Fund assets are assessed as insufficient to meet long term liabilities.	16	VERY HIGH	↔	9	HIGH	★
<b>Risk Adm1</b> Standing data & permanent records are not accurate.	16	VERY HIGH	↑	9	HIGH	★
<b>Risk Inv4</b> Significant variations from assumptions used in the actuarial valuation	12	HIGH	↓	9	HIGH	★
<b>Risk Gov3</b> An effective performance management framework is not in place.	12	VERY HIGH	↓	6	MEDIUM	★
<b>Risk Inv1</b> Inappropriate investment strategy is adopted.	12	VERY HIGH	↔	6	MEDIUM	★
<b>Risk Inv5b</b> Custody arrangements	12	VERY HIGH	↓	6	MEDIUM	★
<b>Risk Adm2</b> Inadequate controls to safeguard pension fund records	12	VERY HIGH	↔	6	MEDIUM	★
<b>Risk Gov1</b> Pension Fund governance arrangements are not effective	9	HIGH	↔	6	MEDIUM	★
<b>Risk Gov2</b> Pension Fund objectives are not defined and agreed.	9	HIGH	↔	6	MEDIUM	★
<b>Risk Gov4</b> Inadequate resources are available to manage the pension fund.	9	HIGH	↑	6	MEDIUM	★
<b>Risk Inv2</b> Fund cash is insufficient to meet its current obligations.	9	HIGH	↔	6	MEDIUM	★
<b>Risk Inv5a</b> Fund manager mandates	9	HIGH	↔	6	MEDIUM	★
<b>Risk Inv5d</b> Financial Administration	9	HIGH	↔	6	MEDIUM	★

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# Appendix B

<b>Risk Adm3</b> Failure to communicate adequately with all relevant stakeholders.	9	HIGH	↑	6	MEDIUM	★
<b>Risk Gov5</b> Failure to adhere to relevant legislation and guidance.	9	HIGH	↑	4	LOW	★
<b>Risk Inv5c</b> Accounting arrangements	6	MEDIUM	↓	4	LOW	★
<b>Risk Inv5e</b> Stewardship	6	MEDIUM	↔	4	LOW	★

Governance					
Risk: Gov1 - Pension Fund governance arrangements are not effective					
	Likelihood:	Impact:	Risk Rating:		
Inherent Risk:	3	3	9	HIGH	↔
Current Risk:	2	3	6	MEDIUM	★
Current Controls:	<ul style="list-style-type: none"> <li>The Council's constitution clearly delegates the functions of administering authority of the pension fund to the Nottinghamshire Pension Fund Committee (NPF Committee), supported by two Sub-Committees.</li> <li>The terms of reference of each Sub-Committee are agreed.</li> <li>The Fund publishes a Governance Compliance Statement which details the governance arrangements of the Fund and assesses compliance with best practice. This is kept regularly under review.</li> <li>A training policy is in place which requires Members to receive continuing training and all new Members to attend the Local Government Employers training course.</li> <li>Officers of the Council attend meetings of the NPF Committee and Sub-Committees.</li> <li>The Fund has a formal contract for an independent adviser to give advice on investment matters. They are contracted to attend each meeting of the pension fund Sub-Committees.</li> </ul>				
Action Required:	<ul style="list-style-type: none"> <li>Continue to monitor via existing processes.</li> </ul>				
Responsibility:	Group Manager (Financial Management); Group Manager (BSC) Group Manager (Legal Services)		Timescale:	On-going	

Governance					
Risk: Gov2 - Pension Fund objectives are not defined and agreed.					
	Likelihood:	Impact:	Risk Rating:		
Inherent Risk:	3	3	9	HIGH	↔
Current Risk:	2	3	6	MEDIUM	★
Current Controls:	<ul style="list-style-type: none"> <li>Purpose and objectives are outlined in the Funding Strategy Statement (FSS) and Statement of Investment Principles (SIP). Both documents are approved by the NPF Committee and reviewed on a regular basis.</li> </ul>				
Action Required:	<ul style="list-style-type: none"> <li>Continue to monitor via existing processes.</li> </ul>				
Responsibility:	NPF Committee; Group Manager (Financial Management)		Timescale:	On-going	

Governance					
<b>Risk: Gov3 - An effective performance management framework is not in place.</b>					
	<b>Likelihood:</b>	<b>Impact:</b>	<b>Risk Rating:</b>		
<b>Inherent Risk:</b>	3	4	12	VERY HIGH	↓
<b>Current Risk:</b>	2	3	6	MEDIUM	★
<b>Current Controls:</b>	<ul style="list-style-type: none"> <li>Investment performance is reported quarterly to the Pensions Investment Sub-Committee. The Fund's main managers attend each quarter and officers receive regular updates from the Fund's other managers.</li> </ul>				
	<ul style="list-style-type: none"> <li>Poor investment performance is considered by the Sub-Committees and referred for decision if necessary to the NPF Committee.</li> </ul>				
	<ul style="list-style-type: none"> <li>Fund strategic benchmark has been implemented to improve monitoring of decisions regarding asset allocation and investment management arrangements.</li> </ul>				
<b>Action Required:</b>	<ul style="list-style-type: none"> <li>Consider performance monitoring framework for Fund Administration.</li> </ul>				
<b>Responsibility:</b>	NPF Committee and Sub-Committees; Group Manager (Financial Management); Group Manager (BSC)		<b>Timescale:</b>	March 2016	

Governance					
<b>Risk: Gov4 - Inadequate resources are available to manage the pension fund.</b>					
	<b>Likelihood:</b>	<b>Impact:</b>	<b>Risk Rating:</b>		
<b>Inherent Risk:</b>	3	3	9	HIGH	↑
<b>Current Risk:</b>	2	3	6	MEDIUM	★
<b>Current Controls:</b>	<ul style="list-style-type: none"> <li>The pension fund is managed by the Pensions &amp; Treasury Management and HR Pensions teams.</li> </ul>				
	<ul style="list-style-type: none"> <li>Operating costs are recharged to the pension fund in accordance with regulations.</li> </ul>				
	<ul style="list-style-type: none"> <li>Staffing levels and structures are kept under regular review.</li> </ul>				
<b>Action Required:</b>	<ul style="list-style-type: none"> <li>Continue to monitor via existing processes.</li> </ul>				
<b>Responsibility:</b>	Group Manager (Financial Management); Group Manager (BSC)		<b>Timescale:</b>	On-going	

Governance					
<b>Risk: Gov5 - Failure to adhere to relevant legislation and guidance.</b>					
	<b>Likelihood:</b>	<b>Impact:</b>	<b>Risk Rating:</b>		
<b>Inherent Risk:</b>	3	3	9	HIGH	↑
<b>Current Risk:</b>	2	2	4	LOW	★
<b>Current Controls:</b>	<ul style="list-style-type: none"> <li>• An established process exists to inform members and officers of statutory requirements and any changes to these.</li> <li>• Sufficient resources are in place to implement LGPS changes while continuing to administer the scheme.</li> <li>• Membership of relevant professional groups ensures changes in statutory and other requirements are registered before the implementation dates.</li> </ul>				
<b>Action Required:</b>	• Continue to monitor requirements via appropriate sources.				
<b>Responsibility:</b>	Group Manager (Financial Management); Group Manager (BSC); Senior Accountant - Pensions & TM		<b>Timescale:</b>	On-going	

Investments					
<b>Risk: Inv1 - Inappropriate investment strategy is adopted.</b>					
	<b>Likelihood:</b>	<b>Impact:</b>	<b>Risk Rating:</b>		
<b>Inherent Risk:</b>	3	4	12	VERY HIGH	↔
<b>Current Risk:</b>	2	3	6	MEDIUM	★
<b>Current Controls:</b>	<ul style="list-style-type: none"> <li>• The Investment Strategy is in accordance with LGPS investment regulations and is documented, reviewed and approved by the NPF Committee.</li> <li>• The Strategy takes into account the expected returns assumed by the actuary at the triennial valuation.</li> <li>• Investment performance is monitored against the Fund's strategic benchmark.</li> <li>• A regular review takes place of the Fund's asset allocation strategy by the Pension Fund Working Party.</li> <li>• An external advisor provides specialist guidance to the Pensions Investment Sub-Committee on the investment strategy.</li> </ul>				
<b>Action Required:</b>	• Continue to monitor via existing processes.				
<b>Responsibility:</b>	Group Manager (Financial Management); Senior Accountant - Pensions & TM		<b>Timescale:</b>	Ongoing	

Investments					
<b>Risk: Inv2 - Fund cash is insufficient to meet its current obligations.</b>					
	<b>Likelihood:</b>	<b>Impact:</b>	<b>Risk Rating:</b>		
<b>Inherent Risk:</b>	3	3	9	<b>HIGH</b>	↔
<b>Current Risk:</b>	2	3	6	<b>MEDIUM</b>	★
<b>Current Controls:</b>	<ul style="list-style-type: none"> <li>• Fund cash flow is monitored daily and a summary fund account is reported to Pensions Investment Sub-Committee each quarter.</li> <li>• Annual accounts are produced for the pension fund and these show the movements in net cash inflow</li> <li>• Regular assessment of Fund assets and liabilities is carried out through actuarial valuations.</li> <li>• The Fund's Investment and Funding Strategies are regularly reviewed</li> </ul>				
<b>Action Required:</b>	<ul style="list-style-type: none"> <li>• Continue to monitor via existing processes.</li> </ul>				
<b>Responsibility:</b>	Investments Sub-Committee; Group Manager (Financial Management); Senior Accountant (Pensions & TM)		<b>Timescale:</b>	On-going	

Investments					
<b>Risk: Inv3 - Fund assets are assessed as insufficient to meet long term liabilities.</b>					
	<b>Likelihood:</b>	<b>Impact:</b>	<b>Risk Rating:</b>		
<b>Inherent Risk:</b>	4	4	16	<b>VERY HIGH</b>	↔
<b>Current Risk:</b>	3	3	9	<b>HIGH</b>	★
<b>Current Controls:</b>	<ul style="list-style-type: none"> <li>• Fund assets are kept under review as part of the Fund's performance management framework.</li> <li>• Regular assessment of Fund assets and liabilities is carried out through Actuarial valuations.</li> <li>• The Fund's Investment and Funding Strategies are regularly reviewed.</li> <li>• An external advisor provides specialist guidance to the Pensions Investment Sub-Committee on the investment strategy.</li> </ul>				
<b>Action Required:</b>	<ul style="list-style-type: none"> <li>• Continue to monitor via existing processes.</li> <li>• Review cash flow projections prepared by actuaries on a regular basis.</li> </ul>				
<b>Responsibility:</b>	Investments Sub-Committee; Group Manager (Financial Management); Senior Accountant - Pensions & TM		<b>Timescale:</b>	Ongoing	

Investments					
Risk: Inv4 - Significant variations from assumptions used in the actuarial valuation					
	Likelihood:	Impact:	Risk Rating:		
Inherent Risk:	4	3	12	HIGH	↓
Current Risk:	3	3	9	HIGH	★
Current Controls:	<ul style="list-style-type: none"> <li>Actuarial assumptions are reviewed by officers and discussed with the actuaries</li> </ul>				
	<ul style="list-style-type: none"> <li>Sensitivity analysis undertaken on assumptions to measure impact</li> </ul>				
	<ul style="list-style-type: none"> <li>Valuation undertaken every 3 years</li> </ul>				
	<ul style="list-style-type: none"> <li>Monitoring of cash flow position and preparation of medium term business plan.</li> </ul>				
	<ul style="list-style-type: none"> <li>Contributions made by employers vary according to their member profile.</li> </ul>				
Action Required:	<ul style="list-style-type: none"> <li>Continue to monitor via existing processes.</li> <li>Review cash flow projections prepared by actuaries on a regular basis.</li> </ul>				
Responsibility:	Group Manager (Financial Management); Senior Accountant - Pensions & TM		Timescale:	On-going	

Investments					
Risk: Inv5 - Inadequate controls to safeguard pension fund assets.					
Inv5a - Fund manager mandates					
	Likelihood:	Impact:	Risk Rating:		
Inherent Risk:	3	3	9	HIGH	↔
Current Risk:	2	3	6	MEDIUM	★
Current Controls:	<ul style="list-style-type: none"> <li>Complete and authorised client agreements are in place. This includes requirement for fund managers to report quarterly on their performance.</li> </ul>				
	<ul style="list-style-type: none"> <li>Client portfolios are managed in accordance with investment objectives.</li> </ul>				
	<ul style="list-style-type: none"> <li>AAF 01/06 (or equivalent) reports on internal controls of service organisations are reviewed for external managers.</li> </ul>				
	<ul style="list-style-type: none"> <li>In-House Fund has a robust framework in place which is regularly tested by internal audit</li> </ul>				
	<ul style="list-style-type: none"> <li>Fund Managers maintain an appropriate risk management framework to minimise the level of risk to Pension Fund assets.</li> </ul>				
Action Required:	<ul style="list-style-type: none"> <li>Continue to monitor via existing processes.</li> </ul>				
Responsibility:	Group Manager (Financial Management); Senior Accountant - Pensions & TM		Timescale:	On-going	

Inv5b - Custody arrangements					
	Likelihood:	Impact:	Risk Rating:		
Inherent Risk:	3	4	12	VERY HIGH	↓
Current Risk:	2	3	6	MEDIUM	★
Current Controls:	• Complete and authorised agreements are in place with external custodian.				
	• AAF 01/06 (or equivalent) report on internal controls of service organisations is reviewed for external custodian.				
	• Regular reconciliations carried out to check external custodian records.				
	• Where assets are custodied in-house, physical stock certificates are held in a secure cabinet to which access is limited.				
Action Required:	• Continue to monitor via existing processes.				
Responsibility:	Group Manager (Financial Management); Senior Accountant - Pensions & TM		Timescale:	On-going	
Inv5c - Accounting arrangements					
	Likelihood:	Impact:	Risk Rating:		
Inherent Risk:	3	2	6	MEDIUM	↓
Current Risk:	2	2	4	LOW	★
Current Controls:	• Pension Fund accounting arrangements conform to the Local Authority Accounting Code, relevant IFRS/IAS and the Pensions' SORP.				
	• The Pension Fund subscribes to the CIPFA Pensions Network and Technical Information Service and officers attend courses as appropriate.				
	• Regular reconciliations are carried out between in-house records and those maintained by external custodian and investment managers.				
	• Internal Audits are carried out regularly.				
	• External Audit review the Pension Fund's accounts annually.				
Action Required:	• Continue to monitor via existing processes.				
Responsibility:	Group Manager (Financial Management); Senior Accountant - Pensions & TM		Timescale:	On-going	



Inv5d - Financial Administration					
	Likelihood:	Impact:	Risk Rating:		
Inherent Risk:	3	3	9	HIGH	↔
Current Risk:	2	3	6	MEDIUM	★
Current Controls:	• The pension fund adheres to the County Council's financial regulations with appropriate separation of duties and authorisation limits for transactions.				
	• Daily cash settlements are made with external custodian to maximise returns on cash.				
	• Investment transactions are properly authorised, executed and monitored.				
	• Contributions due to the fund are governed by Scheme rules which are implemented by the Pensions Manager				
	• The Pension fund maintains a bank account which is operated within regulatory guidelines.				
Action Required:	• Continue to monitor via existing processes.				
Responsibility:	Group Manager (Financial Management); Senior Accountant - Pensions & TM		Timescale:	On-going	
Inv5e - Stewardship					
	Likelihood:	Impact:	Risk Rating:		
Inherent Risk:	3	2	6	MEDIUM	↔
Current Risk:	2	2	4	LOW	★
Current Controls:	• The pension fund aims to be a long term responsible investor and has adopted the FRC's Stewardship code.				
	• The Fund is a member of Local Authority Pension Fund Forum (LAPFF) and National Association of Pension Funds (NAPF), and supports their work on shareholder engagement.				
	• The pension fund has a contract in place for a proxy voting services. Voting is reported to the Pensions Sub-Committee each quarter and published on the Fund website.				
Action Required:	• Continue to monitor via existing processes.				
Responsibility:	Group Manager (Financial Management); Senior Accountant - Pensions & TM		Timescale:	On-going	

Administration				
<b>Risk: Adm1 - Standing data and permanent records are not accurate.</b>				
	<b>Likelihood:</b>	<b>Impact:</b>	<b>Risk Rating:</b>	
<b>Inherent Risk:</b>	4	4	16	VERY HIGH ↑
<b>Current Risk:</b>	3	3	9	HIGH ★
<b>Current Controls:</b>	<ul style="list-style-type: none"> <li>• Business processes are in place to identify changes to standing data.</li> <li>• Records are supported by appropriate documentation; input and output checks are undertaken; reconciliation occurs to source records once input.</li> <li>• Documentation is maintained in line with agreed policies.</li> <li>• Change of details form sent out to members alongside annual statement.</li> <li>• Data matching exercises (National Fraud Initiative) help to identify discrepancies.</li> <li>• Data cleansing has been undertaken as part of transfer to new Pensions Administration system</li> </ul>			
<b>Action Required:</b>	<ul style="list-style-type: none"> <li>• Continue to monitor via existing processes.</li> <li>• Introduce quarterly monitoring of returns from major fund employers</li> </ul>			
<b>Responsibility:</b>	Group Manager (BSC)		<b>Timescale:</b>	On-going

Administration				
<b>Risk: Adm2 - Inadequate controls to safeguard pension fund records.</b>				
	<b>Likelihood:</b>	<b>Impact:</b>	<b>Risk Rating:</b>	
<b>Inherent Risk:</b>	3	4	12	VERY HIGH ↑
<b>Current Risk:</b>	2	3	6	MEDIUM ★
<b>Current Controls:</b>	<ul style="list-style-type: none"> <li>• ICT Disaster Recovery Plan and Security Plan are agreed and in place</li> <li>• New Data Centre and back up arrangements in place</li> <li>• Software is regularly updated to meet LGPS requirements.</li> <li>• Audit trails and reconciliations are in place.</li> <li>• Documentation is maintained in line with agreed policies.</li> <li>• Physical records are held securely.</li> </ul>			
<b>Action Required:</b>	<ul style="list-style-type: none"> <li>• Continue to monitor via existing processes.</li> </ul>			
<b>Responsibility:</b>	Group Manager (BSC)		<b>Timescale:</b>	On-going

Administration					
<b>Risk: Adm3 - Failure to communicate adequately with all relevant stakeholders.</b>					
	<b>Likelihood:</b>	<b>Impact:</b>	<b>Risk Rating:</b>		
<b>Inherent Risk:</b>	3	3	9	HIGH	↑
<b>Current Risk:</b>	2	3	6	MEDIUM	★
<b>Current Controls:</b>	<ul style="list-style-type: none"> <li>• A communications strategy is in place.</li> </ul>				
	<ul style="list-style-type: none"> <li>• The Fund website is periodically updated and Nest Egg newsletter is published regularly.</li> </ul>				
	<ul style="list-style-type: none"> <li>• The Fund has an annual meeting aimed at all participating employers.</li> </ul>				
	<ul style="list-style-type: none"> <li>• The Pensions Sub-Committee has representatives of the County Council, City Council, Nottinghamshire Local Authorities, Trade Unions, Scheduled and Admitted Bodies.</li> </ul>				
	<ul style="list-style-type: none"> <li>• Regular Pension road shows and communication takes place.</li> </ul>				
	<ul style="list-style-type: none"> <li>• Meetings are held regularly with employers within the Fund.</li> </ul>				
	<ul style="list-style-type: none"> <li>• Benefit Illustrations are sent annually to contributing and deferred Fund members.</li> </ul>				
	<ul style="list-style-type: none"> <li>• Annual report, prepared in accordance with statutory guidelines, is published on the website.</li> </ul>				
<b>Action Required:</b>	<ul style="list-style-type: none"> <li>• Consider employer risk analysis to safeguard contributions to the Fund.</li> <li>• Carry out a review of the communications strategy</li> </ul>				
<b>Responsibility:</b>	Group Manager (BSC)		<b>Timescale:</b>	June 2015	



**17 March 2015****Agenda Item:**

## **REPORT OF SERVICE DIRECTOR – FINANCE & PROCUREMENT**

### **PENSIONS INVESTMENT SERVICE PLAN AND TRAINING**

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

1. To inform Members of the Pensions & Treasury Management Service Plan in respect of pension fund investments for 2015/16 and of progress against the 2014/15 plan. To note the attendance at conferences and training during 2014/15 and to seek approval for attendance at conferences and training in 2015/16.

#### **Information and Advice**

2. It is considered best practice that a business plan is agreed to support the work of the Fund, including major milestones and issues to be considered during the year and appropriate provisions regarding training. The investment related activity of the Fund is supported by the Pensions & Treasury Management team within the Finance & Procurement Division and this team produces a service plan each year outlining key tasks and outputs.
3. The relevant parts of the plan for 2014/15 were presented to the Nottinghamshire Pension Fund Committee in March 2014 and these are reviewed at **Appendix A**. The majority of issues were properly considered and appropriate actions taken but outstanding items that remain relevant have been included in the plan for 2015/16. The relevant extracts of the plan for 2015/16 are shown at **Appendix B**.
4. 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. **Appendix C** shows attendance at conferences and training during 2014/15. Reports have been presented to the Pensions Sub-Committee on each of the conferences attended and the property inspection.
5. It is proposed to arrange a further property inspection in 2015/16 and to continue to attend key pension conferences. The Local Government Employers (LGE) LGPS Fundamentals course is well regarded by those who have attended and it is proposed to continue to offer this course to new members of the Committees or those wishing to refresh existing knowledge.

7. Approval is sought for attendance at the following conferences and training in 2015/16. Nominations will be sought in due course for attendance at these events.

<b>Conference</b>	<b>Location</b>	<b>Date</b>	<b>Attendance</b>
NAPF Local Authority Conference	Cotswolds	18 <sup>th</sup> – 20 <sup>th</sup> May 2015	2 Members 1 Officer
LGE LGPS “Trustees” Conference	Bournemouth	June	2 Members 1 Officer
LGC Investment Summit	Celtic Manor	9 <sup>th</sup> – 11 <sup>th</sup> Sep 2015	2 Members 1 Officer
LAPFF Annual Conference	Bournemouth	2 <sup>nd</sup> – 4 <sup>th</sup> Dec 2015	1 Member 1 Officer
Property Inspection	Various	October	Available to all members of Sub-Committees
LGE LGPS Fundamentals Course	Various	October to December	New Members and Members requiring refresher training

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

8. It is considered best practice for an administering authority to prepare a business plan to support the work of the Fund and to ensure those charged with decision-making and financial management have effective knowledge and skills.

### **Statutory and Policy Implications**

9. 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**

- 1) That the review of the 2014/15 Service Plan be noted.
- 2) That the 2015/16 Plan be noted.
- 3) That it be noted that attendance at key conferences and training is part of the Fund’s commitment to ensuring those charged with decision-making and financial management have effective knowledge and skills.
- 4) That attendance at conferences and training during 2014/15 be noted.
- 5) That attendance at conferences and training as shown at paragraph 7 be approved.

**Name of Report Author: Simon Cunnington**

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

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

### **Constitutional Comments (KK 03/03/2015)**

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

### **Financial Comments (SRC 23/02/15)**

2. Costs associated with attending conferences and other training events are a legitimate charge to the Fund in accordance with governing regulations. An appropriate proportion of the costs of the Pensions & Treasury Management team is recharged to the Fund on an annual basis.

### **Background Papers**

None

## Pensions & Treasury Management Service Plan 2014/15

The relevant parts of the 2014/15 Service Plan are shown below with comments on progress.

Output/Tasks	Deadline	Comments
<b>Investment Performance</b>		
Manage In-house portfolio	Ongoing	Transactions, values and returns reported to Investment Sub-Committee each quarter.
Monitor Fund performance against strategy	Ongoing	Fund valuation reported to Investment Sub-Committee each quarter. Fund performance presented to Pensions Sub-Committee by State Street (WM).
<b>Statement of Accounts</b>		
Prepare statement of accounts	31/05/14	Produced on time and with an unqualified audit opinion.
Report to Pension Fund Committee	30/09/14	Report to Pension Fund Committee on 16/09/14 to present the accounts and the external auditor's ISA260 report.
<b>Annual Report</b>		
Prepare and publish annual report	31/08/14	Annual report completed ahead of regulatory deadline and published on the Fund website on 30/09/14.
<b>IAS19/FRS17 Reports</b>		
Year-end 31st March		Reports relating to accounting disclosures commissioned from actuary on behalf of employers.
Year-end 31st July		
Year-end 31st August		
<b>Quarterly Closedown and Reporting</b>		
Quarter end March	28/05/14	All records reconciled and reports submitted by publication deadlines. Performance data submitted to WM. ONS returns completed.
Quarter end June	27/08/14	
Quarter end September	19/11/14	
Quarter end December	25/02/15	
<b>Advice and Support to Committees etc</b>		
Pensions Investment Sub-Committee		Quarterly valuation and performance summary reports produced.
Pensions Sub-Committee		Reports produced in accordance with the Work Programmes for each committee.
Nottinghamshire Pension Fund Committee		



Pensions Working Party		Two Working Parties held to consider: 1. additional property investments 2. private equity, infrastructure and activist equity investments
Advice and information to committee members		Advice provided as required.
Consider Training Needs Analysis to support training programme for committee members		This has not yet been carried out but will be included in the 2015/16 Service Plan and work programme for the Pensions Sub-Committee.
<b>Other</b>		
Consider tender for Actuarial Services	31/07/14	Contact extended in line with provision within existing contract.
Consider tender for Independent Adviser	31/07/14	Tender in February/March 2015 with view to award from June.
Consider tender for Proxy Voting Services	31/08/14	Tender in February/March 2015 with view to award from April.
Impact of new Pensions Admin system	30/11/14	Reports have been brought to Pensions Sub-Committee on progress with the new system. The reporting requirements for accounting purposes will be assessed now the system is live.
Implementation of Pensions Board		New governance requirement from 01/04/15. Report to be taken to Full Council to establish the Board.
Review Fund policies		The following statements have been review and revised as appropriate: <ul style="list-style-type: none"> <li>• Funding Strategy Statement</li> <li>• Statement of Investment Principles</li> <li>• Risk Management Strategy and Risk Register</li> </ul>

## Pensions & Treasury Management Service Plan 2015/16

The relevant parts of the 2015/16 Service Plan are shown below.

Output/Tasks	Deadline	Comments
<b>Investment Performance</b>		
Manage In-house portfolio	Ongoing	
Monitor Fund performance against strategy	Ongoing	
<b>Statement of Accounts</b>		
Prepare statement of accounts	31/05/15	
Report to PF Committee	30/09/15	
<b>Annual Report</b>		Regulatory deadline 1st December
Prepare and publish annual report	30/09/15	
<b>IAS19/FRS17 Reports</b>		
Year end 31st March	31/04/15	Reports relating to accounting disclosures commissioned from actuary on behalf of employers.
Year end 31st July	31/08/15	
Year end 31st August	30/09/15	
<b>Quarterly Closedown</b>		
Quarter end March	27/05/15	Reconcile records and prepare reports for Sub-Committee. Submit performance data to WM. Complete ONS returns.
Quarter end June	26/08/15	
Quarter end September	25/11/15	
Quarter end December	24/02/16	
<b>Advice and Support to Committees etc</b>		
Pensions Investment Sub-Committee	Ongoing	Reports produced from Quarterly Closedown process
Pensions Sub-Committee	Ongoing	Work Programme will be maintained to assist the management of the Committees' agendas, the scheduling of Committee business and forward planning.
Nottinghamshire Pension Fund Committee	Ongoing	
Pensions Working Party	Ongoing	Two Working Parties scheduled. Items for consideration will be determined in conjunction with the Chairman.
Advice and information to committee members	Ongoing	As required.
Consider Training Needs Analysis	30/06/15	Schedule in Work Programme
<b>Triennial Valuation</b>		Due as at 31 March 2016
Set preliminary meeting with actuaries	30/11/15	

<b>Other</b>		
Review Fund policies	Ongoing	Review policies and revise as appropriate
Tender for Independent Adviser	30/06/15	Aim for award from June 2015
Tender for Proxy Voting Services	30/04/15	Aim for award from April 2015
Implementation of new Admin system	30/06/15	Ensure reporting requirements are met
Implementation of Pensions Board	Ongoing	Assess resource impact once established

## Attendance at conferences and training during 2014/15

<b>Event/Training</b>	<b>Location</b>	<b>Date</b>	<b>Attendance</b>
NAPF Local Authority Conference	Cotswolds	May	Cllr Ken Rigby Cllr Thulani Molife Nigel Stevenson (Officer)
LGE LGPS "Trustees" Conference	Bournemouth	June	Cllr Parry Tsimbirdis Cllr Reg Adair Simon Cunnington (Officer)
LGC Investment Summit	Celtic Manor	September	Cllr Sheila Place Cllr Thulani Molife Simon Cunnington (Officer)
LAPFF Annual Conference	Bournemouth	December	Cllr John Wilkinson Neil Robinson (Officer)
Property inspection including training on Strategic Land	Various	October	Cllr Ken Rigby Cllr Sheila Place Cllr John Wilkinson Cllr Reg Adair Cllr Thulani Molife Executive Mayor Tony Egginton Chris King Alan Woodward Dave Forster (Officer) Neil Robinson (Officer) Simon Cunnington (Officer)
Local Government Employers LGPS Fundamentals course (3 days)	Various	October to December	Cllr Thulani Molife Terry Needham Alan Woodward
Presentation of Independent Review of Fund Performance WM Company	County Hall	November	Cllr Rigby Cllr Adair Cllr Barnfather Cllr Mrs Cutts MBE Cllr Place Cllr Tsimbirdis Cllr Wilkinson Chris King Alan Woodward Terry Needham Dave Forster (Officer) Neil Robinson (Officer) Nigel Stevenson (Officer) Sarah Stevenson (Officer) Simon Cunnington (Officer)
Training on Asset Classification and Dilapidations Aberdeen Asset Management	Edinburgh	March	Cllr Darren Langton Cllr Ken Rigby Cllr Chris Barnfather

			Cllr Ian Campbell Cllr Parry Tsimbiridis Cllr Thulani Molife Executive Mayor Tony Eggington Neil Timms Chris King Alan Woodward Dave Forster (Officer) Neil Robinson (Officer) Simon Cunningham (Officer)
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**17 March 2015****Agenda Item:****REPORT OF SERVICE DIRECTOR – FINANCE & PROCUREMENT****PENSIONS INVESTMENT SUB-COMMITTEE MEETINGS****Purpose of the Report**

1. To seek approval to continue to hold meetings of the Pensions Investment Sub-Committee at the offices of the Fund's main investment managers.

**Information and Advice**

2. The Pensions Investment Sub-Committee meets four times a year and is responsible for monitoring the investment performance of the Fund Managers. This is a key element of the fiduciary duty of members of the Sub-Committee. Prior to 2009, three of the four quarterly meetings each year were held at the offices of the Fund's main investment managers. From 2009 to 2013, the majority of meetings were held at County Hall.
3. During 2013/14, two meetings were held externally at Schroder Investment Management (December 2013 in London) and Kames Capital (March 2014 in Edinburgh). The costs involved in these two meetings were £2,174 (London) and £2,345 (Edinburgh). During 2014/15, one meeting has been held externally at Aberdeen Asset Management (March 2015 in Edinburgh). The cost of this meeting was £2,280.
4. Training is held prior to the meetings and this is seen as one of the main benefits of holding meetings at managers' offices. Other potential benefits include:
  - Allows members to focus specifically on pensions matters
  - Allows working relationships to develop between members, officers and managers
  - Gives access to a wider range of personnel at the managers
  - Enables members to assess the quality of and changes in managers' operations
5. Potential drawbacks include:
  - Being away for two days (with possible impact on other commitments)
  - Possibly missing other committee meetings
  - Problems and delays with travel arrangements
6. From 2015/16, it is proposed to hold two of the four meetings per year of the Investment Sub-Committee at the offices of the Fund's main investment managers.

## **Statutory and Policy Implications**

7. 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 approval be given to hold two Pensions Investment Sub-Committee meetings per year at the offices of the Fund's main investment managers.

**Name of Report Author: Simon Cunnington**

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

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

### **Constitutional Comments (KK 09/03/15)**

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

### **Financial Comments (SRC 03/03/15)**

2. The financial implications to the Fund are specified in the report. These are a legitimate charge to the Fund in accordance with Regulations.

## **Background Papers**

None



**17 March 2015****Agenda Item:****REPORT OF SERVICE DIRECTOR – FINANCE & PROCUREMENT****REFERRAL FROM PENSIONS SUB-COMMITTEE – WORKING PARTY  
RECOMMENDATIONS****Purpose of the Report**

1. To seek approval of the Pension Fund Committee to items referred from the Pensions Sub-Committee regarding:
  - recommendations of the Pensions Working Party in respect of investments in private equity, infrastructure and activist equity funds.

**Information and Advice**

2. At its meeting on 5 February 2015, the Pensions Sub-Committee considered a report on investments in private equity, infrastructure and activist equity funds recommended by the Pensions Working Party. 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 attached exempt appendix.

**Reason/s for Recommendation/s**

3. Under the terms of the Council's constitution, the Nottinghamshire Pension Fund Committee is responsible for all decisions in relation to administering the Nottinghamshire Pension Fund, including investments by and management of pension funds. This report makes recommendations regarding the investments of the Fund.

**Statutory and Policy Implications**

4. 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**

- 1) The exempt appendix sets out the recommendations for decision.

### **Report Author:**

**Simon Cunnington**

**Senior Accountant – Pensions & Treasury Management**

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

### **Constitutional Comments (KK 03/03/2015)**

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

### **Financial Comments (SRC 23/02/15)**

6. The financial implications to the Fund are set out in the exempt appendix.

### **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'