

Local Pensions Board

Thursday, 27 April 2017 at 13:30

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

AGENDA

1	Minutes of the last meeting held on 29 September 2016	5 - 8
2	Apologies for Absence	
3	Declarations of Interests by Members and Officers:- (see note below) (a) Disclosable Pecuniary Interests (b) Private Interests (pecuniary and non-pecuniary)	
4	Local Government Pension Scheme - Pension Administration Strategy	9 - 32
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11 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 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.

12 Exempt Appendix to Item 10 - Minutes of Pensions Investment Sub-Committee

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

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>

minutes

Meeting NOTTINGHAMSHIRE LOCAL PENSION BOARD

Date Thursday, 29 September 2016 at 1.30 pm

membership

Persons absent are marked with 'A'

Employers

Councillor David Kirkham	Nottinghamshire County Council
Councillor Sarah Piper	Nottingham City Council
James Lacey	Nottingham Trent University
David Smith	Autism East Midlands

Members

Bernard Coleman	Pension Scheme member
Mark Heppenstall	Pension Scheme member
Sue Maycock	Pension Scheme member
Thulani Molife	Pension Scheme member

Also in Attendance

John Raisin John Raisin Financial Services Ltd, Advisor to the Board

Officers in Attendance

Jon Clewes	Team Manager, Payroll and Pensions
Paul Davies	Advanced Democratic Services Officer
Ciaran Guilfoyle	Investments Officer, Pensions and Treasury Management

MINUTES

The minutes of the last meeting held on 19 April 2016 having been previously circulated were confirmed and signed by the Chair.

APOLOGIES FOR ABSENCE

None.

MEMBERSHIP

It was reported that Bernard Coleman and Mark Heppenstall had been appointed to the Board.

DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS

None.

PENSION FUND ANNUAL REPORT AND ACCOUNTS 2015/16

Ciaran Guilfoyle introduced the Pension Fund Annual Report and Accounts. Board members queried the increasing number of contributors, the governance of the Fund, and the high risks identified in relation to pension administration. Information would be provided after the meeting about contributors, at the next meeting about governance, and later at this meeting about the risks. In reply to a further question, it was explained that the Pension Fund Committee has not raised any particular concerns about the Annual Report. Board members were satisfied by the external auditor's opinion of the accounts.

RESOLVED 2016/009

That the Annual Report, annual accounts and draft annual report for 2015/16 be noted.

LGPS CENTRAL ASSET POOL

Ciaran Guilfoyle introduced the report which updated the Board on the pooling of pension fund investments. The Nottinghamshire Fund would form part of the LGPS Central pool. In response to questions, he explained that savings had been estimated on a conservative basis, resulting in a pay-back period of over ten years. Asked whether investing in infrastructure projects could be risky, it was explained that any risk would be spread by investing in infrastructure investment funds rather than direct. The infrastructure might be in the UK or overseas. It was also explained that decisions on property investments would transfer to the pool, although it had yet to be decided whether a small number of local property holdings would transfer. It was pointed out that asset class was a major determinant of funds' performance, and the responsibility for investment strategy (including asset classes) remained with individual funds.

RESOLVED 2016/010

That the report on progress with the LGPS Central asset pool be noted.

UPDATE ON PENSIONS ADMINISTRATION

Jon Clewes gave a presentation on pension administration, including the development of the pension administration strategy. Asked whether the Pension Administration Team was resourced to work with the increasing number of employers, he explained that the experience and knowledge of staff was more important than the number of people in the team. Given the limited number of external candidates with suitable LGPS experience, it was intended to develop knowledge and experience from within the team.

A further question was about the Pension Regulator's sanctions on employers which were late with payments or information. It was explained that the Regulator could impose a fine of up to £50,000 on the administering authority, which would be passed on to the employer in question.

RESOLVED 2016/011

That the presentation be received

UPDATE ON TRAINING FOR LOCAL PENSION BOARD MEMBERS

The report summarised the training for Board members to date. The remaining core areas of the CIPFA framework would be covered in 2017: financial markets and products knowledge at the next meeting, and procurement and relationship management and investment performance and risk management at the following meeting.

RESOLVED 2016/012

That the update on Board members' training be noted.

WORK PROGRAMME

The report suggested items for the next meeting of the Board. Other topics suggested by Board members included:

- Key performance indicators for pension administration, and how the Board might monitor them
- The role of internal and external audit
- Governance issues identified in the Pension Fund Annual Report
- Relationship of the Board to the Pension Fund Committee and its sub-committees, with the suggestion that Board members receive their minutes
- Update on asset pooling
- Whether there was a need for Board members to be indemnified
- An explanation of the increasing number of contributors to the Pension Fund

RESOLVED: 2016/013

That the work programme be noted with the inclusion of the topics listed above.

The meeting concluded at 3.00 pm.

CHAIR

REPORT OF THE SERVICE DIRECTOR – CUSTOMERS AND HR**LOCAL GOVERNMENT PENSION SCHEME – PENSION ADMINISTRATION
STRATEGY****Purpose of the Report**

1. The purpose of this report is to inform the Pension Board of the agreement by the Pensions Committee on 14 March 2017 for the implementation of the Pension Administration Strategy following the consultation with scheme employers, and the update report provided to the Pensions Sub Committee on 2 February 2017.

Information and Advice**Background**

2. Over the past 9 months the Nottinghamshire Pension Office have been developing an Administration Strategy for the Nottinghamshire Local Government Pension Fund in order to support the work of the pensions administering authority with scheme employers. The implementation of an Administration Strategy has regulatory backing in the form of the Local Government Pension Scheme Regulations (Administration) 2013. This provides the conditions and regulatory guidance surrounding the production and implementation of an Administration Strategy.
3. The regulations allow the LGPS administering authority to prepare an Administration Strategy which contains the following:
 - Procedures for liaison and communication with all scheme employers.
 - The establishment of levels of performance which the administering authority and scheme employers are expected to achieve in carrying out their functions under the LGPS by:-
 - I. The setting of performance targets;
 - II. The making of agreements about levels of performance and associated matters;or
 - III. Such other means as the administering authority consider appropriate.

- Procedures which aim to secure that the administering authority and scheme employers comply with the statutory requirements in respect of those functions and with agreement about levels of performance.
 - Procedures for improving the way the administering authority and the scheme employers work together to ensure that the administration of the pension scheme meets its statutory requirements.
 - Where in certain circumstances following the administering authority discussing with the scheme employer concerns relating to unsatisfactory performance in carrying out its functions, the administering authority may consider giving written notice of a possible fine to that employer.
4. The regulations also require that, where a Pension Administration Strategy is produced, a copy is issued to each of the scheme employers as well as to the Secretary of State.
 5. As part of the implementation process each scheme employer has been consulted on the strategy through their nominated contacts that the Pension Fund hold.

Administration Strategy

6. The main aims of the strategy are to ensure that the administering authority and scheme employers work together for the benefit of members; to ensure statutory compliance and efficiency in the administration of the scheme.
7. Whilst administration processes and requirements for scheme employers have been in place for some time, the development of the strategy provides the administering authority with the ability to enforce compliance with scheme employers to meet their statutory requirements.
8. In the past compliance has been ensured by the Nottinghamshire Pensions Administration Team through chasing and persuading employers, which is very time consuming. With the increase in the number of scheme employers (305 to date), in the main due to the number of schools converting to academy status, and the development of local government companies it is becoming more difficult for the pensions administration team to ensure compliance without a more formal structure. All LGPS administering authorities are experiencing issues of compliance and have, or are developing similar strategy documents.
9. The Administration Strategy outlines the responsibilities and procedures to be followed by employers and the administration team as the delivery of the administration service is not the responsibility of just the administering authority, but is dependent on joint working with scheme employers.
10. Timeliness and accuracy are an important element of delivering a high quality service to scheme employers, and scheme members. Legislation dictates minimum standards that pension schemes should meet. The strategy outlines these standards and seeks to work with employers to ensure that these are met.
11. One of the aspects of the strategy identifies circumstances where the administering authority may levy costs associated with scheme employer's poor performance. Regulation 70 of the Local Government Pension Scheme (Administration) Regulations

2013 provides that an administering authority may recover from a scheme employer any additional costs associated with the administration of the scheme incurred as a result of the poor level of performance of that employing authority. However it is the intention of the administering authority to work with scheme employers to ensure that statutory information is received on time. The strategy provides for the administration authority to recover additional costs where these are incurred due to employer poor performance.

12. The pension administration team are currently developing and implementing processes, and strategies including software developments that will support scheme employers in enabling them to meet their statutory requirements.

13. The circumstances where such additional cost that might be recovered from scheme employers are:

- Persistent failure to provide relevant information to the administration team, scheme member or other interested party in accordance with specified performance targets that are identified in the strategy document (either as a result of timeliness of delivery or quality of information);
- Failure to pass relevant information to the scheme member or potential members due to not meeting agreed timescales outlined in the performance targets;
- Failure to deduct and pay over correct employee and employer contributions to the Nottinghamshire Pension Fund within stated timescales;
- Instances where the performance of the scheme employer results in fines being levied against the administering authority by the Pensions Regulator, Pensions Ombudsman or other regulatory body.

Consultation

14. The Administration Strategy was circulated to all 295 employers within the scheme on 29th November 2016 for consultation responses to be received by 6th January 2017.

15. Following the closure of the consultation on 6 January 2017, 11 employers responded with comments and these have been considered against the strategy document. A report regarding the consultation was presented to Pensions Sub Committee on 2 February 2017 feeding back on some of the main points raised. In summary they were:

- All responses have welcomed the Administration Strategy.
- The time frame for actions within the strategy has been raised in a number of responses especially regarding the calculation of redundancy and pension estimates for scheme employers.
- The training of scheme employers has been raised by a number of respondents, and as part of the implementation of the strategy an employer's training day took place on 9 February 2017. This is the first of a programme of activities.
- A comment was received on the complicated nature of the pension's forms. It should be noted that all forms comply with the LGPS regulations. A number of these forms will be superseded by the implementation of an employer's pension system portal. In the interim forms are being reviewed.
- The requirement for employer briefings, and business partnership roles/ account managers to support scheme employers. This is a resource issue for the administering authority and we are looking at different ways of providing information,

e.g. webinars, via the recently updated and relaunched Nottinghamshire Pension Fund website.

- There have been a number of comments on how the fines will be calculated and levied against employers. Clearly the administering authority will be working to support employers to mitigate any issues of non-compliance.

Statutory and Policy Implications

16. This report has been compiled after consideration of implications in respect of finance, equal opportunities, 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

It is recommended that Members of the Pensions Board note the decision of Pensions Committee on 14 March 2017 in the adoption of the Administration Strategy attached as Appendix A for implementation from April 2017.

MARJORIE TOWARD
SERVICE DIRECTOR – CUSTOMERS AND HR

For any enquiries about this report please contact:

Jonathan Clewes, Pensions Manager on 0115 9773434 or Jon.Clewes@nottsc.gov.uk

Constitutional Comments

As this report is for noting, no constitutional comments are required.

Financial Comments (CG 13/04/17)

This strategy will allow for more efficient recovery of Pension Fund costs arising from the failure of any employer to submit data to the Fund in a timely manner

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.

Copy of generic consultation response document

Electoral Division(s) and Member(s) Affected - All

Nottinghamshire Local Government Pension Fund

Joint Administration Strategy and Service Level Agreement

administered by



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1.0 Introduction

An administration strategy as allowed for by the Local Government Pension Scheme, is seen as one of the tools which can help in delivering a high quality administration service to the scheme member and other interested parties. Delivery of a high quality administration service is not the responsibility of one person or organisation but is the joint working of a number of different parties.

The following is the Pension Administration Strategy of the Nottinghamshire Local Government Fund, administered by Nottinghamshire County Council (the administering authority).

The aim of this strategy statement is to set out the quality and performance standards expected of:

1. Nottinghamshire County Council in its role of administering authority and scheme employer
2. All other scheme employers within the Nottinghamshire Local Government Pension Fund.

It seeks to promote good working relationships, improve efficiency and enforce quality amongst the scheme employers and the administering authority.

1 April 2015 was a key milestone in setting out the governance arrangements of the Local Government Pension scheme (LGPS). From that date the Pensions Regulator (tPR) took responsibility for setting the standards of administration and governance requirements on all administrative aspects of the pension scheme.

In addition the Nottinghamshire Local Pension Board has now been established to provide an independent scrutiny role which will assist the Nottinghamshire Local Government Pension Fund to achieve regulatory compliance, effective and efficient administration and governance of the pension fund.

2.0 Background

The LGPS represents a significant benefit to scheme members. Much of the success in promoting the scheme to members and ensuring a high quality service depends upon the relationship between the administering authority and scheme employers in the day to day administration of the scheme. The administering authority also reminds or alerts employers to the value of the LGPS, thereby helping with recruitment, retention and motivation of employees.

The fund comprises of over 295 scheme employers with active members, and approximately 125,553 (at October 2016) scheme members in relation to the Local Government Pension Scheme (LGPS). The efficient delivery of the benefits of the LGPS is dependent on sound administrative procedures being in place between the administering authority and scheme employers.

3.0 Strategic aims

The aim of this strategy is to continue progress towards a seamless, automated pension service, employing appropriate technologies and best practice which both significantly improve the quality of information overall and the speed with which it is processed to provide better information for scheme employers and stakeholders and a more efficient service to members. It outlines, in conjunction with the Pension Administration Service Level Agreement as attached, the quality and required performance standards of all fund, scheme employers and admission bodies within the fund.

This strategy is designed to move towards the highest standards of administration through the most efficient and cost effective practices, thereby ensuring a consistent approach to pension administration across all scheme employers in partnership with the fund so that all scheme members ultimately receive the highest standard of service in the most efficient and effective way possible.

4.0 Regulatory framework

The development and implementation of an Administration Strategy is part of the regulatory frame work of the Local Government Pension Scheme Regulations 2013. These provide the conditions and regulatory guidance surrounding the production and implementation of an Administration Strategy.

Regulation 59 (1) enables an LGPS administering authority to prepare a document ("the Pension Administration Strategy") which contains the following:

- procedures for liaison and communication with their relevant employing authorities
- the establishment of levels of performance which the administering authority and the relevant employing authorities are expected to achieve in carrying out their functions under the LGPS by:
 - the setting of performance targets
 - the making of agreements about levels of performance and associated matters
 - such other means as the administering authority considers appropriate
- procedures which aim to secure that the administering authority and the relevant employers comply with the statutory requirements in respect of those functions and with any agreement about levels of performance
- procedures for improving the communication of information by the administering authority and the relevant employing authorities
- the circumstances in which the administering authority may consider giving written notice to a relevant employing authority on account of that employers unsatisfactory performance in carrying out its functions under these regulations when measured against levels of performance
- such other matters as appear to the administering authority to be suitable for inclusion in that strategy.

In addition, Regulation 59(6) of the administration regulations also requires that where a Pension Administration Strategy is produced, a copy is issued to each of the relevant employing authorities as well as to the Secretary of State. Similarly, when the strategy is revised at any future time the administering authority (following a material change to any policies contained within the strategy) must notify all of its relevant employing authorities and also the Secretary of State.

It is a requirement that, in preparing or revising any Pension Administration Strategy, the administering authority must consult its relevant employing authorities and such other persons as it considers appropriate.

In addition, Regulation 70 of the Administration Regulations allows an administering authority to recover additional costs from a scheme employer where, in its opinion, the costs are directly related to the poor performance of that scheme employer. Where this situation arises the administering authority is required to give written notice to the scheme employer, setting out the reasons for believing that the additional costs should be recovered and, the amount of the additional costs, together with the basis on which the additional amount has been calculated.

The following strategy statement and the Service Level Agreement, sets out the requirements of regulation 59(1). They form the basis of the day to day relationship between the Nottinghamshire Pension Fund and scheme employers. They also set out the circumstances under Regulation 70 where additional costs are incurred as a result of the poor performance of a scheme employer, together with the steps that would be followed before any such action were taken.

5.0 Nottinghamshire Local Pension Board

The Nottinghamshire Local Pension Board was appointed in April 2015 to assist Nottinghamshire County Council, as administering authority, in securing compliance with legislation and any requirements imposed by the Pensions Regulator. The Board also assists in ensuring effective and efficient governance and administration of the scheme are achieved.

6.0 Key objectives

The key objectives of this strategy are to ensure that:

- the Nottinghamshire Local Government Pension Fund and Scheme employers are aware of and understand their respective roles and responsibilities under the LGPS Regulations and in the delivery of administrative functions (largely defined in the Pensions Administration Service Level Agreement attached to this document)
- the Nottinghamshire Local Government Pension Fund operates in accordance with LGPS Regulations and is aligned with the Pensions Regulator's requirements by demonstrating compliance and scheme governance
- communication processes are in place to enable both the fund and scheme employers to proactively and responsively engage with each other through the new website and the Employer Support and Compliance Team

- accurate records are maintained for the purpose of calculating pensions entitlements and scheme employer liabilities, ensuring all information and data is communicated accurately, on a timely basis and in a secure and compliant manner
- the fund and scheme employers have appropriate skills and that training is in place to deliver a quality service and advise scheme employers on the changing pensions agenda;
- standards are set and monitored for the delivery of specified activities in accordance with LGPS Regulations standards as set out in the Pension Administration Service Level Agreement attached to this document.

7.0 Establishing levels of performance.

Performance standards

The LGPS prescribes that certain decisions are taken by either the administering authority or the scheme employer, in relation to the rights and entitlements of individual scheme members. In order to meet these obligations in a timely and accurate manner, and also to comply with overriding disclosure requirements, the Nottinghamshire Local Government Pension Fund should agree levels of performance between itself and the scheme employers. These are set out in the Service Level Agreement which is appended to this strategy statement.

8.0 Quality

Legislation

In carrying out their roles and responsibilities in relation to the administration of the Local Government Pension Scheme the administering authority and scheme employers will, as a minimum, comply with overriding legislation, including:

- Pension Act 1995 and associated disclosure legislation
- Freedom of information Act 2000
- Age Discrimination Act 2006
- Data Protection Act 1998
- Equality Act 2010
- Finance Act 2004and
- Health and Safety legislation.

Where agreed, the administering authority and scheme employers will comply with local standards which go beyond the minimum requirements set out in overriding legislation. Such best practice standards are outlined in the following sections.

9.0 Administration standards

Both the administering authority and scheme employers will ensure that all tasks are carried out to agreed quality standards. In this respect the standards to be met are:

- compliance with all requirements set out in the information provided on the LGPS website
- work is to be completed in the required format, using the appropriate forms contained on the LGPS Website
- information to be legible, accurate and in the required format
- communications to be easy to read and understand
- information provided to be checked for accuracy
- information to be authorised by an agreed signatory in line with the scheme employers audit requirements
- actions are carried out, or information is provided, within the timescales set out in this strategy and Service Level Agreement document.

10.0 Performance standards

Overriding legislation dictates minimum standards that pension schemes should meet in providing certain pieces of information to the various parties associated with the scheme. The scheme sets out a number of requirements for the administering authority and scheme employers to provide information to each other, regarding scheme members and prospective scheme members, their dependents, and/ or other regulatory bodies. Within the Service Level Agreement performance standards have been set which cover all aspects of the administration of the scheme, and where appropriate go beyond the overriding legislative requirements.

For the avoidance of doubt “accuracy” in this strategy is defined as when the administering authority has received a fully completed form with no gaps in mandatory areas and with no information which is either contradictory within the document or which requires clarification.

The timeliness relates to a date of event being either the date the member started or left the Nottinghamshire Local Government Pension Fund or any other material change that affects a scheme member’s pension record.

11.0 Procedures for compliance

Compliance is the responsibility of the administering authority and scheme employers. The Nottinghamshire Local Government Pension Fund, Employer Support and Compliance Team will work closely with all scheme employers to ensure compliance with all statutory requirements, whether they are specifically referenced in the LGPS Regulations, in overriding legislation, or in this administration strategy. The Pensions Administration Team will also work with employers to ensure that overall quality and timeliness is continually improved. Various methods will be employed, in order to ensure such compliance and service improvement, these will include:

- audit
- performance monitoring

In addition where there is a failure of statutory compliance the Pensions Manager is required to update and inform the Pensions Regulator.

12.0 Liaison and communication

12.1 Authorised contact for employers

Each employer will nominate a contact to administer the five main areas of employer responsibilities within the LGPS as follows:

- a strategic contact for valuation, scheme consultation and, discretionary statements
- an internal disputes resolution procedure lead officer for stage 1
- an administration contact for day to day administration of the Nottinghamshire Pension Fund, undertaking the completing of forms and responding to day to day queries
- a year end activities lead officer.
- a finance contact for completion and submission of the monthly postings and co-ordination of exception reports.

All nominated officers will have access to the employer's area of the Nottinghamshire Local Government Pension Fund website and as services change access to the employer's portal of the pension fund administration system once implemented (projected date April 2017).

It is the responsibility of the scheme employer to ensure that the nominated officers are trained appropriately in their responsibilities.

12.2 Liaison and communication with employers

Nottinghamshire Local Government Pension Fund will provide the following contact information for employers and their members:

- a contact point for regulatory advice, guidance and administration queries
- an Employer Support and Compliance Team for advice and guidance with monthly returns process
- a helpline for members at certain points in the year e.g. helpline for ABS queries
- an e-mail address (generic)
- pension fund access 8:00am to 5:00pm Monday to Thursday and 4:30pm Friday (face to face, telephone and e-mail for both – scheme members and employers)
- website availability with employers and members area
- employer and member information and forms available on the website
- annual year end briefing for year-end activities
- Pension Fund Annual General Meeting.

13.0 Improving employer performance

The Employer Support and Compliance Team will seek, at the earliest opportunity, to work closely with employers in identifying any areas of poor performance, provide the opportunity for necessary training and appropriate advice.

Where persistent and ongoing failure has been identified and no improvement is demonstrated by an employer, the following sets out the steps that will be taken to address the situation in the first instance:

- the Pensions Team will contact and/ or meet with the employer to discuss the area(s) of concern and how they can be addressed
- where no improvement has been demonstrated by the employer, or where there has been a failure to take agreed action by the employer, the Pensions Team will issue a formal written notice to the employer setting out area(s) of poor performance that has been identified and, the steps taken to resolve it. The letter will provide notice that the additional costs are now to be reclaimed.
- Nottinghamshire Local Government Pension Fund will clearly set out the calculations of any loss or additional costs, taking account of time and resources in resolving the specific area of poor performance
- Nottinghamshire Local Government Pension Fund will make a claim against the scheme employer, setting out the reasons for doing so, in accordance with the regulations.

14.0 Circumstances where the Administering Authority may levy costs associated with the Employing Authority's poor performance

Regulation 70 of the Local Government Pension Scheme Regulations 2013 provides that an administering authority may recover from an employing authority any additional costs associated with the administration of the scheme incurred as a result of the poor level of performance of that employing authority. Where an administering authority wishes to recover any such additional costs they must give written notice stating:

- the reasons in their opinion why the scheme employer's poor performance has contributed to the additional cost
- the amount of the additional cost incurred
- the basis on how the additional cost was calculated and
- the provisions of the Pension Administration Strategy relevant to the decision to give notice.

15.0 Circumstances where costs might be recovered

Any additional costs to the Nottinghamshire Local Government Pension Fund in the administration of the LGPS that are incurred as a direct result of poor performance will be recovered from the scheme employer. The circumstances where such additional costs will be recovered from the scheme employer:

- persistent failure to provide relevant information to the administering authority, scheme member or other interested party in accordance with specified performance targets (either as a result of timeliness of delivery or quality of information)
- failure to pass relevant information to the scheme member or potential members, either due to poor quality or not meeting the agreed timescales outlined in the performance targets
- failure to deduct and pay over correct employee and employer contributions to the Nottinghamshire Local Government Pension fund within stated timescales
- instances where the performance of the scheme employer results in fines being levied against the administering authority by the Pension Regulator, Pensions Ombudsman or other regulatory body.

16.0 Calculation of costs incurred

For a persistent failure to resolve an isolated case satisfactorily the Fund will recharge costs from the point in time at which a formal letter is issued to the scheme employer until the case is resolved, (at a rate yet to be agreed) for each hour an officer spends trying to resolve the matter.

For persistent and ongoing failure to meet targets, following the intervention to assist the employer concerned, the Fund will recharge the additional costs due to the employer's poor performance (at the rate yet to be agreed), based on a total amount per officer hour spent on the activity. This would be based from the point in time that the formal letter is sent, until performance improves.

Where the under performance of the scheme employer results in fines and/or additional costs being levied against the Fund, the Fund will recharge the full costs it has incurred to the relevant employer.

17.0 Disputes

The Nottinghamshire Local Government Pension Fund has a clear internal disputes resolution procedure (IDRP) set out for members of the LGPS which can be found on the pension fund's website. Scheme employers are, however, required to nominate an adjudicator to deal with disputes at stage 1 of the process. Scheme employers are asked to supply the details of their stage 1 adjudicators together with details of their stage 1 Adjudicators as identified in their Discretionary Policy Statements. They should advise the fund immediately of changes made in this regard.

18.0 Consultation

This document and associated SLA has been consulted upon with Nottinghamshire Pension Fund Employers.

19.0 Review process

The Nottinghamshire Local Government Pension Fund will review the Administration Strategy to ensure it remains up to date and meets the necessary regulatory requirements at least every two years.

Appendix A.

Service Level Agreement

Administering Authority duties and responsibilities

The Nottinghamshire Local Government Pension Fund Administration Team will ensure the following functions are carried out:

- provide a helpdesk facility for enquiries, available during normal office hours providing a single point of access for information relating to the LGPS. Along with a helpline at certain times of the year e.g. Annual Benefit Statement time
- create a member record for all new starters admitted to the LGPS, based on the information provided by the scheme employer
- collect and reconcile employer and employee contributions
- maintain and update member's records for any changes received by the administration team
- at each actuarial valuation the fund will provide the required data in respect of each member and provide statistical information over the valuation period to the fund actuary so that he can determine the assets and liabilities for each employer
- communicate the results of the actuarial valuation to the fund to each employer
- provide every active, deferred and pension credit member with a benefit statement each year
- provide estimate of retirement benefits on request by the employer
- calculate and pay retirement benefits, deferred benefits and death in service benefits in accordance with LGPS rules, member's options and statutory limits on request by the employer
- comply with HMRC legislation.

Discretionary powers

The Nottinghamshire Local Government Pension Fund will ensure the appropriate Administration Authority policies are formulated, reviewed and publicised in accordance with scheme regulations.

Internal Disputes Resolution Procedure (IDRP)

The fund will nominate an adjudicator to deal with appeals at stage one where the appeal is against a decision the Pension Fund has made or is responsible for making.

Fund performance levels

A description of the performance activity and performance action and level of performance is identified in the table below:

Action	Timescale
Publish and review the administration strategy	Within one month of any agreed changes with employers, Pensions Committee and the Pensions Board
Website	Continual process of updating the members and employers information
Issue and keep up to date all current forms for completion by either scheme members, prospective scheme members or scheme employers	30 working days of any changes
Issue and update administering authorities discretions within the scheme	Within 30 working days of policy being agreed by the Pensions Committee and the Pensions Board
Notify scheme employers and scheme members of changes to the scheme rules	Within 30 working days of the change(s) coming into effect. Subject to receipt of statutory guidance
Notify scheme employer of issues relating to scheme employers poor performance	Within 30 working days of performance issue becoming apparent
Notify scheme employer of the decision to recover additional costs associated with the scheme employer's poor performance	Within 10 working days of scheme employer failure to improve performance, as agreed
Issue annual benefit statements to active members as at 31 March each year	By the following 31 August subject to receipt of full and correct information from employers
Issue annual benefit statements to deferred benefit members as at 31 March each year	By the following 31 August. Subject to full and correct information from employers
Issue pension saving statements to active members who breach the Annual Allowance threshold as at 5 April and to members who request such	By the following 6 October
Provide a helpline and telephone service to support members enquiries and questions	Ongoing and additional specific helpline at certain times of the year

Fund administration task	Timescale
Make available formal valuation results (including individual employer details)	10 working days from receipt of final certified results from fund actuary
Carry out interim valuation exercise on cessation of admission agreements or scheme employer ceasing participation in the fund	Referral to the fund actuary within one month from receipt of all required data from the scheme employer
Arrange for the setting up of separate admission agreement, where required (including the allocation of assets and notification to the Secretary of State)	Within three months of agreement to set up such funds
All new admitted bodies to be required to undertake a risk assessment and to put in place a bond or alternative security to protect other scheme employers participating in the pension fund	To be completed before the body can be admitted to the Fund
All admitted bodies to undertake a review of the level of bond or indemnity required to protect the other scheme employers participating in the pension fund	Annually, or such other period as may be agreed with the administering authority

Scheme administration task	Timeline
New Starters – make all administration decisions in relation to a new scheme member	Within two month from receipt of all necessary information.
General enquiries - provide a response	10 days from receipt of all necessary information.
Provide transfer in quote to scheme member	Two month from receipt of all the necessary information
Confirm receipt of transfer in payment and update pension record	One month from receipt of all necessary information. Scheme member responsibility to chase the transfer.
Arrange for the transfer of scheme member additional voluntary contributions into in-house arrangement	Two months from receipt of all necessary information.
Provide requested estimates of benefits to employees/ employers including any additional fund costs in relation to early payment of benefits from ill health, flexible retirement, redundancy or business efficiency	Two months from receipt of all necessary information Subject to the demands of the service, prioritisation and statutory requirement to provide information'

Notify leavers of deferred benefit entitlements	Within two months of receipt of all necessary information.
Details of transfers out quotation	Within two month of receipt of all necessary information
Payment of transfers out	One Month from receipt of all necessary information
Notify retiring employees of options following request from member (as per retirement pack)	One month of receipt of all necessary information
Payment of retirement lump sum and pension	Lump sum paid within 30 days of retirement subject to receipt of necessary information. Pension to be paid in the next available pay run. Into the nominated bank account
Death notifications – issue initial information, requesting certificates	Within 10 working days following notification of death
Notification of survivor benefits	10 working days following receipt of all necessary information
Undertake Life Certificates checks with the DWP	Periodic
Operate the Tell us Once service	

Scheme employer duties and responsibilities

Employers are responsible for ensuring that member and employer contributions are deducted at the correct rate, including additional contributions.

The Nottinghamshire Pension Fund is not responsible for verifying the accuracy of any information provided by the employer for the purpose of calculating benefits under the provisions of the Local Government Pension Scheme. That responsibility rests with the employer.

Any over-payment as a result of inaccurate information being supplied by the employer shall be recovered from that employer at the discretion of the Administering Authority.

In the event of the Nottinghamshire Pension Fund being fined by the Pensions Regulator, this fine will be passed onto the relevant employer where that employer's actions or inaction caused the fine.

Discretionary powers

The employer is responsible for exercising the discretionary powers given to employers by the regulations. The employer is also responsible for compiling, reviewing and publishing its policy in respect of the key discretions as required by the regulations to its employees and must provide a copy to the Administering Authority.

Member contribution bands

Employers are responsible for assessing and reassessing the contribution band that is allocated to a member. The employer must also inform the member of the band that they have been allocated on joining the scheme and when they have been reallocated to a different band.

Payments and charges

Payments by employing authorities

Employing authorities will make all payments required under the LGPS regulations, and any related legislation, promptly to Nottinghamshire Pension Fund and/or its Additional Voluntary Contribution (AVC) providers (Prudential/Scottish Widows) as appropriate.

Paying contributions

Member and employer contributions can be paid over at any time and should be accompanied by a monthly postings submission, the latest date contributions can be paid is the 17th day of the month following the month in which the deductions were made.

AVC deductions

Employers will pay AVCs to the relevant provider by the 17th of the following month of them being deducted.

Payment method

Contributions (but not AVCs) should be paid to Nottinghamshire Pension Fund by BACS payment to Nottinghamshire Pension Fund bank account.

Early retirement and augmentation costs

Employers are required to pay the full early retirement costs within one month of request.

Interest on late payment

In accordance with the LGPS regulations, the Nottinghamshire Pension Fund reserves the right to charge interest on any amount overdue from an employer by more than one month depending on circumstances.

Employer contributions

Employer's contribution rates are not fixed and employers are required to pay whatever is necessary to ensure that the portion of the fund relating to their organisation is sufficient to meet its liabilities.

Actuarial valuation

An actuarial valuation of the fund is undertaken every three years by the fund's actuary. The actuary balances the fund's assets and liabilities in respect of each

employer and assesses the appropriate contribution rate and deficit payment if appropriate for each employer for the subsequent three years.

Administration charge

The cost of running the Nottinghamshire Pension Fund is charged directly to the fund, the actuary takes these costs into account in assessing employer's contribution rates.

Employer activities

Communication requirements – task	Timescale
Provide and publish policies in relation to all areas where the employing authority may exercise discretion within the scheme. A copy of the policy to be provided to the administering authority	Within 30 working days of policy being formally agreed by the employer. To be reviewed annually
Provide details of employer and employee contributions	17th of the month following deduction
Respond to enquiries from administering authority	Within 10 working days
Provide year end information for the purposes of annual benefit statements, annual allowance, and lifetime allowance calculations	By 30 April following the year end in the required format(following the implementation of the employer portal information may be provided through the portal by April 2017)
Provide year end information in a valuation year	By 30 April following the year end
Distribute information provided by the Admin Authority to scheme members/potential scheme members which is provided either direct from Pensions Office or where notified through the website	Within 20 days of receipt or notification
Provide new scheme members with scheme information and new joiner forms	At appointment of employee or change in contractual conditions
Inform the Pension Fund of all cases where prospective new employer or admitted body may join the fund	Notify the Pension Fund at least three months before the date of transfer
Payment of additional fund payments in relation to early payment of benefits	Within 30 working days of receipt of invoice from the pension fund/ within timescales specified in each case

Employer responsibilities-task	Timescale
New starters must be notified to the Pensions Office.	10 working days of the scheme member joining.
Arrange for the correct deduction of employee contributions from scheme members pensionable pay on becoming a scheme member	Immediately upon commencing scheme membership either through auto enrolment opting in or change in circumstances.
Reassessment of employee contribution rate in line with employer's policy	Immediately following change of circumstances.
Ensure correct deduction of pension contributions during any period of child related leave, trade union dispute or other forms of leave of absence from duty	Immediately, following receipt of election from scheme member to make the necessary pension contributions.
Commence/amend/cease deductions of additional pension contributions	Commence/ amend in month following election to pay contributions or notification received from administering authority, cease immediately following receipt of election from scheme member.
Employers are responsible for assessing and reassessing the contribution band that is allocated to an employee	The employer must inform the employee of the band have been allocated on joining the scheme and when they have been reallocated to a different band
Arrange for the deduction of AVCs and payment over of contributions to AVC provider(s)	Commence deduction of AVCs upon receipt of notification of provider. Pay over contributions to the AVC provider(s) by the 17th of the month following the month of election.
Refund any employee contributions when employees opts out of the pension scheme before three months	Month following month of opt out.
Cease deduction of employee contributions where a scheme member opts to leave the scheme	Month following month of election, or such later date specified by the scheme member.
Send a completed end of year contribution return to enable the production of annual benefit statements, annual allowance and lifetime allowance calculations	By 30th April each year(this process will change pending the implementation of an electronic employers portal)
Provide the administering authority with all material (personal and contract) changes in employee's details	Within 10 days of the change

Provide scheme leavers/retiree details to administering authority	Within 10 days of leaving
Provide member estimate details	At the point of request from the member
To have access to an independent medical practitioner qualified in Occupational health medicine, in order to consider all ill health retirement applications as an employer	Within one month of commencing participation in the scheme, and having arrangements in place on an ongoing basis
Appoint a nominated person for stage 1 of the pension dispute process and provide full details to the administering authority	Within 10 working days following the resignation of the current/ new employer to the fund "appointed person"

Measuring performance

Both employer and administering authority performance will be measured and reported to the Pensions Committee and the Pensions Board at regular intervals.

Unsatisfactory performance

Where an employer materially fails to operate in accordance with standards described in this service level agreement, which leads to extra costs being incurred by the administering authority, the administering authority may issue a written notice to the employer requiring that these extra cost be met by the employer.

Jonathan Clewes

Pensions Manager

Nottinghamshire Pension Fund

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REPORT OF THE SERVICE DIRECTOR – CUSTOMERS AND HR**LOCAL GOVERNMENT PENSION SCHEME – IMPROVING DATA QUALITY****Purpose of the Report**

1. The purpose of this report is to inform the Pension Board of the work being undertaken by the Administering Authority to improve data quality, and ensure statutory compliance of the scheme employers along with the Administration Authority.

Information and Advice**Background**

2. One of the main areas of concern has been the performance of employers in providing their statutory data to the Administration Authority in a timely manner to enable the update of employer records. In order to manage this aspect of the employer's duties the Administration Strategy has been developed to provide a framework for the management of employer's responsibilities to ensure data is received by the Admin Authority.
3. Within the Administration Strategy a Service Level Agreement has been included which will enable the monitoring of activities undertaken by employers and the Admin Authority.

Development to improve data quality

4. As part of the implementation plan in respect of the Administration Strategy a set of performance indicator reports have been developed against the service level agreement, which will be activated from April 2017 and a set of reports will be presented to the Pensions Board at the next meeting when data will be available.
5. In support of the Administration Strategy and to support employers understand their responsibilities an employer's day was organised for 9 February, where 72 employers attended with over 106 delegates. Tim Hazelwood from the LGA presented a comprehensive training package covering the main employer's responsibilities.
6. As year-end is approaching a number of employers have attended year-end briefings with the Customer Support and Compliance team in order to understand their responsibilities for year-end. This has also followed a comprehensive communication

plan to ensure scheme employers are fully aware of their responsibilities in respect of year end data and the date of submission.

7. Year-end processing has been one of the main activities for the Pensions Administration Team due to strict timescales connected to this year's valuation process. This being a valuation year has had added to the work of chasing employers and working on errors relating to year end activity for employers for the 15/16 year-end. This has also included addressing errors for 13/14/, 14/15 across a number of employers and 15/16 errors across all employers.
8. Over the two year-ends the Administration Team has been working with employers to improve the submission of year end data, through improving year-end briefings, communications prior to the start of year-end, as well as frequent communication through the year end process keeping employers up to date with progress as well as continuing to chase missing data. The following table gives an indication of the improvements that have been made.

Year End	No of submissions Received by Submission date	Accurate submissions received by submission date	Submission date	Number of Employers in the LGPS	Percentage of accurate submissions received
14/15	112	92	31.05.2015	260	35%
15/16	162	157	30.04.2016	276	57%

9. Due to the planning and work undertaken by the Administration Team the valuation data was provided to the scheme actuary by the agreed date, as well as active benefit statements being issued by 31 August 2016 with deferred benefit statements issued by 30 September.

Pension System Developments to Support Employers

10. One of the main system developments for the coming year will be the implementation of an employer portal which will enable employers to access their employee pension data, submit data changes and run calculations therefore allowing employers some control in managing their own data. Planning is now underway to progress the development, build and implementation of the Portal with Employers. No date for implementation has yet been identified, but we expect an implementation date in the Autumn 2017.
11. Further work is being undertaken to continue to improve the efficient and timely exchange of accurate data through electronic means to update member records through the bulk loading of data into the pensions Administration System and a number of bulk processes are being currently tested.

Statutory and Policy Implications

12. This report has been compiled after consideration of implications in respect of finance, equal opportunities, 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

This report is for noting by the Pensions Board.

MARJORIE TOWARD
SERVICE DIRECTOR – CUSTOMERS AND HR

For any enquiries about this report please contact:

Jonathan Clewes, Pensions Manager on 0115 9773434 or Jon.Clewes@nottsc.gov.uk

Constitutional Comments

As this report is for noting, no constitutional comments are required.

Financial Comments (CG 13/04/17)

Any costs (and savings) arising from the implementation of improved data quality will be met by the Pension Fund.

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

27 April 2017

Agenda Item: 6

REPORT OF SERVICE DIRECTOR – FINANCE, PROCUREMENT & IMPROVEMENT

NOTTINGHAMSHIRE PENSION FUND - INVESTMENT STRATEGY STATEMENT

Purpose of the Report

1. To present the Nottinghamshire Pension Fund Investment Strategy Statement.

Information and Advice

2. New regulations introduced in November 2016 now allow LGPS funds to allocate assets more freely, according to a 'prudential person' approach. This and other changes are outlined in appendix 1.
3. One consequence of these changes has been that funds must produce an Investment Strategy Statement (which replaces the Statement of Investment Principles).
4. The Nottinghamshire Pension Committee adopted the Investment Strategy Statement on 14 March 2017.
5. The Nottinghamshire Pension Fund Investment Strategy Statement is shown at appendix 2. It is also available on the fund website at:

<http://www.nottspf.org.uk/about-the-fund/governance-policies>

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

- 1) That the Nottinghamshire Pension Fund Investment Strategy Statement be noted.

Nigel Stevenson,
Service Director, Finance, Procurement and Improvement

Report Author: Ciaran Guilfoyle
Investments Officer – Pensions & Treasury Management

For any enquiries about this report please contact:
Tamsin Rabbitts tel 0115 977 3427

Constitutional Comments

7. Because this report is for noting only no Constitutional Comments are required.

Financial Comments (TMR 04/04/2017)

8. 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

The Nottinghamshire Local Pension Board

The Local Government Pension Scheme
Investment Regulations 2016

A paper by the Advisor to the Pension Board
March 2017

Background

On 1 November 2016, ***The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016*** (the LGPS Investment Regulations 2016) came into force. This paper examines and explains the background to the Regulations, their contents and implications.

In November 2015, the Government had issued a Consultation proposing reform of the LGPS Investment Regulations. This Consultation proposed a number of significant changes including:

- Revoking and replacing the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 (as Amended)
- Removing Schedule 1 to the 2009 Regulations which placed % based restrictions on the nature of investments LGPS Funds could make and replacing this with a “*prudent person*” approach similar to that which applies to private sector Defined Benefit Pension Schemes. Under the proposed revised approach, it would be a matter for each LGPS Fund to determine the mix and balance of its investments taking risk into account
- Further deregulation particularly in relation to the appointment and review of external Investment Managers
- The replacement of the existing requirement for each LGPS Fund to define its investment strategy in a Statement of Investment Principles (SIP) with a requirement to prepare and approve an Investment Strategy Statement (ISS)
- A requirement for each LGPS Fund to define its approach to Investment Pooling (part of draft Regulation 7)

- A proposed power for the Secretary of State (draft Regulation 8) to issue directions to an LGPS Fund in relation to investment matters where the Secretary of State had determined that the Fund had failed to have regard to the requirements of regulation and guidance

The Consultation also included a specific question seeking views on the use of derivatives. The extent to which/circumstances in which LGPS Funds could utilise derivatives had been unclear under the 2009 Investment Regulations.

Government response to the Consultation

In September 2016, the Government responded to the Consultation by issuing three documents. These were the 2016 Investment Regulations, Statutory Guidance to accompany the new Regulations and the formal response to the Consultation.

- ***The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016*** which were laid before Parliament on 23 September 2016 and came into effect on 1 November 2016 were very closely based on the Draft Regulations issued in November 2015. These include the introduction of a “*prudential person*” approach to LGPS investment and also a clearly positive emphasis on both Environmental, Social and Governance (ESG), and Stewardship considerations. The Regulations confirm the Government’s intention to proceed with Investment Pooling and the introduction of a power of intervention (Directions) by the Secretary of State in specified circumstances
- The Statutory Guidance entitled ***Local Government Pension Scheme Guidance on Preparing and Maintaining an Investment Strategy Statement*** provides guidance for LGPS Funds in preparing their Investment Strategy Statement in accordance with Regulation 7 of the 2016 Investment Regulations. Guidance is given in respect of each of the six component parts of Regulation 7. This Statutory Guidance also provides context and clarification in respect of the issuing of Directions by the Secretary of State to an individual LGPS Fund under Regulation 8 of the 2016 Investment Regulations. Based on the Guidance such a Direction would only be issued if a Fund was in clear breach of the Regulations or Statutory Guidance and after careful consultation including with the relevant Fund.
- The ***Government response to the Consultation*** of November 2015.

The LGPS Investment Regulations 2016

There are 12 individual Regulations in the LGPS Investment Regulations 2016. Significant changes as compared to the LGPS Investment Regulations 2009 (As Amended) relate to:

Definition of Investment

Regulation 3 of the 2016 Regulations provides a revised definition of “*investment*.” Overall the definition of “*investment*” in the 2016 Regulations is less complex than that in the 2009 Regulations. The new Regulations remove the previous uncertainty around the use of derivative instruments. Unlike the 2009 Regulations the 2016 Regulations specifically list “*derivatives*” as a permissible investment.

Investment Strategy Statement (which includes Asset Allocation decisions, Investment Pooling, ESG and Stewardship considerations)

Regulation 7 of the 2016 Regulations introduces the requirement for each LGPS Fund to formulate an **Investment Strategy Statement (ISS)**. This document replaces the Statement of Investment Principles (SIP) required under the 2009 Regulations.

As proposed in the November 2015 Consultation the limits in respect of % allocations to particular investments contained in Schedule 1 of the 2009 Investment Regulations are not carried forward to the 2016 Regulations. LGPS Funds now have the freedom to implement a “*prudential person*” approach to their Investment Strategy approach. They must however comply with Regulation 7 of the 2016 Investment Regulations and Guidance issued by the Secretary of State. Such Guidance was issued in September 2016 and may subsequently be revised.

Regulation 7(2) states: *The authority’s investment strategy must include –*

- a) a requirement to invest fund money in a wide variety of investments;*
- b) the authority’s assessment of the suitability of particular investments and types of investments;*
- c) the authority’s approach to risk, including the ways in which risks are to be assessed and managed;*
- d) the authority’s approach to pooling investments, including the use of collective investment vehicles and shared services;*

- e) *the authority's policy on how social, environmental and corporate governance considerations are taken into account in the selection, non-selection, retention and realisation of investments; and*
- f) *the authority's policy on the exercise of the rights (including voting rights) attaching to investments.*

The Guidance issued by the Secretary of State in September 2016 includes six pages of Guidance in relation to the preparation of the ISS under Regulation 7(2).

The 2016 Investment Regulations and Guidance provide the freedom to LGPS Funds to invest in such assets as they consider appropriate through the removal of Schedule 1 to the 2009 Investment Regulations. The Regulations and Guidance also encourage LGPS Funds to carefully and proactively consider their strategic asset allocations. Whereas the 2009 Regulations merely required the SIP to cover *"the types of investments to be held"* Regulation 7(2)(a) of the 2016 Regulations state that a Fund's ISS must include *"a requirement to invest fund money in a wide variety of investments"*

The Guidance of September 2016 clearly encourages LGPS Fund's to adopt a genuinely diversified investment strategy and to avoid over reliance on any particular asset class and refers to a wide range of potential asset classes. It is however stated that *"this guidance does not purport to prescribe the specific asset classes over which fund monies must be diversified. This remains a decision for the individual administering authorities to make. Administering authorities are expected to be able to demonstrate that those responsible for making investment decisions have taken and acted on proper advice and that diversification decisions have been taken in the best long term interest of scheme beneficiaries."*

In clear contrast to the 2009 Regulations the 2016 Regulations positively promote an Environmental, Social and Governance (ESG) approach. Regulation 7(2)(e) states a Fund's investment strategy must include *"the authority's policy on how social, environmental and corporate governance considerations are taken into account in the selection, non-selection, retention and realisation of investments."* The 2009 Regulations had a very different emphasis stating that the SIP must cover *"the extent (if at all) to which social, environmental or ethical considerations are taken into account in the selection, retention and realisation of investments."*

The Guidance of September 2016 further positively promotes an ESG emphasis and includes the following statement *"The law is generally clear that schemes should consider any factors that are financially material to the performance of their investments, including social, environmental and corporate governance factors..."* Furthermore the guidance states *"Although schemes should make the pursuit of a financial return their predominant concern, they may also take purely non-financial considerations into account provided in doing so would not involve significant risk of financial detriment to the scheme and where they have good reason to think that scheme members would support their decision."*

The September 2016 Guidance also positively promotes social impact investing including the statement *“.....some part of the financial return may be foregone in order to generate the social impact. These investments will also be compatible with the prudent approach providing administering authorities have good reason to think scheme members share their concern for social impact, and there is no risk of significant financial detriment to the fund.”*

In relation to ESG issues the Guidance states *“the Government has made it clear that using pension policies to pursue boycotts, disinvestment and sanctions against foreign nations and UK defence industries are inappropriate, other than where formal legal sanctions, embargoes and restrictions have been put in place by the Government.”* This proposal which was contained in the Consultation of November 2015 resulted in a large response to the Consultation. 98% of the 23,516 responses received were from members of the public primarily in response to this proposal. The Guidance on *“...boycotts, disinvestment and sanctions....”* is however extremely unlikely to have any impact on the investment strategy of any individual LGPS Fund as the pursuit of a financial return is the primary criteria against which investment decisions must be made. The primacy of the financial return criteria has always been known to and abided by in the case of LGPS Funds and therefore it would seem unnecessary for the Government to have included the paragraph on boycotts, disinvestments and sanctions in the Guidance of September 2016.

In contrast to the 2009 Investment Regulations the 2016 Regulations by virtue of Regulation 7(2)(f) (in the words of the Guidance document) *“requires every administering authority to formulate a policy that reflects their stewardship responsibilities.”* The Guidance positively promotes active stewardship stating *“Stewardship aims to promote the long term success of companies.... Stewardship activities include monitoring and engaging with companies.... Engagement by administering authorities is purposeful....”* The Guidance further states that *“authorities are encouraged to consider the best way to engage with companies to promote their long term success.....”*

Notably the Guidance states that individual LGPS Funds *“should”* become signatories to the UK Stewardship Code *“and state how they implement the seven principles and guidance of the Code, which apply on a “comply or explain” basis”*. This Code which was issued by the Financial Reporting Council in July 2010 and revised in September 2012 aims to enhance the quality of engagement between investors and companies. This also represents a significant development as (based on research undertaken by the author of this paper) no more than 16 out of the 89 Administering Authorities in England and Wales had become signatories to the Code prior to the DCLG issuing its Guidance of September 2016. Furthermore the Guidance states LGPS Funds *“Should publish a report of voting activity as part of their pension fund annual report....”*

Regulation 7(2)(d) and the associated Guidance incorporate the requirement for LGPS Funds to delegate, in due course, the implementation of their Investment Strategy to an Investment Pool approved by the Government in accordance with criteria agreed by the Government. The Guidance requires each Fund to submit to the Scheme Advisory Board *“an annual report on the progress of asset transfers”* to their chosen Investment Pool.

In accordance with Regulation 7(6) each LGPS Fund must publish its (new) Investment Strategy Statement by 1 April 2017.

Directions by the Secretary of State

Regulation 8 provides that the Secretary of State may issue a Direction in relation to a LGPS Fund’s investment functions if (s)he *“is satisfied that the authority is failing to act in accordance with guidance issued under regulation 7(1).”* The Guidance of September 2016 both provides an explanation for the introduction of Regulation 8 and makes it clear that the power of intervention would only be used where, after due consultation and consideration, it is clear the Investment Regulations/Statutory Guidance have been breached. The Guidance states *“In relaxing the regulatory framework for scheme investments, administering authorities will be expected to make their investment decisions within a prudential framework with less central prescription. It is important therefore that the regulations include a safeguard to ensure that this less prescriptive approach is used appropriately and in the best long term interests of scheme beneficiaries and taxpayers.”*

The Guidance then states *“Where there is evidence to suggest that an authority is acting unreasonably, it may be appropriate for the Secretary of State to consider intervention, but only where this is justified and where the relevant parties have been consulted. Regulation 8 includes a number of safeguards, including full consultation with the relevant authority, to ensure that the proposed power is used appropriately, proportionately and only where justified by the evidence.”*

The Guidance also states that *“The Secretary of State’s power of intervention does not interfere with the duty of elected members under general public law principles to make investment decisions in the best long-term interest of scheme beneficiaries and taxpayers.”*

Based on the wording of Regulation 8 and the Guidance the power of intervention is definitely a reserve power which would not normally be utilised. A clear example of where it might however be applied is where a LGPS Fund refused to actively engage in Investment Pooling.

Investment Managers

The 2009 Investment Regulations contained four regulations relating to Investment Managers. These covered in detail their definition, choice, terms of appointment and review. In contrast Regulation 9 of the 2016 Investment Regulations alone covers the issue of Investment Managers. This represents a clear deregulation and granting of freedoms and flexibilities to individual LGPS Funds. Rather than the detailed prescriptive approach of the 2009 Regulations the new Regulation 9 simply requires that the Fund *“must reasonably believe that the investment manager’s ability in and practical experience of financial matters make that investment manager suitably qualified to make investment decisions for it”* and that the *“authority must take proper advice in relation to the appointment and the terms on which the appointment is made.”*

Transitional Provisions

Regulation 12(2) of the 2016 Regulations states that the requirements in relation to the maintenance of a Statement of Investment Principles and the restrictions on investment under Schedule 1 to the 2009 Investment Regulations *“continue to have effect”* until the Authority publishes its Investment Strategy Statement in accordance with (new) Regulation 7.

Conclusion

The 2016 LGPS Investment Regulations provide greater flexibilities and freedoms to LGPS Funds in terms of both their Investment Strategy and the appointment of Investment Managers (prior to Investment Pooling). The new Regulations place a clear emphasis on both ESG and Stewardship activity by the LGPS. The new Regulations put in place the regulatory framework for Investment Pooling in the LGPS. Although the new Regulations introduce an explicit power of intervention by the Secretary of State this is in the context of a less restrictive regulatory approach and clear guidelines/criteria which mean that such intervention would be rare and occur only where there was both a clear breach of the Regulations and after due consultation and consideration.

John Raisin

27 March 2017

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INVESTMENT STRATEGY STATEMENT

Introduction

1. The County Council is an administering authority of the Local Government Pension Scheme (the “Scheme”) as specified by the Local Government Pension Scheme Regulations 2013 (the LGPS Regulations). It is required by Regulation 53 of the LGPS Regulations to maintain a pension fund for the Scheme.
2. The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (the “Investment Regulations”) govern the management of the pension fund and the investment of fund money. According to Regulation 7 of the Investment Regulations an administering authority must formulate an investment strategy which must be in accordance with guidance issued from time to time by the Secretary of State. It must publish a statement of its investment strategy and must review and if necessary revise its investment strategy at least every 3 years.
3. The investment strategy statement must include:
 - a) a requirement to invest fund money in a wide variety of investments
 - b) the authority’s assessment of the suitability of particular investments and types of investments
 - c) the authority’s approach to risk, including the ways in which risks are to be assessed and managed
 - d) the authority’s approach to pooling investments, including the use of collective investment vehicles and shared services
 - e) the authority’s policy on how social, environmental and corporate governance considerations are taken into account in the selection, non-selection, retention and realisation of investments
 - f) the authority’s policy on the exercise of the rights (including voting rights) attaching to investments.

Purpose and Principles

4. 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.
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 diversification and the suitability of types of investment will be obtained and considered
- 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's investments and their responsibilities are as follows.

The Administering Authority

7. The Administering Authority for the Pension Fund is Nottinghamshire County Council. Under the terms of the Council's constitution, the functions of the Council as administering authority are delegated to the Nottinghamshire Pension Fund Committee supported by two Sub-Committees. The full governance arrangements of the Fund are detailed in the Fund's Governance Compliance Statement.
8. The members of the Committees are not trustees (as the LGPS is a statutory scheme) but do have fiduciary duties towards the scheme members and employers.

Committee Members

9. The Committee Members recognise their full responsibility for the oversight of the Fund, and operate to a Code of Conduct. They shall:
 - Determine the overall asset allocation and investment strategy of the Fund
 - Determine the type of investment management to be used and, until LGPS Central is operational, appoint and dismiss fund managers
 - Receive regular 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.

Chief Finance Officer

10. Under the Council's constitution, the Service Director (Finance, Procurement & Improvement) 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).
11. Authorised signatories for operational matters relating to pension fund investments are:
 - Service Director (Finance, Procurement & Improvement)
 - Group Manager (Financial Strategy & Compliance)
 - Group Manager (Financial Management)
 - Senior Accountant (Pensions & Treasury Management)
 - Investments Officer

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

Independent Adviser

13. The Fund has an Independent Adviser who attends meetings of the Pensions Investment Sub-Committee, Pensions Sub-Committee and Pensions Working Party as required. This is considered best practice in accordance with the requirements for “proper advice” in the governing regulations.
14. 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.

LGPS Central

15. LGPS Central is the asset pool in which the Nottinghamshire Fund is participating in order to meet the government’s criteria for investment reform issued in November 2015. The County Council jointly owns LGPS Central Ltd, the operating company which is intended to achieve FCA regulation and manage collective investment vehicles on behalf of the participating funds.

Asset Allocation

16. It is widely recognised that asset allocation is the most important factor in driving long term investment returns. The balance between different asset classes depends largely on the expected risk/return profile for each asset class and the target return for the Fund. It is also recognised that investment returns play a significant role in defraying the cost of providing pensions by mitigating the contributions required from employers.
17. Employers’ contributions are determined as part of the triennial actuarial valuation of the Fund. The actuarial valuation involves a projection of future cash flows to and from the Fund and its main purpose is to determine the level of employers’ contributions that should ensure that the existing assets and future contributions will be sufficient to meet all future benefit payments from the Fund. This is the main funding objective as set out in the Funding Strategy Statement.
18. The Fund Actuary estimates the future cash flows which will be paid from the Fund for the benefits relating to service up to the valuation date. They then discount these projected cash flows using the discount rate to get a single figure for the value of the past service liabilities. This figure is the amount of money which, if invested now, would be sufficient to make these

payments in future provided that the future investment return was equal to at least the discount rate used.

19. The discount rate is based on the expected long term future investment returns from various asset classes. At the latest valuation, these were as follows:

Asset Class	Expected Return (pa)
Equities	7.4%
Gilts	2.4%
Other Bonds	3.3%
Property	5.9%
Cash	1.8%
Discount Rate	5.4%
Fund Target Return	6.0%

20. At the latest valuation, the Fund was assessed to have a deficit of £621m and a funding level of 87%. Deficit recovery contributions have been certified for the majority of employers but any returns in excess of the discount rate will help to recover the Fund to a fully funded position. The Fund will therefore target an annual return rate of 6%.

21. The agreed asset allocation ranges for the Fund are shown below along with the Fund's strategic benchmark and liability based benchmark.

Asset Class	Allocation Ranges	Strategic Benchmark	
Equities	55% to 75%	FTSE All Share World	65.0%
Property	5% to 25%	IPD annual	15.0%
Bonds	10% to 25%	FTSE UK All Stock	17.5%
Cash	0% to 10%	LIBID 7 Day	2.5%
Liability Based Benchmark		FTSE UK Gilts (5 Yrs)	100.0%

22. These ranges are aimed at achieving appropriate returns to meet the funding objective within acceptable risk parameters. The Fund will vary between the asset classes according to market circumstances, relative performance and cash flow requirements. The ranges will be kept under regular review and, if it appears likely that these limits might be breached because of market movements, reference will be made to a meeting of the Pensions Working Party for advice.

23. The asset allocation currently favours "growth assets" (equities and property) over "defensive assets" (bonds and cash) as the former are expected to outperform the latter over the long term. Although net additions from members (contributions received less benefits paid) are now expected to be negative for the foreseeable future, the Fund receives significant investment income and a recent report by the Fund Actuary shows that the Fund is unlikely to need to sell assets to pay benefits for at least 20 years. This allows the Fund to continue to implement a long term investment strategy.

24. As the funding level approaches 100%, the asset allocation will be reviewed to consider whether it is appropriate to change the mix of growth versus defensive assets.

Investment Strategy

Requirement to invest fund money in a wide variety of investments

25. The Fund will be invested in a diversified range of assets. The fund will be diversified across multiple asset classes with different risk return expectations and correlations to deliver the targeted return of the Fund. The Fund may invest in quoted and unquoted securities of UK and overseas markets including equities and fixed interest and index linked bonds, cash, property, infrastructure and commodities either directly or through pooled funds. These asset classes are only examples of the types of investments that may be held, and are not intended to be an exhaustive list.

Assessment of the suitability of particular investments and types of investments

26. Subject to the LGPS regulations on allowable investments the fund may invest in a wide range of assets and strategies including quoted equity, Government and Non-Government bonds, currencies, money markets, commodities, traded options, financial futures and derivatives, alternative strategies, private equity and debt markets, Infrastructure and Property. Investment may be made in-house, indirectly (via funds) in physical assets or using derivatives. The fund will also use external managers to carry out stock lending ensuring suitable controls/risk parameters are put in place to prevent losses. Where an asset class/strategy is not expected to help in delivering the risk adjusted investment return required it will not be held.

Approach to risk, including the ways in which risks are to be assessed and managed

27. The risk tolerance of the Fund is agreed with the Pensions committee, the investment team and independent advisor through the setting the investment beliefs, funding and investment objectives. The Fund will only take sufficient risk in order to meet the target return set out in paragraph 19 of 6%.
28. The fund is exposed to Investment, operational, governance and funding risks. These risks are identified, measured, monitored and then managed. This is carried out using risk registers with section responsibility and over sight from the Head of Governance/CRO.

Approach to pooling investments

29. The Fund is entering the LGPS Central pool with the understanding that the pooled investments will benefit from lower investment costs, greater investment capability and access to more uncorrelated asset classes. Becoming an FCA registered investment manager will lead to improved governance, transparency and reporting giving the Pension Fund assurance that it's investments are being carried out effectively.
30. It is expected that virtually all of the Fund's assets will be transferred to the Pool on 1st April 2018, although it will take some time for the Pool to restructure the assets into appropriate sub-funds within the Pool. These sub-funds are likely to be set-up over a period of 2 – 3 years, with the timing being dependent on market conditions and operational circumstances, and

until such time as the appropriate sub-fund is set up the assets transferred into the Pool will be overseen by LGPS Central on behalf of the Fund.

31. The detailed business case for LGPS Central demonstrates how the proposal will meet the four key assessment criteria laid down by the government:
 - Asset pool(s) that achieve the benefits of scale (>£25billion)
 - Strong governance and decision making
 - Reduced costs and value for money
 - Improved capacity and capability to invest in infrastructure
32. The business case outlined the proposed governance, oversight and management structure of the pool and this has been reviewed by Eversheds, the legal advisers appointed by the pool.
33. The structure will allow participating funds to exercise control (both individually, and collectively) over the new arrangements, not only as investors in the pooled funds, but also as shareholders of the operator company, LGPS Central Ltd.
34. Whilst assets will be managed on a pooled basis, each fund will be able to exercise their investor rights independently, although benefits of scale will be most effectively harnessed where parties work together in a co-ordinated way to align their decision making. An important example of this is responsible investment and voting policies where cross-voting between funds within the same pool would be both costly to administer and counter-productive.
35. The Shareholders Forum, governed by a Shareholders Agreement and operating under company law, will have formal decision making powers. Nottinghamshire County Council will have equal voting rights alongside the other participating funds, and unanimous decisions will be required on key strategic matters. These will be specified in the Shareholders Agreement and Articles of Association and will include the appointment and dismissal of the company's senior executives, approval of the company's strategic plan and any significant financial transactions, such as major acquisitions, lending or borrowing.
36. The degree of control to be exercised by the Shareholders through their reserve powers will be greater than is generally the case, in order to satisfy the Teckal exemption criteria and allow the company to undertake services on behalf of the investor funds without a formal procurement process.
37. The Joint Committee, established by an Inter-Authority Agreement, will be the forum for dealing with common investor issues, and for collective monitoring of the performance of the pool against the agreed objectives of LGPS Central. It will however, have no formal decision making powers and recommendations will require the approval of individual authorities, in accordance with their local constitutional arrangements.
38. The government has made clear their expectation that pooled entities should be regulated by the Financial Conduct Authority (FCA) to ensure appropriate safeguards over the management of client monies. As such, LGPS Central Ltd will be subject to on-going oversight by the FCA and key management positions, including the company directors, will need to be 'approved persons', able to demonstrate appropriate knowledge, expertise and track record in investment management. These positions also carry significant personal liability for their actions and decisions.

39. The detailed business case has been reviewed by a joint DCLG/HMT Review Panel, and Ministerial consent to proceed has been received.
40. Comprehensive programme governance arrangements are in place to ensure that the statutory deadline for the implementation of pooling is achieved and that costs and savings are managed in accordance with the agreed business case. The s151 officers of each of the participating funds sit on the LGPS Central Programme Board and regular joint meetings are held between the Chairs and Vice-Chairs of the respective Pension Fund Committees to ensure effective member oversight of progress and delivery. The Nottinghamshire Pension Fund Committee, the Pensions Sub-Committee and the Local Pensions Board are also being updated regularly on key developments and decisions.
41. Expert advisers have been appointed to provide support on legal matters, FCA registration, taxation and overall programme management.

Policy on social, environmental and corporate governance considerations

42. Social, environmental and corporate governance considerations are taken into account in the selection, non-selection, retention and realisation of investments.
43. It is recognised that ESG factors can influence long term investment performance and the ability to achieve long term sustainable returns. The Committee consider the Fund's approach to ESG in two key areas:
- a. Sustainable investment / Environmental and social factors – considering the financial impact of environmental, social and governance (ESG) factors on its investments.
 - b. Stewardship and governance – acting as responsible and active investors/owners, through considered voting of shares, and engaging with investee company management as part of the investment process.
44. In combination these two matters are often referred to as 'Responsible Investment', or 'RI' and this is the preferred terminology of the fund. The Committee takes RI matters seriously and will not appoint any manager unless they can show evidence that RI considerations are an integral part of their investment decision-making processes. Following appointment managers are required to report any changes in their approach to RI to Officers.

Policy on the exercise of the rights (including voting rights) attaching to investments

45. The policy of the Fund will be to treat the equity allocation as a block aimed at maximising the financial returns to the funds (and thus minimising employers' contributions) consistent with an acceptable level of risk. The block of Bonds, Property and Cash is aimed at lowering overall risk (at the cost of anticipated lower return).
46. The Trustees have agreed an allocation to private equity and infrastructure. This will be effected principally through fund of funds arrangements to increase diversification and reduce risk. The allocation is based on *committed* amounts and, owing to the nature of these funds, the actual net investment level will be significantly lower. New investments will be made over time to target a commitment level of 10% of the Fund (within an allocation range up to 15% to allow for movements in market value).

47. Investments, such as private equity and infrastructure, that fall outside the high level asset classes will be included within the most appropriate class for reporting purposes and assessed against the relevant part of the strategic benchmark.
48. Cash will be managed and invested on the Fund's behalf by the County Council in line with its treasury management policy. The policy is to invest surplus funds prudently, giving priority to security and liquidity rather than yield. If losses occur, however, the Fund will bear its share of those losses.
49. Pension fund cash is separately identified each day and specific investment decisions will be made on any surplus cash identified, based on the estimated cash flow requirements of the Fund. As the majority of cash is allocated to individual investment managers and may be called by them for investment at short notice, it is expected that the majority of cash will be placed on call or on short-term fixed deposits. Unallocated balances may be placed directly with the Fund's custodian.
50. Joint investments using a combination of Fund cash and County Council cash may be made where this is in the best interests of the Fund. In considering such investments, guidance issued by the Department for Communities and Local Government will be followed and the Fund will receive its fair share of interest in proportion to the share of cash invested.
51. Other asset classes, such as hedge funds and currency, will be reviewed as part of the regular asset allocation strategy review and, if a decision to invest in other assets is made, the Investment Strategy Statement will be revised accordingly.

Risk Management

52. The Fund has adopted a Risk Management Strategy to:
- a) identify key risks to the achievement of the Fund's objectives
 - b) assess the risks for likelihood and impact
 - c) identify mitigating controls
 - d) allocate responsibility for the mitigating controls
 - e) maintain a risk register detailing the risk features in a)-d) above
 - f) review and update the risk register on a regular basis
 - g) report the outcome of the review to the Nottinghamshire Pension Fund Committee.
53. The Risk Register is a key part of the 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.
54. A key part of managing the investment risk is by ensuring an adequate number of suitably qualified investment managers and by requiring managers to hold a diversified spread of assets, which will be reviewed regularly by the Pensions Investment Sub-committee. The level of risk in the equities block will be managed by a balance between passive and active management that may be varied from time to time, according to performance and emerging knowledge and experience of the market. This will continue as the Fund moves to pooled investments, with asset allocation decisions remaining with the Pensions Investment Sub-committee.

55. It is believed that active management can add value to the Fund but only over the long term, and decisions to appoint or dismiss fund managers will be given careful consideration. It is accepted that investment performance (particularly from equities) can be volatile but, as a long term investor, the Fund can ride out this volatility as long as projected net cash flow continues to be positive.
56. The correlation between UK and overseas markets has increased significantly over recent time, reflecting the increasing globalisation of the market. The Fund will take into account exchange rate risks when deciding the balance between holding of UK and overseas equities.. As a long term investor, the Fund does not undertake currency hedging. Individual managers may hedge currency risks but only with prior approval from the Fund. The Fund will only take risks commensurate with meeting the overall 6% return target.
57. In addition, the following advisory guidelines will apply. These guidelines will be reviewed from time to time, and if changes are made, these will be incorporated into a revised Investment Strategy Statement, and amendments will be published.
- Not more than 10% of the Fund to be invested in unlisted securities.
 - Not more than 10% of the Fund to be invested in a single holding.
 - Prior to pooling, not more than 25% of the Fund to be invested in securities which are managed by any one body, i.e. in a unit trust type arrangement.
 - Not more than 15% of the Fund to be invested in partnerships, with not more than 2% in any one partnership.
 - Not to enter into any stock lending arrangements.
 - No underwriting without prior approval.
 - No involvement in derivatives (including currency options) without prior approval.

Other Issues

58. The Fund's assets are held in custody by a combination of an independent custodian, investment managers and in-house. The performance of fund managers will be measured against individual benchmarks, and the overall fund, including cash returns, against the strategic benchmark. Performance will be measured by an independent agency. The statement of accounts will be audited by the County Council's external auditors.
59. The investment management arrangements of the Fund can be found in the latest annual report (available on the Fund's website, www.nottspf.org.uk). The Fund also publishes details of its holdings on the website on a quarterly basis.
60. This Investment Strategy Statement will be kept under review and will be revised following any material changes in policy.

27 April 2017**Agenda Item: 7****REPORT OF SERVICE DIRECTOR – FINANCE, PROCUREMENT &
IMPROVEMENT****PENSION FUNDS AND THE ROLE OF AUDIT****Purpose of the Report**

1. To present information for Board members on the role of audit in the governance and control of the Nottinghamshire Pension Fund.

Information and Advice***Internal and External Audit***































2. The financial arrangements of the Nottinghamshire Pension Fund are subject to audit by both internal auditors and external auditors. Whilst both sets of auditors share some characteristics and there will be some degree of overlap in scope between the two, there are notable differences in the roles that each delivers.
3. The key distinction lies in the primary focus for internal and external auditors, as summarised below:
 - External auditors are primarily concerned with the annual financial statements and whether these present a true and fair view of the Pension Fund's financial position
 - Internal auditors are primarily concerned with the effectiveness of the arrangements for governance, internal control and risk management. The Public Sector Internal Audit Standards define internal auditing as, '*...an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.*'
4. Both internal and external auditors are required to be independent of the activities they audit, and both are required to conduct their work, and report their findings, in accordance with the proper standards. There is also a duty on both to take account of each other's work, to minimise the risk of duplication and so ensure inefficiency in the overall audit regime. Typically, external audit will look to place reliance on the work of internal audit wherever possible.
5. The external auditor of the Nottinghamshire Pension Fund is appointed by Public Sector Audit Appointments Limited, a body approved for this purpose by the Secretary of State for Communities and Local Government. The current external auditor of the Pension Fund is

KPMG. The internal audit provider is Nottinghamshire County Council's Internal Audit Section, an in-house team of approximately 11 full-time equivalent staff.

Internal audit approach to planning and risk assessment




6. The work of the external auditor is somewhat rigid in terms of its scope and timing, being driven by the objective of delivering the annual opinion on the Pension Fund's financial statements. Members received the report of External Audit for 2015/16 at its meeting in September 2016, and this set out the scope, objectives and findings from the external audit activity last year. The remainder of this report focuses on the work of Internal Audit.
7. The input of Internal Audit is much more flexible, both in terms of its timing and scope. The starting point is for Internal Audit to carry out an annual Audit Needs Assessment to plan its work across the County Council on a rolling three-year basis. All areas of the Council's activity, including the Pension Fund, are risk assessed, using an established methodology. This is based around a weighted scoring approach, using the following risk factors:
 - Value and volume of transactions involved with the activity
 - The known level of internal control in place (from previous audits)
 - The value of cash and bank transactions
 - The relative complexity of the activity
 - Whether the activity is stable or subject to change
 - How sensitive the activity is for the Council among its key stakeholders
 - The number of sites where the activity is carried out
 - The number of years since the previous audit
8. This results in each area of activity being categorised as high/medium/low priority and, having matched this against the resources available to the Internal Audit team, a draft Annual Audit Plan is drawn up. Consultations are held with senior Council officers on the content of the draft plan, culminating in the presentation of the Annual Plan to the Council's Audit Committee in March each year.
9. The current Audit Needs Assessment includes an entry for pensions activity. The screen print below at **Table 1** is an extract from the Internal Audit Section's automated system showing the outcome of the assessment as 'high priority'. This is not to suggest that there is specific intelligence to hand that the control, governance and risk management arrangements for pensions are a cause for concern. The priority rating is a product of the weighted scoring factors described above and, given the high value and volume of transactions which are processed through the Pension Fund each year, it is expected that this will remain a high priority activity for Internal Audit coverage.
10. Currently, Internal Audit aims to cover all high priority areas at least twice in each rolling three-year period. Medium priority areas are covered once, and no coverage is scheduled for low priority activities. As will be seen below at paragraph 13, there has been some form of coverage by Internal Audit in each of the past three years.

Table 1 – Audit Needs Assessment for Pensions

Entity	Process Process Area2 Name	Process	Assessm	Score	Rating
 Customers & Human Resources	Customers & Human Resources	 Pensions		69.14	High
 Customers & Human Resources	 Pensions	 Value		100.00	Very High
 Customers & Human Resources	 Pensions	 Volume		80.00	High
 Customers & Human Resources	 Pensions	 Internal Control		60.00	Medium
 Customers & Human Resources	 Pensions	 Cash & Bank		40.00	Low
 Customers & Human Resources	 Pensions	 Complexity		100.00	Very High
 Customers & Human Resources	 Pensions	 Stability		80.00	High
 Customers & Human Resources	 Pensions	 Sensitivity		60.00	Medium
 Customers & Human Resources	 Pensions	 No. of Sites		20.00	Very Low
 Customers & Human Resources	 Pensions	 Time since last audit		80.00	High

Types of Internal Audit input

11. The nature of the work carried out by Internal Audit may vary, depending on more detailed assessments of how the internal audit resource can best be used from year to year. The main types of audit coverage are the following:
 - a) Assurance reviews – a structured, risk-based approach to evaluating the effectiveness of governance, control and risk management in an area of activity
 - b) Counter-fraud activity – targeted work to deter, detect or investigate suspected cases of fraudulent activity
 - c) Advice and consultancy input – ad hoc assignments and advisory input to assist management in addressing areas of current concern
 - d) Certification work – testing of formal returns and statements to certify their accuracy to external parties. This type of input is unlikely to be relevant to the Pension Fund.
12. The most common form of audit input is the assurance review. The Internal Audit team applies a risk-based approach to this work, in accordance with public sector audit standards. The key stages of this approach are set out in **Appendix 1**. All assurance reviews result in the issue of one of three standard audit opinions about the level of assurance that can be provided to management as a result of the audit:

	LIMITED ASSURANCE	Risk levels are high
	REASONABLE ASSURANCE	Risk levels are acceptable
	SUBSTANTIAL ASSURANCE	Risk levels are low

Audit reporting and follow-up in the overall governance framework

13. As indicated in Appendix 1, Internal Audit's final reports are circulated to the pertinent Councillors and senior officers at the Council. Reports relating to pension fund activity are distributed to:

Councillors

Leader of the Council
Leaders of the opposition parties
Audit Committee members

Officers

Corporate Director of Resources
s151 Finance Officer
Pensions service managers
External auditor

14. In addition to the above, six-monthly reports are formally presented to the Audit Committee to set out progress against the Annual Audit Plan. These incorporate summaries of each report issued, noting the audit opinion and a reminder of the key findings.

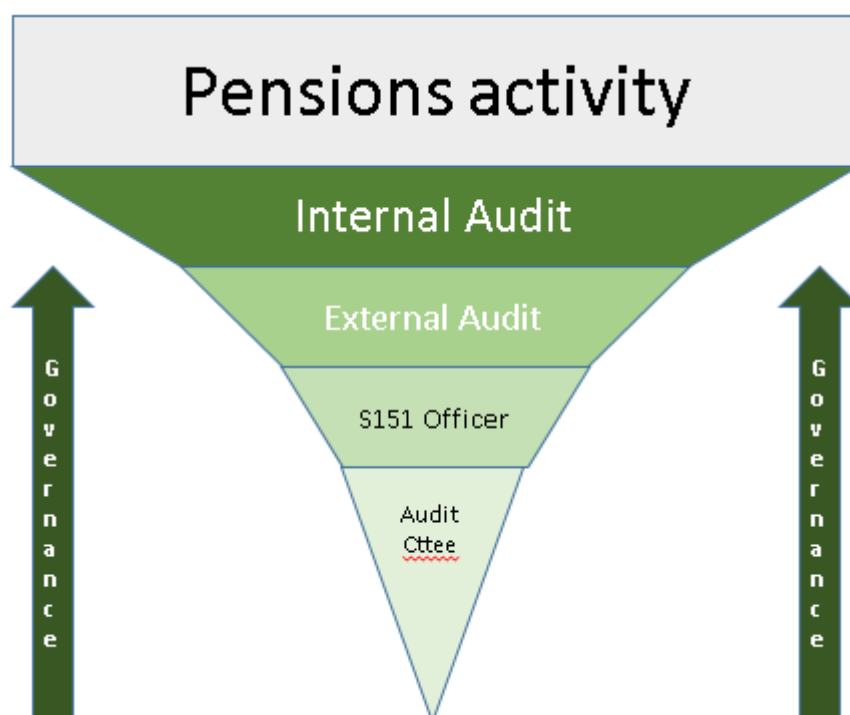
15. Internal Audit carries out regular follow-up work to obtain assurance that the actions proposed by management in response to the service's recommendations are being taken. This assurance is obtained in two phases, as set out below in **Table 2**:

Table 2 – two-stage approach to the follow-up of audit recommendations

Priority rating of recommendation	Management assurance	Internal Audit assurance
High	Assurance is sought from management that all agreed actions have been taken	Compliance testing scheduled to confirm all agreed actions relating to high priority recommendations are carried out consistently.
Medium		Compliance testing is scheduled for selected medium priority actions
Low		No Internal Audit compliance testing is carried out
Value For Money (VFM)		Compliance testing may be scheduled for the more significant VFM recommendations

16. The potential span of Internal Audit's coverage places it at the forefront of scrutiny within the overall governance framework for pensions activity. Allied with the inputs of the external auditor, and the over-arching monitoring roles of the Council's s151 Officer and the Audit Committee, the current arrangements provide for a tiered approach, as depicted below in **Table 3**.

Table 3 – Tiered approach to scrutiny over pensions activity



Recent and planned Internal Audit coverage of pensions

17. The following sets out the Internal Audit work carried out over the past three years, along with details of work planned for the coming financial year.

Topic	Type of audit input	Outcome
2014/15		
Pension Fund Management	Assurance	<p>Audit Opinion: Reasonable assurance</p> <p>Controls were effective in many risk areas relating to the management and governance of pension fund investment activities. Notably, effective arrangements were in place for the selection of investments and the assessment of risk and for the selection and use of suitable counterparties for investment. Reliable procedures were being followed to ensure cash is available to meet the Council's needs and to meet statutory requirements for treasury management activity.</p> <p>Two medium-priority recommendations were raised and accepted for implementation:</p> <ul style="list-style-type: none"> • Business continuity - Arrangements in case of service disruption, including staff cover and resilience, should be documented in a business continuity plan and regularly reviewed • Authority to deal with brokers - Brokers used by the Council should be issued a list of officers authorised to make deals on behalf of the Council <p>In addition to the above, low priority recommendations were made in relation to the following:</p> <ul style="list-style-type: none"> • Pension fund committee member self-assessments • Documentation and update of procedure notes

Topic	Type of audit input	Outcome
		<ul style="list-style-type: none"> Periodic purge of access to network files Evidence of the independent authorisation of reconciliations Set-up and use of payment templates for regular counter-parties
Prosecution of fraudulent activity	Counter-fraud	Advice and support with the prosecution of the daughter of a deceased pensioner who failed to notify the Council of her mother's death in 1986 and continued cashing monthly cheque payments. Approximately £68,000 was cashed fraudulently and the perpetrator was given a 26-week prison sentence, suspended for two years, plus an order to pay an £80 victim surcharge. It has not proved possible to recover any further monies.
National Fraud Initiative	Counter-fraud	A biennial data-matching exercise administered by the Cabinet Office, including the matching of pensions in payment against the Department of Work and Pensions records of deaths. Internal Audit takes responsibility for compiling the data for submission to the Cabinet Office and subsequently for overseeing the investigation of data-matches reported back to the Council. Data was compiled and submitted in this financial year.
2015/16		
Civica UPM Pensions System implementation project	Advisory/ consultancy	Advisory input to the project for the replacement of the pensions administration system. Internal Audit advice focused on the controls over system testing and data migration from the previous system.
Pensions to payroll data-matching	Advisory/ consultancy	Data analysis input using specialist data-matching software to identify, for further investigation by management, value discrepancies between records on the pension system and those on the payroll system. Records on the former pension system and on the new Civica UPM system were also compared. Recommendations were made for the discrepancies identified to be investigated on a risk-basis, and this issue will be followed up as part of the next assurance review of pensions administration.
National Fraud Initiative	Counter-fraud	Oversight of the investigation of data-matches reported back by the Cabinet Office. There were no pensions related issues identified.
2016/17		
Pensions administration	Assurance	<p>Assurance review focusing on the following key risks:</p> <ul style="list-style-type: none"> Incorrect contributions are paid into the fund for NCC employees and those of other organisations Incorrect or out of date data held in the system in respect of individuals Benefit payments incorrectly calculated or made to the wrong persons Failure to perform annual reconciliations with the resulting lack of visibility of any issues existing <p>Having commenced the audit in the final quarter of 2016/17, resources had to be diverted to another urgent review. It is now planned that this audit will continue in the first quarter of 2017/18.</p>
National Fraud Initiative	Counter-fraud	Compilation of data sets and submission to the Cabinet Office, including pensions data.
2017/18 – Planned work		
Pensions administration	Assurance	Scheduled continuation of the assurance review commenced in 2016/17
National Fraud Initiative	Counter-fraud	Oversight of the investigation of data-matches reported back by the Cabinet Office

Reason/s for Recommendation/s

18.To present information to the Board about the system of audit over the Nottinghamshire Pension Fund.

Statutory and Policy Implications

19.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 report be noted.

Nigel Stevenson

Service Director, Finance, Procurement and Improvement

For any enquiries about this report please contact:

Rob Disney tel 0115 977 2224

Constitutional Comments

20.Because this report is for noting only no Constitutional Comments are required.

Financial Comments (KRP 5/4/17)

21.There are no financial implications arising from the contents 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

Internal Audit Service

Audit Process Summary

This information is for audit clients, and describes the various steps involved during the audit process.

Initial meeting	Auditor and audit supervisor meet with departmental contacts to agree the timing and scope of the audit, the objectives of the system being audited and the inherent risks to meeting those objectives (the risks without controls or processes in place to mitigate them).
Auditors identify risks and expected controls	Auditor and audit supervisor produce a list of expected controls for each risk that would mitigate the agreed risks.
Expected controls discussion	Auditor meets with the main departmental contact to discuss the expected controls and compare them to the actual processes in place within the service.
Auditors create testing programme	Based on the actual controls stated to be in place, the auditor and audit supervisor agree a programme of tests to confirm whether the key controls are complied with, focusing on higher risk areas.
Audit testing	The auditor carries out the testing programme with the audit client.
Audit feedback	The auditor and audit supervisor discuss the findings of the audit testing with the client, and may present a discussion draft report with potential recommendations for discussion.
Draft report issued	The auditor completes a draft audit report, approved by the audit supervisor and audit manager, incorporating a narrative summary and audit recommendations in an action plan. This is sent to the departmental contacts, group manager and service director.
Management responses	The audit client collates responses to the audit recommendations in the action plan. These responses are made by or on behalf of the service director or corporate director responsible for the service being audited.
Final report issued	The responses are incorporated by the auditor into the final version of the audit report, which is approved by the audit supervisor and audit manager. The report is then circulated to relevant parties including councillors and pertinent corporate directors.

REPORT OF CORPORATE DIRECTOR, RESOURCES**UPDATE ON TRAINING FOR LOCAL PENSION BOARD MEMBERS****Purpose of the Report**

1. To update the Board on the training for Board members.

Information and Advice

2. Board members have been asked to complete the seven modules of the Pension Regulator's Public Service Toolkit, in order to meet the mandatory knowledge requirements for Board membership.
3. In addition, Board members have received training on the eight core areas of the CIPFA Knowledge and Skills Framework for Pension Boards:
 - Pensions legislation
 - Pensions governance
 - Actuarial methods, standards and practices
 - Pensions accounting & auditing standards
 - Pensions administration
 - Financial markets and products knowledge (including understanding of the importance of the investment strategy)
 - Procurement and relationship management
 - Investment performance and risk management
4. Possible topics for training when the Board meets on 28 September 2017 include the Scheme Advisory Board and the changing status of pension funds. Further suggestions from Board members are invited.

Other Options Considered

5. Not applicable.

Reason/s for Recommendation/s

6. To inform the Board of the progress in meeting the requirements for members' training.

Statutory and Policy Implications

7. 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 services), the public sector equality duty, safeguarding of children and adults at risk, 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 update on Board members' training be noted.

Jayne Francis-Ward
Corporate Director, Resources

For any enquiries about this report please contact:

Constitutional Comments

8. As the report is for noting only, no constitutional comments are required.

Financial Comments (CG 05/04/2017)

9. The costs of any training provided to the Local Pensions Board will be met by the Pension Fund.

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

27 April 2017

Agenda Item: 9

REPORT OF CORPORATE DIRECTOR, RESOURCES

WORK PROGRAMME

Purpose of the Report

1. To invite the Board to consider its work programme.

Information and Advice

2. When establishing the Board in March 2015, the County Council considered that the Board would meet formally twice per year.
3. For the next meeting, on 28 September 2017, the following items are suggested:

Report	Author
Pooling Update	Ciaran Guilfoyle
Scheme Advisory Board Update	Ciaran Guilfoyle
Pensions Administration Update	Jon Clewes
Improving Data Quality Update	Jon Clewes
Update on training for Local Pension Board members	Paul Davies

4. The work programme will be formulated in conjunction with the Chair. There are likely to be some standing items, for example, report and accounts, and progress with the Administration Strategy.
5. Board members are also invited to suggest items for inclusion in the work programme.

Other Options Considered

6. Not applicable.

Reason/s for Recommendation/s

7. To assist the Board in preparation of its work programme.

Statutory and Policy Implications

8. 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 services), the public sector equality duty, safeguarding of children and adults at risk, 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 Board's work programme be noted, and consideration be given to any changes which the Board wishes to make.

Jayne Francis-Ward
Corporate Director, Resources

For any enquiries about this report please contact:

Constitutional Comments (HD)

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

Financial Comments (NS)

10. There are no direct financial implications arising from the contents of this report. Any future reports to the Board will contain relevant financial information and comments.

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

REPORT OF CORPORATE DIRECTOR, RESOURCES

MINUTES OF PENSION FUND COMMITTEE AND SUB-COMMITTEES

Purpose of the Report

1. To note the minutes of the Pension Fund Committee and its sub-committees, and to consider the Local Pension Board's relationship with the Pension Fund Committee.

Information and Advice

2. In response to a request at the last meeting of the Local Pension Board, copies of the minutes of the Pension Fund Committee and its sub-committees are **attached**, for meetings held over the twelve months to February 2017.
3. The meetings are:
 - Nottinghamshire Pension Fund Committee (15 March, 21 June, 20 September and 6 December 2016)
 - Pensions Sub-Committee (5 May, 14 July and 10 November 2016, 2 February 2017)
 - Pensions Investment Sub-Committee (3 March, 9 June, 29 September and 1 December 2016)
4. The Pension Fund Committee is responsible for investment by and the management of the Fund. The role of the two sub-committees is to make recommendations to the Pension Fund Committee on investment and management. In addition, the Investment Sub-Committee is responsible for investment performance management of the Fund managers.
5. Some of the information in the minutes is not for publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972, which covers information relating to the financial or business affairs of any particular person (including the Council). Having regard to all the circumstances, on balance, the public interest in disclosing the information does not outweigh the reason for exemption because of the risk to the Pension Fund's commercial position disclosure is likely to pose. The exempt minutes are contained in the **Exempt Appendix**.
6. In terms of developing the relationship between the Local Pension Board and the Pension Fund Committee, one option would be for the Chair to present an annual report on the Board's activities to the Committee.

Other Options Considered

7. Not applicable.

Reason/s for Recommendation/s

8. To inform the Board of decisions taken by the Pension Fund Committee and its sub-committees, and to develop the relationship between the Board and the Committee.

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 services), the public sector equality duty, safeguarding of children and adults at risk, 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 minutes of the Pension Fund Committee and its sub-committees be noted, and consideration be given to an annual report from the Chair of the Local Pension Board to the Pension Fund Committee.

Jayne Francis-Ward
Corporate Director, Resources

For any enquiries about this report please contact:

Constitutional Comments (KK 13/04/17)

10. The proposals in this report are within the remit of the Local Pension Board.

Financial Comments (CG 04/04/2017)

11. 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

Electoral Division(s) and Member(s) Affected

- All



Meeting **NOTTINGHAMSHIRE PENSION FUND COMMITTEE**

Date **Tuesday, 15 March 2016 (commencing at 2.00pm)**

membership

Persons absent are marked with 'A'

COUNCILLORS

Reg Adair (Chair)
Mike Pringle (Vice-Chairman)

	Chris Barnfather	Ken Rigby
A	Ian Campbell	Parry Tsimbirdis
	Mrs Kay Cutts	John Wilkinson
	Sheila Place	

OFFICERS IN ATTENDANCE

Susan Bearman	(Resources)
Simon Cunnington	(Resources)
Dave Forster	(Resources)
Keith Palframan	(Resources)
Sarah Stevenson	(Resources)
Nigel Stevenson	(Service Director Resources)

MINUTES

The Minutes of the last meeting of the Committee held on 15 March 2016 having been previously circulated, were confirmed and signed by the Chair.

APOLOGY FOR ABSENCE

None

DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS

None

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

Mrs Stevenson introduced the accounts and took members through the report.

RESOLVED: 2016/001

That the Application for Admission Body Status be noted

LOCAL PENSIONS BOARD – UPDATE

Ms S Bearman introduced the report and informed members of the progress in the membership of the Pensions Board

RESOLVED: 2016/002

That the progress of arrangements for the Local Pensions Board be noted

ASSET POOLING AND CONSULTATION ON REVISED INVESTMENT REGULATIONS

Mr Cunningham introduced the report and took members through the proposed responses to the government proposals regarding pooling assets

RESOLVED 2016/003

That the response to pooling investments within the Local Government Pension Scheme be noted.

CONFERENCE AND TRAINING

RESOLVED 2016/004

That the attendance at conferences and training as set out in paragraph 3 of the report be approved.

The meeting closed at 2.14 pm.

CHAIRMAN



Meeting **NOTTINGHAMSHIRE PENSION FUND COMMITTEE**

Date **Tuesday, 21 June 2016 (commencing at 2.00pm)**

membership

Persons absent are marked with 'A'

COUNCILLORS

Reg Adair (Chair)
Mike Pringle (Vice-Chairman)

	Chris Barnfather	Ken Rigby
A	Ian Campbell	Parry Tsimbiridis
	Mrs Kay Cutts	John Wilkinson
	Sheila Place	

OFFICERS IN ATTENDANCE

Susan Bearman	(Resources)
Simon Cunnington	(Resources)
Dave Forster	(Resources)
Keith Palframan	(Resources)
Sarah Stevenson	(Resources)
Nigel Stevenson	(Service Director Resources)

APPOINTMENT OF CHAIRMAN AND VICE-CHAIRMAN

To note the appointment of Councillor Reg Adair as Chairman and Councillor Mike Pringle as Vice-Chairman by the County Council on 12 May 2016.

MINUTES

The Minutes of the last meeting of the Committee held on 15 March 2016 having been previously circulated, were confirmed and signed by the Chair.

APOLOGY FOR ABSENCE

None

DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS

None

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

Mrs Stevenson introduced the accounts and took members through the report.

On a motion by the Chairman, seconded by the Vice Chair it was:-

RESOLVED: 2016/005

That the Application for Admission Body Status be noted

LOCAL GOVERNMENT PENSION SCHEME (FGPS)– CENTRAL BUSINESS CASE

Mr Cunnington introduced the report and took members through the report

On a motion by the Chairman, seconded by the Vice Chair it was:-

RESOLVED: 2016/006

- 1) That the progress regarding the pooling of investments in the LGPS is noted.
- 2) That the decision to use an FCA authorised structure with an operator for it to be created and built is ratified.
- 3) That approval be given for the LGPS Central investment pool's business case to be submitted to the DCLG, including the draft responsible investment framework and other annexes

EXCLUSION OF THE PUBLIC

On a motion by the Chairman, seconded by the Vice Chair it was:-

RESOLVED: 2016/007

That the public be excluded for the remainder of the meeting on the grounds that the discussions are likely to involve the disclosure of exempt information as 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 ITEMS

LOCAL GOVERNMENT PENSION SCHEME (FGPS)– CENTRAL BUSINESS CASE

On a motion by the Chairman, seconded by the Vice Chair it was:-

RESOLVED: 2016/008

That the exempt report be noted

The meeting closed at 2.32 pm.



Meeting **NOTTINGHAMSHIRE PENSION FUND COMMITTEE**

Date **Tuesday, 20 September 2016 (commencing at 2.00pm)**

membership

Persons absent are marked with 'A'

COUNCILLORS

A Reg Adair (Chair)
Mike Pringle (Vice-Chairman)

	Chris Barnfather	A	Ken Rigby
A	Ian Campbell		Parry Tsimbiridis
A	Mrs Kay Cutts		John Wilkinson
A	Sheila Place		

OFFICERS IN ATTENDANCE

Simon Cunnington	(Resources)
Dave Forster	(Resources)
Keith Palframan	(Resources)
Sarah Stevenson	(Resources)
Nigel Stevenson	(Service Director Resources)
Jon Clewes	(Resources)

MINUTES

The Minutes of the last meeting of the Committee held on 21 June 2016 having been previously circulated, were confirmed and signed by the Chair.

APOLOGY FOR ABSENCE

Apologies for absence were received from

Councillor Reg Adair (OCCB)
Mrs Kay Cutts (OCCB)
Shelia Place (Other)
Ken Rigby (OCCB)

DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS

None

PENSIONS FUND ANNUAL REPORT

Mr Cunnington introduced the Annual report to members.

On a motion by the Chairman, seconded by the Vice-Chair it was

RESOLVED 2016/009

That the Pension Fund Annual Report be noted.

The meeting closed at 2.07 pm.

CHAIRMAN



Meeting **NOTTINGHAMSHIRE PENSION FUND COMMITTEE**

Date **Tuesday, 6 December 2016 (commencing at 10.30 am)**

membership

Persons absent are marked with 'A'

COUNCILLORS

Reg Adair (Chair)
Mike Pringle (Vice-Chairman)

	Chris Barnfather	Ken Rigby
A	Ian Campbell	Parry Tsimbirdis
	Mrs Kay Cutts	John Wilkinson
A	Sheila Place	

OFFICERS IN ATTENDANCE

Simon Cunnington	(Resources)
Dave Forster	(Resources)
Keith Palframan	(Resources)
Jon Clewes	(Resources)

MINUTES

The Minutes of the last meeting of the Committee held on 20 September 2016 having been previously circulated, were confirmed and signed by the Chair.

APOLOGY FOR ABSENCE

Apologies for absence were received from

Councillor Ian Campbell
Sheila Place

DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS

None

**LOCAL GOVERNMENT PENSIONS SCHEME CENTRAL GOVERNANCE
ARRANGEMENTS**

RESOLVED 2016/010

That the recommendations be presented to Full Council to approval:-

1. That a joint agreement be enter into with Cheshire West and Chester Council, Derbyshire County Council, Leicestershire County Council, Shropshire Council, Staffordshire County Council, Wolverhampton City Council and Worcestershire County Council to establish a joint pension fund investment pool and to establish a Joint Committee under s102 of the Local Government Act 1972.
2. That the Council become a joint shareholder of LGPS Central Ltd, incorporated for investment management purposes and regulated under the Financial Services and Markets Act 2000.
3. That the Chairman of the Nottinghamshire Pension Fund Committee, or his nominated representative be appointed to act as the Council's representative on the Joint Committee and Shareholders Forum and to exercise the Council's voting rights as a shareholder of LGPS Central Ltd.
4. That the Service Director (Finance, Procurement & Improvement) be appointed to represent the Council on a Practitioners Advisory Forum.
5. That the Service Director (Finance, Procurement & Improvement),be authorised after consultation with the Chairman and Vice-Chairman of the Pension Fund Committee, to enter into all necessary legal agreements to establish a joint asset pool and investment management company as outlined in this report.

The meeting closed at 10 27 am.

CHAIRMAN

minutes

Meeting PENSIONS SUB COMMITTEE

Date Thursday 5 May 2016 at 10.30 am

membership

Persons absent are marked with `A`

COUNCILLORS

Reg Adair (Chairman)
A Mike Pringle (Vice Chairman)

A Chris Barnfather
A Ian Campbell
Mrs Kay Cutts

A Sheila Place
Ken Rigby
Parry Tsimbiridis
John Wilkinson

Nottingham City Council

A Councillor Alan Clark
A Councillor Nick McDonald
Councillor Anne Peach

Nottinghamshire Local Authorities' Association

Councillor Richard Jackson – Broxtowe Borough Council
Kate Allsop – Executive Mayor Mansfield District Council

Trades Unions

Mr A Woodward
Mr C King

Scheduled Bodies

Mrs Sue Reader

Pensioners

A Mr S Haggerty
Mr T Needham

Independent Advisor

Mr William Bourne

Officers in Attendance

Nigel Stevenson	(Service Director – Finance Procurement and Improvement)
Simon Cunningham	(Resources)
David Forster	(Resources)
Neil Robinson	(Resources)
Ciaran Guilfoyle	(Resources)
John Clewes	(Resources)
Sarah Stevenson	(Resources)
Andy Durrant	(Resources)
Marjorie Toward	(Service Director Human Resources)

MINUTES

The minutes of the last meeting of the Sub-Committee held on 5 March 2016, having been previously circulated, were confirmed and signed by the Chairman.

APOLOGIES FOR ABSENCE

Apologies for absence were received from

Councillor Mike Pringle
Councillor Ken Rigby
City Councillor Nick McDonald
City Councillor Alan Clark
Alan Woodward (Union Rep)

DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS

None.

LOCAL GOVERNMENT PENSION SCHEME – LGPS WEBSITE UPDATE

Mr Clewes gave a slide presentation on the current development of the County Councils LGPS Pensions website. He informed members that it was expected to go live in June 2016 with member's portals coming into the next tranche of development.

On a motion by the Chairman, seconded by the Vice Chair it was:-

RESOLVED 2016/009

That the presentation and report be noted

LGPS –YEAR END PROCESS UPDATE

On a motion by the Chairman, seconded by the Vice Chair it was:-

RESOLVED 2016/010

That the yearend process update be noted

LOCAL AUTHORITY PENSION FUND FORUM BUSINESS MEETING

On a motion by the Chairman, seconded by the Vice Chair it was:-

RESOLVED 2016/011

That the report be noted.

PROXY VOTING

On a motion by the Chairman, seconded by the Vice Chair it was:-

RESOLVED: 2016/012

That the report on Proxy Voting be noted

LGPS ASSET POOLING

On a motion by the Chairman, seconded by the Vice Chair it was:-

RESOLVED: 2016/013

That the report of Asset Pooling be noted

WORKING PARTY RECOMMENDATIONS

On a motion by the Chairman, seconded by the Vice Chair it was:-

RESOLVED: 2016/014

That the Working Party report be noted

EXCLUSION OF THE PUBLIC

RESOLVED: 2016/015

That the public be excluded for the remainder of the meeting on the grounds that the discussions are likely to involve the disclosure of exempt information as 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 ITEMS

EXEMPT APPENDIX ASSET POOLING AND CONSULTATION ON REVISED INVESTMENT REGULATIONS

On a motion by the Chairman, seconded by the Vice Chair it was:-

RESOLVED: 2016/016

That the Exempt appendix be noted.

WORKING PARTY EXEMPT APPENDIX AND REPORT OF THE INDEPENDENT ADVISOR

On a motion by the Chairman, seconded by the Vice Chair it was:-

RESOLVED: 2016/017

That the Working Party report and the independent Advisors report be noted

The meeting concluded at 11.55 am

CHAIRMAN

minutes

Meeting PENSIONS SUB COMMITTEE

Date Thursday 14 July 2016 at 10.30 am

membership

Persons absent are marked with `A`

COUNCILLORS

Reg Adair (Chairman)

A Mike Pringle (Vice Chairman)

A Chris Barnfather
Ian Campbell
Mrs Kay Cutts

A Sheila Place
Ken Rigby
Parry Tsimbiridis
John Wilkinson

Nottingham City Council

A Councillor Alan Clark
A Councillor Nick McDonald
Councillor Anne Peach

Nottinghamshire Local Authorities' Association

Councillor Richard Jackson – Broxtowe Borough Council
A Kate Allsop – Executive Mayor Mansfield District Council

Trades Unions

Mr A Woodward
A Mr C King

Scheduled Bodies

Mrs Sue Reader

Pensioners

Mr S Haggerty
A Mr T Needham

Independent Advisor

Mr William Bourne

Officers in Attendance

Simon Cunnington (Resources)
Keith Palframan (Resources)
David Forster (Resources)
John Clewes (Resources)
Sarah Stevenson (Resources)

MINUTES

The minutes of the last meeting of the Sub-Committee held on 5 May 2016, having been previously circulated, were confirmed and signed by the Chairman subject to Councillor Barnfather's apologies being noted.

APOLOGIES FOR ABSENCE

Apologies for absence were received from

Councillor Mike Pringle
Councillor Parry Tsimbiridis
City Councillor Nick McDonald
City Councillor Alan Clark
Alan Woodward (Union Rep)
Terry Needham

DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS

None.

LOCAL GOVERNMENT TRUSTEES CONFERENCE REPORT

Mr Clewes introduced the report and highlighted that the conference was geared for a referendum result that stayed In Europe.

On a motion by the Chairman, seconded by the Vice Chair it was:-

RESOLVED 2016/018

1. That the attendance at key conferences is part of the commitment to ensuring those charged with decision making and financial management have effective knowledge and skills and
2. That the conference report be noted.

Mrs Stevenson reported orally that valuations reports are currently 245 out of 272 reports returned for 2015/16. The 27 outstanding are Nottingham City Council's however the issues regarding the City's return over the last three years are being overcome. She reported that the City accounts for 2013/14 have now been loaded and all errors resolved. The account for 2014/15 will be loaded and complete by the 16 July and the 2015/16 18 out of 27 have been returned with the remaining 9 subject errors being corrected.

On a motion by the Chairman, seconded by the Vice Chair it was:-

RESOLVED 2016/019

That the oral update be noted

ASSET ALLOCATION

Mr Bourne gave presentation on asset allocation and highlighted the ethos behind decision making with regard to allocations and how a common sense approach is a good philosophy to adopt.

On a motion by the Chairman, seconded by the Vice Chair it was:-

RESOLVED 2016/020

That the report on asset allocation be noted.

**PENSIONS LIFETIME SAVINGS ASSOCIATION LOCAL AUTHORITY
CONFERENCE 2016**

Mr King introduced the report and highlighted issues in the report

On a motion by the Chairman, seconded by the Vice Chair it was:-

RESOLVED 2016/021

1. That the attendance at key conferences is part of the commitment to ensuring those charged with decision making and financial management have effective knowledge and skills and
2. That the conference report be noted.

LGPS CENTRAL SUBMISSION

On a motion by the Chairman, seconded by the Vice Chair it was:-

RESOLVED 2016/022

That the LGPS Central Submission be noted

WORKING PARTY RECOMMENDATIONS

Resolution 103

On a motion by the Chairman, seconded by the Vice Chair it was:-

RESOLVED: 2016/023

That the Working Party report be noted

EXCLUSION OF THE PUBLIC

RESOLVED: 2016/024

That the public be excluded for the remainder of the meeting on the grounds that the discussions are likely to involve the disclosure of exempt information as 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 ITEMS

EXEMPT APPENDIX LGPS CENTRAL SUBMISSION

On a motion by the Chairman, seconded by the Vice Chair it was:-

RESOLVED: 2016/025

That the Exempt appendix be noted.

WORKING PARTY EXEMPT APPENDIX AND REPORT OF THE INDEPENDENT ADVISOR

On a motion by the Chairman, seconded by the Vice Chair it was:-

RESOLVED: 2016/026

1. The recommendations set out in the exempt appendix Strategic changes will be referred to the Nottinghamshire Pension Fund Committee for formal decision if required. Other agreed actions will be implemented as operational matters falling under the responsibility of the Service Director, Finance, Procurement & Improvement exercised by the Senior Accountant (Pensions & Treasury Management) and
2. That the Working Party report and the independent Advisors report be noted

The meeting concluded at 12.05 pm

CHAIRMAN

minutes

Meeting PENSIONS SUB COMMITTEE

Date Thursday 10 November 2016 at 10.30 am

membership

Persons absent are marked with `A`

COUNCILLORS

A Reg Adair (Chairman)
Mike Pringle (Vice Chairman) (in the Chair)

A	Chris Barnfather	A	Sheila Place
	Ian Campbell		Ken Rigby
	Mrs Kay Cutts		Parry Tsimbiridis
			John Wilkinson

Nottingham City Council

A Councillor Alan Clark
Councillor Nick McDonald
Councillor Anne Peach

Nottinghamshire Local Authorities' Association

Councillor Richard Jackson – Broxtowe Borough Council
Kate Allsop – Executive Mayor Mansfield District Council

Trades Unions

Mr A Woodward
Mr C King

Scheduled Bodies

Mrs Sue Reader

Pensioners

A Mr S Haggerty
Mr T Needham

Independent Advisor

Mr William Bourne

Officers in Attendance

Keith Palframan	(Resources)
David Forster	(Resources)
Jon Clewes	(Resources)
Ciaran Guilfoyle	(Resources)

MINUTES

The minutes of the last meeting of the Sub-Committee held on 14 July 2016, having been previously circulated, were confirmed and signed by the Chairman subject to it being noted that Chris King was in attendance

APOLOGIES FOR ABSENCE

Apologies for absence were received from

Councillor Reg Adair
Councillor Sheila Place
Shaun Haggerty

DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS

None.

INVESTMENT PERFORMANCE REVIEW 2015-16

Members welcomed Elaine Packer from State Street to give a presentation on the 2015/16 Investment Performance Review.

She highlighted the following

- It has been a difficult year for markets and the Fund has returned -.3% which is 2.4% behind the benchmark, which is due to below benchmark Equity performance and being underweight in Property.
- The equity portfolio benchmarks differ significantly to the Equity element of the overall strategic benchmark and this drives the relative performance of the fund.
- Over a five year period the Fund and Benchmark are meeting the assumed investment target however both fall short of the target over 10 years.
- Over a 20 year period the Fund has achieved a return of 6.6% per annum, which is ahead of the RPI at 2.8% but 0.2% per annum behind benchmark.

On a motion by the Chairman, duly seconded it was:-

RESOLVED: 2016/026

That the Investment Performance report be noted

LGPS SCHEME ADVISORY BOARD UPDATE AUGUST 2016 MEETING

Mr Clewes introduced the update report

On a motion by the Chairman, duly seconded it was:-

RESOLVED: 2016/027

That the August LGPS Advisory Board Update be noted.

PROXY VOTING

On a motion by the Chairman, duly seconded it was:-

RESOLVED: 2016/028

That the report on Proxy voting be noted

LOCAL AUTHORITY PENSIONS FUND FORUM BUSINESS MEETINGS

RESOLVED: 2016/029

That the LAPFF Business meetings held on 28 June and 18 October 2016 be noted.

LGC INVESTMENT SUMMIT 2016

On a motion by the Chairman, duly seconded it was:-

RESOLVED: 2016/030

- 1) That it be noted that attendance at key conferences is part of the Fund's commitment to ensuring those charged with decision-making and financial management have effective knowledge and skills and
- 2) That the report be noted

PROPERTY INSPECTION TOUR 2016

On a motion by the Chairman, duly seconded it was:-

RESOLVED: 2016/031

- 1) That it be noted that regular property inspections are regarded as an important part of fulfilling members' fiduciary duties.
- 2) That the report be noted.

On a motion by the Chairman, duly seconded it was:-

RESOLVED: 2016/032

That the Central Asset Pool report be noted

The meeting concluded at 12.05 pm

CHAIRMAN

minutes

Meeting PENSIONS SUB COMMITTEE

Date Thursday 2 February 2017 at 10.30 am

membership

Persons absent are marked with `A`

COUNCILLORS

Reg Adair (Chairman)

Mike Pringle (Vice Chairman) (in the Chair)

Chris Barnfather
A Ian Campbell
A Mrs Kay Cutts

Sheila Place
Ken Rigby
Parry Tsimbiridis
John Wilkinson

Nottingham City Council

A Councillor Alan Clark
A Councillor Graham Chapman
Councillor Anne Peach

Nottinghamshire Local Authorities' Association

Councillor Richard Jackson – Broxtowe Borough Council
Kate Allsop – Executive Mayor Mansfield District Council

Trades Unions

A Mr A Woodward
Mr C King

Scheduled Bodies

Mrs Sue Reader

Pensioners

Vacancy
A Mr T Needham

Independent Advisor

Mr William Bourne

Officers in Attendance

Keith Palframan	(Resources)
David Forster	(Resources)
Nigel Stevenson	(Resources)
Tamsin Rabbitts	(Resources)
Marjorie Toward	(Resources)
Jon Clewes	(Resources)
Ciaran Guilfoyle	(Resources)

MINUTES

The minutes of the last meeting of the Sub-Committee held on 14 July 2016, having been previously circulated, were confirmed and signed by the Chairman

MEMBERSHIP

The clerk reported the following changes to the Committee membership:-

Mr S Haggerty had tendered his resignation from the committee as one of the Pensioners representatives. Members wished their thanks noting to Mr Haggerty over the last 4 years on the committee.

It was also noted that Councillor Graham Chapman had been appointed as one of the City Council's representatives in place of Councillor Nick McDonald

APOLOGIES FOR ABSENCE

Apologies for absence were received from

Councillor Mrs Kay Cutts
City Councillor Alan Clarke
City Councillor Graham Chapman
Alan Woodward

DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS

None.

NOTTINGHAMSHIRE LOCAL GOVERNMENT PENSION SCHEME DRAFT ADMINISTRATION STRATEGY

Ms M Toward introduced the report and highlighted that there is a training event proposed for members of the scheme.

On a motion by the Chairman, duly seconded it was:-

RESOLVED: 2017/001

That the content of the draft Administration Strategy attached to the report and the proposal for final agreement of the Administration Strategy be noted and that the report be presented to the Pensions Fund Committee.

LAPFF CONFERENCE 2016

Mr Palframan introduced the report and highlighted the theme of the conference was Protecting Portfolio Value.

On a motion by the Chairman, duly seconded it was:-

RESOLVED 2017/002

1. That it be noted that attendance at key conferences forms part of the Fund's commitment to ensuring those charged with decision-making and financial management have effective knowledge and skills and
2. That the report be noted.

PROXY VOTING

Mr Guilfoyle introduced the report which informs members of the voting of equity holdings in the 4th quarter.

On a motion by the Chairman, duly seconded it was:-

RESOLVED 2017/003

That the report be noted.

PENSIONS INVESTMENT SERVICE PLAN AND TRAINING

Mr Palframan introduced the report on proposed Training and Conference opportunities in 2017/18

On a motion by the Chairman, duly seconded it was:-

RESOLVED 2017/004

1. That the review of the 2016/17 Service Plan be noted.
2. That the 2017/18 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 2016/17 be noted.

5. That The Nottinghamshire Pension Fund Committee be recommended to approve attendance at conferences and training as shown at paragraph 6 of the report.

The meeting concluded at 11.05 am

CHAIRMAN

Meeting PENSIONS INVESTMENT SUB-COMMITTEE

Date Thursday 3 March 2016 (commencing at 10.30 am)

membership

Persons absent are marked with `A`

COUNCILLORS

Reg Adair (Chairman)
A Mike Pringle (Vice Chairman)

A	Chris Barnfather	A	Ken Rigby
A	Ian Campbell		Parry Tsimbiridis
	Mrs Kay Cutts		John Wilkinson
	Sheila Place		

Nottingham City Council

A Councillor Alan Clark
A Councillor Nick McDonald
A Councillor Anne Peach

Nottinghamshire Local Authorities' Association

Councillor Richard Jackson – Broxtowe Borough Council
Kate Allsop – Executive Mayor Mansfield District Council

Trades Unions

Mr A Woodward
Mr C King

Scheduled Bodies

Mrs Sue Reader

Independent Advisor

William Bourne

Officers in Attendance

Simon Cunnington (Resources)
Dave Forster (Resources)

MINUTES

The minutes of the last meeting of the Sub-Committee held on 3 December 2015, having been previously circulated, were confirmed and signed by the Chairman.

APOLOGIES FOR ABSENCE

Apologies for absence were received from County Councillors Chris Barnfather, Ian Campbell Mike Pringle and Ken Rigby. City Councillors Alan Clark, Nick McDonald and Anne Peach

DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS

None

FUND VALUATION AND PERFORMANCE

Consideration was given to a report which summarised the total value of the Pension Fund as at 31 December 2015.

RESOLVED: 2016/001

That the report be noted.

EXCLUSION OF THE PUBLIC

RESOLVED: 2016/002

That the public be excluded for the remainder of the meeting on the grounds that the discussions are likely to involve the disclosure of exempt information as 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 ITEMS

The decisions in relation to the following exempt information items are set out in the exempt minutes:-

Fund Valuation and Performance exempt appendix (including a report of the Independent Advisor)

Exempt Minutes of the last meeting held on 3 December 2015

Managers Reports as to:

- a) Schroders Investment Management
- b) Aberdeen Property Investors
- c) Kames Capital

The meeting closed at 12.30pm.

CHAIRMAN

Meeting PENSIONS INVESTMENT SUB-COMMITTEE

Date Thursday 9 June 2016 (commencing at 10.30 am)

membership

Persons absent are marked with `A`

COUNCILLORS

Reg Adair (Chairman)
Mike Pringle (Vice Chairman)

	Chris Barnfather	A	Ken Rigby
A	Ian Campbell		Parry Tsimbiridis
	Mrs Kay Cutts		John Wilkinson
A	Sheila Place		

Nottingham City Council

A Councillor Alan Clark
Councillor Nick McDonald
A Councillor Anne Peach

Nottinghamshire Local Authorities' Association

Councillor Richard Jackson – Broxtowe Borough Council
Kate Allsop – Executive Mayor Mansfield District Council

Trades Unions

A Mr A Woodward
Mr C King

Scheduled Bodies

A Mrs Sue Reader

Independent Advisor

William Bourne

Officers in Attendance

Simon Cunnington (Resources)
Dave Forster (Resources)
Nigel Stevenson Service Director (Resources)
Keith Palframan (Resources)

MINUTES

The minutes of the last meeting of the Sub-Committee held on 3 March 2016, having been previously circulated, were confirmed and signed by the Chairman.

APOLOGIES FOR ABSENCE

Apologies for absence were received from County Councillors Ian Campbell Ken Rigby and Sheila Place City Councillor Nick McDonald, Mr Alan Woodward (Trade Union Rep) and Sue Reader (Scheduled Bodies)

DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS

None

FUND VALUATION AND PERFORMANCE

Consideration was given to a report which summarised the total value of the Pension Fund as at 31 March 2016.

RESOLVED: 2016/008

That the report be noted.

EXCLUSION OF THE PUBLIC

RESOLVED: 2016/009

That the public be excluded for the remainder of the meeting on the grounds that the discussions are likely to involve the disclosure of exempt information as 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 ITEMS

The decisions in relation to the following exempt information items are set out in the exempt minutes:-

Fund Valuation and Performance exempt appendix (including a report of the Independent Advisor)

Exempt Minutes of the last meeting held on 9 June 2016

Managers Reports as to:

- a) Schroders Investment Management
- b) Aberdeen Property Investors
- c) Kames Capital

The meeting closed at 12.30pm.

CHAIRMAN

Meeting PENSIONS INVESTMENT SUB-COMMITTEE

Date Thursday 29 September 2016 (commencing at 10.30 am)

membership

Persons absent are marked with `A`

COUNCILLORS

Reg Adair (Chairman)
Mike Pringle (Vice Chairman)

A	Chris Barnfather		Ken Rigby
	Ian Campbell		Parry Tsimbiridis
	Mrs Kay Cutts	A	John Wilkinson
	Sheila Place		

Nottingham City Council

A Councillor Alan Clark
A Councillor Nick McDonald
 Councillor Anne Peach

Nottinghamshire Local Authorities' Association

A Councillor Richard Jackson – Broxtowe Borough Council
A Kate Allsop – Executive Mayor Mansfield District Council

Trades Unions

Mr A Woodward
Mr C King

Scheduled Bodies

Mrs Sue Reader

Independent Advisor

William Bourne

Officers in Attendance

Simon Cunnington (Resources)
Dave Forster (Resources)
Nigel Stevenson Service Director (Resources)
Keith Palframan (Resources)

MINUTES

The minutes of the last meeting of the Sub-Committee held on 9 June 2016, having been previously circulated, were confirmed and signed by the Chairman.

APOLOGIES FOR ABSENCE

Apologies for absence were received from County Councillors Ian Campbell and John Wilkinson City Councillors Nick McDonald and Alan Clarke and Nottinghamshire Local Authorities Association Councillor Richard Jackson and Mayor Kate Allsop

DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS

None

FUND VALUATION AND PERFORMANCE

Consideration was given to a report which summarised the total value of the Pension Fund as at 30 June 2016.

RESOLVED: 2016/015

That the report be noted.

EXCLUSION OF THE PUBLIC

RESOLVED: 2016/016

That the public be excluded for the remainder of the meeting on the grounds that the discussions are likely to involve the disclosure of exempt information as 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 ITEMS

The decisions in relation to the following exempt information items are set out in the exempt minutes:-

Fund Valuation and Performance exempt appendix (including a report of the Independent Advisor)

Exempt Minutes of the last meeting held on 9 June 2016

Managers Reports as to:

- a) Aberdeen property Investors
- b) Schroders Investment Management
- c) Kames Capital

The meeting closed at 12.32pm.

CHAIRMAN

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Meeting PENSIONS INVESTMENT SUB-COMMITTEE

Date Thursday 1 December 2016 (commencing at 10.30 am)

membership

Persons absent are marked with `A`

COUNCILLORS

Reg Adair (Chairman)
Mike Pringle (Vice Chairman)

	Chris Barnfather	Ken Rigby
A	Ian Campbell	Parry Tsimbiridis
	Mrs Kay Cutts	John Wilkinson
	Sheila Place	

Nottingham City Council

Councillor Alan Clark
A Councillor Nick McDonald
Councillor Anne Peach

Nottinghamshire Local Authorities' Association

Councillor Richard Jackson – Broxtowe Borough Council
A Kate Allsop – Executive Mayor Mansfield District Council

Trades Unions

Mr A Woodward
Mr C King

Scheduled Bodies

Mrs Sue Reader

Independent Advisor

William Bourne

Officers in Attendance

Simon Cunnington (Resources)
Dave Forster (Resources)
Nigel Stevenson Service Director (Resources)
Keith Palframan (Resources)

MINUTES

The minutes of the last meeting of the Sub-Committee held on 29 September 2016, having been previously circulated, were confirmed and signed by the Chairman.

APOLOGIES FOR ABSENCE

Apologies for absence were received from County Councillors Ian Campbell and City Councillor Nick McDonald.

DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS

None

FUND VALUATION AND PERFORMANCE

Consideration was given to a report which summarised the total value of the Pension Fund as at 30 September 2016.

RESOLVED: 2016/022

That the report be noted.

EXCLUSION OF THE PUBLIC

RESOLVED: 2016/023

That the public be excluded for the remainder of the meeting on the grounds that the discussions are likely to involve the disclosure of exempt information as 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 ITEMS

The decisions in relation to the following exempt information items are set out in the exempt minutes:-

Fund Valuation and Performance exempt appendix (including a report of the Independent Advisor)

Exempt Minutes of the last meeting held on 29 September 2016

Managers Reports as to:

- a) Aberdeen property Investors
- b) Kames Capital
- c) Schroders Investment Management

The meeting closed at 12.32pm.

CHAIRMAN