

# **Nottinghamshire Pension Fund Committee**

**Thursday, 18 April 2013 at 10:00**

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

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## **AGENDA**

- |   |  |         |
|---|--|---------|
| 1 | Minutes of the last meeting held on 28 January 2013  | 3 - 6   |
| 2 | Apologies for Absence  |         |
| 3 | Declarations of Interests by Members and Officers:- (see note below)<br>(a) Disclosable Pecuniary Interests<br>(b) Private Interests (pecuniary and non-pecuniary) |         |
| 4 | Local Government Pensions Scheme - Applications for Scheme Access Via a Transferee Admission Agreement   | 7 - 12  |
| 5 | Pensions Investment Business Plan  | 13 - 18 |
| 6 | Revised Governance Compliance Statement  | 19 - 26 |
| 7 | Application for Scheme Access via a Community Admission Agreement - Nottingham CityCare Partnership  | 27 - 32 |

## **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:-

- (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 Chris Holmes (Tel. 0115 977 3714) 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.

Meeting NOTTINGHAMSHIRE PENSION FUND COMMITTEE

Date Monday, 28<sup>th</sup> January 2013 (commencing at 10.00 am)

## membership

Persons absent are marked with 'A'

## COUNCILLORS

Michael J Cox (Chairman)  
S Smedley MBE (Vice-Chairman)

|   |               |   |              |
|---|---------------|---|--------------|
|   | Reg Adair     |   | Ken Rigby    |
|   | Mrs Kay Cutts | A | David Taylor |
| A | Carol Pepper  | A | Gail Turner  |
| A | Sheila Place  |   |              |

## OFFICERS IN ATTENDANCE

Simon Cunnington (Environment & Resources)  
John Fairbanks (Environment & Resources)  
Chris Holmes (Policy, Planning & Corporate Services)  
Nigel Stevenson (Environment & Resources)  
Sarah Stevenson (Environment & Resources)

## MINUTES

The Minutes of the last meeting of the Committee held on 9th July 2012, having been previously circulated, were confirmed and signed by the Chairman.

## APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Carol Pepper (Other County Council Business), Councillor Sheila Place (Other), Councillor David Taylor (Medical/Illness).

## DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS

None

## LOCAL GOVERNMENT PENSION SCHEME – APPLICATIONS FOR SCHEME ACCESS VIA A TRANSFeree ADMISSION AGREEMENT

## **RESOLVED 2013/001**

That the proposed admission of the following transferee admission bodies into the Nottinghamshire Pension Scheme be noted:-

- MITIE Cleaning and Environmental Services Ltd.
- Tarmac

## **REFERRAL FROM PENSIONS INVESTMENT SUB-COMMITTEE – TRANSFER OF UNALLOCATED CASH**

### **RESOLVED 2013/002**

That £25m of unallocated cash be transferred to the In-house portfolio to enable the Funds' emerging market equity investments to be increased by £50m.

## **REFERRALS FROM PENSIONS SUB-COMMITTEE**

- a) **Benchmarks**
- b) **Nottingham and Nottinghamshire Investment Fund**
- c) **Pension Fund Risk Register**

### **RESOLVED 2013/003**

#### **a) Benchmarks**

- (1) That a liability-based benchmark be set for the Fund
- (2) That a strategic benchmark be set for the Fund based on the mid-point of the strategic asset allocation ranges
- (3) That discussions be held with each manager regarding changes to their benchmarks within a wider review of strategic asset allocation as part of the triennial valuation process
- (4) That changes be made to quarterly performance reporting in conjunction with managers to focus more on longer time frames in order to more clearly link to the Fund's long-term objectives.

#### **b) Nottingham and Nottinghamshire Investment Fund**

That the Fund commits £10m to the Enterprise Capital Fund to be managed by the Foresight Group once approved by the Capital for Enterprise.

#### **c) Pension Fund Risk Register**

That the revised Risk Register be approved and the additional actions outlined in the revised Risk Register be implemented.

## **APPOINTMENT OF PENSIONER REPRESENTATIVES TO THE PENSION SUB-COMMITTEE**

Members felt that pensioners should be involved in the selection process for the appointment of the two pensioner representatives. It was suggested that nominations from pensioners to serve on the Appointment's Sub-Committee could be obtained through an article in Nest Egg.

### **RESOLVED 2013/004**

- (1) That approval be given to the revised arrangements for the selection of pensioner representatives on the Pensions Sub-Committee as set out in the report.
- (2) That an Appointment Sub-Committee consisting of the Chairman, Vice-Chairman and three pensioner representatives be established to appoint the two pensioner representatives.

## **PENSION FUND TREASURY MANAGEMENT POLICY**

### **RESOLVED 2013/005**

That the Pension Fund Treasury Management Policy for 2013/14 be approved.

The meeting closed at 10.37 am.

CHAIRMAN





**18 April 2013**

**Agenda Item:4**

## **REPORT OF THE SERVICE DIRECTOR – HR AND CUSTOMER SERVICE**

### **LOCAL GOVERNMENT PENSION SCHEME APPLICATIONS FOR SCHEME ACCESS VIA A TRANSFeree ADMISSION AGREEMENT**

#### **1. Purpose of the Report**

- 1.1. The purpose of this report is to inform the Nottinghamshire Pension Fund Committee of the proposed admission of three transferee admission bodies (as detailed on the attached appendices) into the Nottinghamshire Pension Fund under the provisions of Regulation 6 of the Pension Regulations.

#### **2. Information and Advice**

- 2.1 The Pensions Regulations require the Local Government Pension Scheme (LGPS) Pension Funds to allow an admission to its scheme if the organisation is one that is providing or which will provide a service or assets in connection with the exercise of a function of a scheme employer, as a result of the transfer of the service or assets by means of a contract or other arrangement.
- 2.2 Where a transferee admission body and the scheme employer undertake to meet the relevant requirements of Regulation 6, an administering authority must admit to the LGPS the eligible employees of the transferee admission body, and where it does so, the terms on which it does are noted in the admission agreement for the purposes of these Regulations.
- 2.3 Investigations have been made and it can be confirmed that each body named in the attached appendices falls within the definition contained in Regulation 6 (2)(a)(i) of the Local Government Pension Scheme (Administration) Regulations 2008 and as such will be eligible to become a transferee admission body. Under Regulation 6 (10) & (11), the administering authority must admit to the scheme the eligible designated employees of the transferee admission body, provided the transferee admission body and the scheme employer undertakes to meet the relevant requirements of the regulations through an admission agreement. Legal engrossment of the admission agreement is subject to the service transfer taking place.
- 2.4 The County Council will seek to sign appropriate transferee admission agreements to allow the bodies listed in Appendix A to C to be admitted to the Nottinghamshire Pension Fund. When the admission agreements are formed the

admitted bodies will be required to pay contribution rates as determined by the Fund Actuary.

### **3. Statutory and Policy Implications**

- 3.1 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.

#### **Human Resources Implications**

As outlined within the body of the report, admitted body status will allow transferring staff continued membership eligibility of the LGPS.

Where the service transfer relates to Nottinghamshire County Council, full consultation has been undertaken with affected staff and the recognised trade unions in line with TUPE requirements. In respect of other service transfers the current employing body is responsible for undertaking the equivalent consultation.

### **RECOMMENDATION**

- 1) That the admission of three transferee admission bodies into the Nottinghamshire Pension Fund be noted.

#### **MARJORIE TOWARD SERVICE DIRECTOR – HR AND CUSTOMER SERVICE**

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

Andy Durrant, Technical Performance Officer on 0115 846 3326 or  
[andy.durrant@nottscc.gov.uk](mailto:andy.durrant@nottscc.gov.uk).

#### **Constitutional Comments (KK)**

The proposal in this report is within the remit of the Pensions Committee.

#### **Financial Comments (SC)**

There are no financial implications arising directly from this report. As noted in the report, employer contributions to be paid by admitted bodies are determined by the Fund's actuary.

#### **Background Papers**

None



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

All



## **Appendix A**

### **Proposed admission of Holme Pierrepont Leisure Trust into the Nottinghamshire Pension Fund, as a transferee admission body under the provisions of the Regulation 6 of the Pension Regulations.**

Holme Pierrepont Leisure Trust has a contractual agreement with Nottinghamshire County Council to provide services for the management and operation of the National Water Sports Centre. The service transfer took place on 1<sup>st</sup> April 2013. The contract period is for 21 years.

This arrangement will involve the TUPE transfer of 123 employees of Nottinghamshire County Council (of which 49 are current members of the LGPS) who are currently engaged in the delivery of the service.

Holme Pierrepont Leisure Trust intends to allow continuity of LGPS membership for the employees through a transferee admission agreement with the Nottinghamshire Pension Fund. The option to join the LGPS will not be available to existing employees of the company who are not already members of the LGPS.

## **Appendix B**

**Proposed admission of Bespoke Cleaning Services Limited into the Nottinghamshire Pension Fund, as a transferee admission body under the provisions of the Regulation 6 of the Pension Regulations.**

Bespoke Cleaning Services Limited has a contractual agreement with the Minster School to undertake the school cleaning service. The service transfer is to take place on 28<sup>th</sup> May 2013. The contract is for 2 years initially with the option to extend to 5 years.

This will involve the TUPE transfer of 13 employees of the County Council's Strategic and Environmental Services – Building, Cleaning and Landscapes Group (of which 9 are current members of the LGPS) who are currently engaged in the delivery of the service.

Bespoke Cleaning Services Limited intends to allow continuity of LGPS membership through a transferee admission agreement with the Nottinghamshire Pension Fund. The option to join the LGPS will not be available to existing employees of the company who are not already members of the LGPS.

## **Appendix C**

**Proposed admission of Compass Contract Services (UK) Limited into the Nottinghamshire Pension Fund, as a transferee admission body under the provisions of the Regulation 6 of the Pension Regulations.**

Compass Contract Services (UK) Limited has a contractual agreement with the Newark Academy to undertake the academy catering service. The service transfer took place on 1<sup>st</sup> April 2013. The contract is for 5 years.

This will involve the TUPE transfer of 6 employees of the County Council's Strategic and Environmental Services – Building, Cleaning and Landscapes Group (5 of whom are current members of the LGPS) who are currently engaged in the delivery of the service.

Compass Contract Services (UK) Limited intends to allow continuity of LGPS membership through a transferee admission agreement with the Nottinghamshire Pension Fund. The option to join the LGPS will not be available to existing employees of the company who are not already members of the LGPS.



**18 April 2013****Agenda Item: 5****REPORT OF SERVICE DIRECTOR – FINANCE & PROCUREMENT****PENSIONS INVESTMENT BUSINESS PLAN****Purpose of the Report**

1. To review the 2012/13 Pensions Investment business plan and agree a business plan and associated budget to support the Sub-Committee in 2013/14.

**Information and Advice**

2. It is considered best practice that a business plan is agreed to support the work of the Committee, including major milestones and issues to be considered during the year including an appropriate provision for training.
3. The Pensions Investment Sub-Committee, at its meeting in March 2012, agreed a Pensions Investment business plan for 2012/13 and this is reviewed at Appendix A. The majority of issues were properly considered and appropriate actions taken but outstanding items that remain relevant have been included in the plan for 2013/14.
4. The investment related activity of the Fund is supported by the Pensions & Treasury Management team within the Finance & Procurement Division. The relevant extracts of the team's service plan for 2013/14 are shown at Appendix B. An appropriate proportion of the costs of the team are recharged to the Fund annually in line with Regulations.
5. The Sub-Committee also agreed that the following conferences should be attended by Members and/or officers.

| <b>Conference</b>               | <b>Location</b> | <b>Date</b> |
|---------------------------------|-----------------|-------------|
| NAPF Local Authority Conference | Cotswolds       | May         |
| LGC Investment Summit           | Celtic Manor    | September   |
| LAPFF Conference                | Bournemouth     | November    |

6. Reports have been presented on each of these conferences. Additional training for Members has been provided as follows:
  - Training on benchmarking at Pensions Sub-Committee
  - LGE Fundamentals course
  - Property inspection organised by Aberdeen Asset Management.

7. It is proposed to arrange a further property inspection in 2013/14 and to continue to attend the key pension conferences (as below). The approach to additional Member training will be determined following elections in May.

| Conference                      | Location     | Date      | Attendance             |
|---------------------------------|--------------|-----------|------------------------|
| NAPF Local Authority Conference | Cotswolds    | May       | 2 Officers             |
| LGC Investment Summit           | Celtic Manor | September | 2 Members<br>1 Officer |
| LAPFF Conference                | Bournemouth  | November  | 1 Member<br>1 Officer  |

## Statutory and Policy Implications

8. 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/S

- 1) That the actions on the 2012/13 Business Plan be noted.
- 2) That the 2013/14 Plan be noted.
- 3) That a further property inspection be arranged in 2013.
- 4) That attendance at the key conferences shown at paragraph 7 be agreed and approval sought for attendance by Members as appropriate.

**Name of Report Author: Simon Cunnington**

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

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

### Constitutional Comments (KK 10/04/13)

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

### Financial Comments (SRC 10/04/13)

2. The costs of attendance at conferences will be a charge to the Fund in accordance with governing regulations.

## Background Papers

None

## Pensions Investment Business Plan 2012/13

The key issues from the 2012/13 business plan are listed below along with commentary on the actions taken during the year.

| Item   |
|--|
| <b>1. Business Management System</b> <ul style="list-style-type: none"> <li>- continue work to ensure that BMS functionality and processes enable the Fund to meet its accounting and administration needs</li> <li>- provide support to ensure pensions payroll transfers successfully to BMS</li> </ul> <p><i>Pensions payroll successfully transferred to BMS in May 2012</i></p>   |
| <b>2. Pension fund accounts</b> <ul style="list-style-type: none"> <li>- produce accounts in line with International Financial Reporting Standards and prescribed timescales</li> <li>- liaise with external audit as required</li> </ul> <p><i>The accounts were produced within timescale with an unqualified external audit report.</i></p>   |
| <b>3. Annual report</b> <ul style="list-style-type: none"> <li>- produce the pension fund annual report in line with regulatory requirements</li> </ul> <p><i>The annual report was published on the pension fund website on 26 September 2012 which was within the statutory deadline.</i></p>  |
| <b>4. Impact of the revised LGPS</b> <ul style="list-style-type: none"> <li>- assess detailed proposals as announced in 2012/13</li> </ul> <p><i>The potential impact of the new scheme on investment strategy will be considered as part of the triennial valuation process.</i></p>  |
| <b>5. Triennial Valuation</b> <ul style="list-style-type: none"> <li>- prepare for Triennial Valuation as at 31 March 2013 liaising with Pensions Office and the actuaries as appropriate</li> </ul> <p><i>Meeting held with the actuaries in January 2013 to agree process and timescale for providing information.</i></p>   |
| <b>6. Outstanding actions from the revised Myners Principles</b> <ul style="list-style-type: none"> <li>- consider a medium term business plan for the Fund</li> <li>- consider a performance framework for the Investment Sub-Committee</li> <li>- prepare a review of existing benchmarks</li> <li>- report on transaction related costs</li> <li>- ensure relevant audit reports are presented to the appropriate Sub-Committee</li> </ul> <p><i>Following consideration by the Pensions Sub-Committee, the Nottinghamshire Pension Fund Committee in January 2013 approved the setting of a liability-based benchmark and a strategic benchmark for the Fund. Discussions will be held with the Fund's investment managers regarding changes to their benchmarks within a wider review of strategic asset allocation as part of the triennial valuation process.</i></p> |
| <b>7. Allocation of cash</b> <ul style="list-style-type: none"> <li>- take decisions on allocating net cash from contributions to new investments or existing managers</li> <li>- continue to consider appropriate private equity and infrastructure investments</li> </ul>  |

*The Pensions Committee in April 2012 approved additional commitments to private equity and infrastructure within the allocation level included in the Statement of Investment Principles. New commitments were made to 4 funds in 2012.*

*The Nottinghamshire Pension Fund Committee in January 2013 approved allocation of £25m cash to the In-house portfolio in order to increase the Fund's emerging market equity investments as well as a commitment of £10m to an Enterprise Capital Fund to be managed by the Foresight Group once approved by Capital for Enterprise Limited.*



## Pensions Investment Business Plan 2013/14

The key issues to be considered during 2013/14 are listed below.

| Output/Tasks                              | Deadline | Comments  |
|---|----------|---|
| <b>Statement of Accounts</b>              |          |   |
| Prepare statement of accounts             | 31/05/13 |   |
| Report to Pension Fund Committee          | 16/09/13 |   |
| <b>Annual Report</b>                      |          |   |
| Prepare annual report                     | 06/09/13 |   |
| Publish on website and notify employers   | 20/09/13 |   |
| <b>Triennial Valuation</b>                |          |   |
| Provide data to actuaries                 | 30/08/13 |   |
| Meeting re preliminary results            | 18/10/13 |   |
| Communicate results to employers          | 31/10/13 |   |
| Finalise report and publish               | 30/03/14 |   |
| <b>Quarterly Reporting</b>                |          | Reconcile records and prepare reports for Sub-Committee |
| Quarter end March                         | 05/06/13 |   |
| Quarter end June                          | 28/08/13 |   |
| Quarter end September                     | 27/11/13 |   |
| Quarter end December                      | 05/03/14 |   |
| <b>Other</b>                              |          |   |
| Determine approach to Member training     | 01/07/13 | Following County Council elections                      |
| Consider items for Myners compliance      | 01/07/13 | Outstanding items from 2012/13                          |
| Determine approach to Investment Strategy | 31/10/13 | As part of triennial valuation process                  |
| Determine investment impact of new scheme | 31/10/13 | As part of triennial valuation process                  |
| Finalise changes to benchmarks            | 31/10/13 | As part of triennial valuation process                  |
| Consider tender for Actuarial Services    | 31/03/14 | Contract expires in 2014                                |
| Consider tender for Independent Adviser   | 31/03/14 | Contract expires in 2014                                |
| Consider tender for Proxy Voting Services | 31/03/14 | Contract expires in 2014                                |



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

### **REVISED GOVERNANCE COMPLIANCE STATEMENT**

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

1. To seek the Nottinghamshire Pension Fund Committee's approval to the Fund's revised Governance Compliance Statement.

#### **Information and Advice**

2. The Local Government Pension Scheme (Administration) Regulations 2008 require an Administering Authority to publish a Governance Compliance Statement and to keep it under review.
3. The attached revised statement includes changes to the committee and sub-committee structure following the Council's revised constitution. The changes have been highlighted in bold italics.

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

4. 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/S**

- 1) That the revised Governance Compliance Statement be approved.

**Name of Report Author: Simon Cunnington**

**Title of Report Author: Team Manager - Investments**

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

**Constitutional Comments (KK 10/04/13)**

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

**Financial Comments (SRC 10/04/13)**

2. There are no direct financial implications arising from the report.

**Background Papers**

None

**April 2013****1. Introduction**

- 1.1 This is the governance compliance statement of the Nottinghamshire pension fund which is part of the Local Government Pension Scheme and administered by Nottinghamshire County Council (the council). The statement has been prepared as required by the Local Government Pension Scheme (Administration) Regulations 2008.

**2. Governance Arrangements**

- 2.1 Under the terms of the council's constitution, the functions of the council as administering authority of the pension fund are delegated to the **Nottinghamshire Pension Fund Committee**. This is in line with guidance from the Chartered Institute of Public Finance & Accountancy (CIPFA).
- 2.2 The **Nottinghamshire Pension Fund Committee** meets four times a year and its members act in a quasi-trustee capacity. Under the constitution, it is responsible for Administering the Nottinghamshire Pension Fund, including investments by and management of pension funds.
- 2.3 The Pensions Investment Sub-Committee **has responsibility for investment performance management of the Fund Managers and making appropriate recommendations to the Nottinghamshire Pension Fund Committee**. Meetings are held four times a year. The sub-committee may appoint a working party to consider future policy & development.
- 2.4 **The Pensions Sub-Committee has responsibility for making recommendations to the Nottinghamshire Pension Fund Committee on matters relating to the administration and investment of the Pension Fund**. Meetings are held four times a year.
- 2.5 The number of voting members of the **Nottinghamshire Pension Fund Committee** is determined by the Council at its annual meeting. The number of voting members of the sub-committees is determined by the **Nottinghamshire Pension Fund Committee** on the basis of the council's constitution.

### 3. Functions and Responsibilities

- 3.1 The **Nottinghamshire Pension Fund Committee** separately approves the pension fund's Funding Strategy Statement, Statement of Investment Principles, Risk Management Strategy and Communications Strategy Statement.
- 3.2 The Funding Strategy Statement sets out the aims and purpose of the pension funds and the responsibilities of the administering authority as regards funding the scheme. Funding is the making of advance provision to meet the cost of accruing benefit promises and the long term objective is to achieve and then maintain assets equal to 100% of projected accrued liabilities. These responsibilities are delegated to the **Nottinghamshire Pension Fund Committee**, advised by the two Sub-Committees.
- 3.3 The Statement of Investment Principles sets out more detailed responsibilities relating to the overall investment strategy of the funds including the proposed asset allocation, restrictions on investment types, the type of investment management used and performance monitoring. It also covers the funds' policy on trustee training and expenses and states the funds' approach to socially responsible investment and corporate governance issues. These responsibilities are delegated to the **Nottinghamshire Pension Fund Committee**, advised by the two Sub-Committees.
- 3.4 ***Financial Regulations specify that the Service Director (Finance) 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).***
- 3.5 The Risk Management Strategy aims to reduce or eliminate risks which may jeopardise the achievement of the Fund's key objectives. It includes a risk register that identifies and prioritises the main risks to the operation of the fund. Responsibility for the Risk Management Strategy is delegated to the **Nottinghamshire Pension Fund Committee**, advised by the two Sub-Committees.
- 3.6 The Communications Strategy Statement details the overall strategy for involving stakeholders in the pension funds. The stakeholders identified are:
- trustees
  - current and prospective scheme members
  - scheme employers
  - administration staff
  - other bodies.
- Responsibility for the communications strategy is delegated to the **Nottinghamshire Pension Fund Committee**, advised by the Pensions Sub-Committee.

#### 4. Representation

- 4.1 The **Nottinghamshire Pension Fund Committee** has 9 members all of whom are current county councillors. The political make-up of the committee is in line with the current council and the chair is normally appointed by Council. All members have full voting rights.
- 4.2 The Pensions Investment Sub-Committee has 17 members consisting of the following representatives:
- County Councillors (9)
  - Nottingham City Council (3)
  - Nottinghamshire Local Authorities' Association (2)
  - scheduled and admitted bodies (1)
  - trade unions (2)
- 4.3 The **Pensions Sub-Committee** has 19 members consisting of the following representatives:
- County Councillors (9)
  - Nottingham City Council (3)
  - Nottinghamshire Local Authorities' Association (2)
  - scheduled and admitted bodies (1)
  - trade unions (2)
  - pensioners (2)
- 4.4 All members on both sub-committees have voting rights where allowed by relevant regulation.
- 4.5 Meetings of the Sub-Committees are also attended by officers of the County Council and an independent adviser. This ensures the Sub-Committee has access to “proper advice” as required by the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009. Proper advice is defined as the advice of a person who is reasonably believed to be qualified by their ability in and practical experience of financial matters. This includes any such person who is an officer of the administering authority.

## **5. Stakeholder Engagement**

- 5.1 An annual meeting of the pension funds is held in October to which all employer representatives and scheme members are welcome. The purpose of the meeting is to report on investment performance and current issues of concern to the pension funds.
- 5.2 A number of other initiatives to involve stakeholders are currently in place including:
- regular employers meetings
  - meetings between employers and actuaries
  - Nottinghamshire Finance Officers meetings
  - the annual report for the pension funds
  - Nest Egg magazine for all members
  - Pensions road shows at various venues around the County
  - dedicated pension fund web site.

## **6. Review and Compliance with Best Practice**

- 6.1 This statement will be kept under review and will be revised and published following any material change in the governance arrangements of the pension funds.
- 6.2 The regulations require a statement as to the extent to which the governance arrangements comply with guidance issued by the Secretary of State. The guidance contains best practice principles and these are shown below with the assessment of compliance.



| Ref.     | Principles  | Compliance and Comments   |
|----------|---|---|
| <b>A</b> | <b>Structure</b>  |   |
| a.       | The management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing council.   | <b>Fully compliant</b>  |
| b.       | That representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee.   | <b>Fully compliant</b>  |
| c.       | That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.   | <b>Fully compliant</b>  |
| d.       | That where a secondary committee or panel has been established, at least one seat on the main committee is allocated for a member from the secondary committee or panel.  | <b>Fully compliant</b>  |
| <b>B</b> | <b>Representation</b>   |   |
| a.       | That all key stakeholders are afforded the opportunity to be represented. within the main or secondary committee structure. These include :-<br>i) employing authorities (including non-scheme employers, eg, admitted bodies);<br>ii) scheme members (including deferred and pensioner scheme members),<br>iii) independent professional observers, and<br>iv) expert advisors (on an ad-hoc basis). | <b>Fully compliant</b><br>The sub-committees include representatives from employing authorities, scheduled and admitted bodies and scheme members. An independent adviser attends the sub-committee meetings. |
| b.       | That where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers and meetings, training and are given full opportunity to contribute to the decision making process, with or without voting rights.   | <b>Fully compliant</b>  |
| <b>C</b> | <b>Selection and role of lay members</b>  |   |
| a.       | That committee or panel members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee.   | <b>Fully compliant</b><br>All members of the <b>Nottinghamshire Pension Fund Committee</b> and its sub-committees are aware of their responsibilities for the oversight of the funds.                         |
| <b>D</b> | <b>Voting</b>   |   |
| a.       | The policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.  | <b>Fully compliant</b>  |
| <b>E</b> | <b>Training/facility time/expenses</b>  |   |
| a.       | That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and   | <b>Fully compliant</b><br>Members are encouraged to receive suitable training to help   |

|          |  |  |
|----------|--|--|
|          | reimbursement of expenses in respect of members involved in the decision-making process.   | them discharge their responsibilities including attending training courses, conferences and meetings. Travel and subsistence arrangements are those which prevail for the County Council.            |
| b.       | That where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form of secondary forum.  | <b>Fully compliant</b>   |
| <b>F</b> | <b>Meetings (frequency/quorum)</b>   |  |
| a.       | That an administering authority's main committee or committees meet at least quarterly.  | <b>Fully compliant</b><br>The <b>Nottinghamshire Pension Fund Committee</b> meets 4 times a year.  |
| b.       | That an administering authority's secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committee sits.   | <b>Fully compliant</b><br>The <b>Pensions</b> Sub-committee meets 4 times a year.<br>The Investment Sub-Committee meets 4 times a year.  |
| c.       | That administering authorities who do not include lay members in their formal governance arrangements, provide a forum outside of those arrangements by which the interests of key stakeholders can be represented.                                      | <b>Fully compliant</b>   |
| <b>G</b> | <b>Access</b>  |  |
| a.       | That subject to any rules in the councils constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee.                | <b>Fully compliant</b>   |
| <b>H</b> | <b>Scope</b>   |  |
| a.       | That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.  | <b>Fully compliant</b><br>Scheme issues are decided by the <b>Nottinghamshire Pension Fund Committee</b> after consideration at the <b>Pensions</b> Sub-committee.                                   |
| <b>I</b> | <b>Publicity</b>   |  |
| a.       | That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed, can express an interest in wanting to be part of those arrangements. | <b>Fully compliant</b><br>The governance compliance statement is published on the pension fund website and is included with the relevant committee report (available on the County Council website). |



**18 April 2013**

**Agenda Item:7**

## **REPORT OF THE SERVICE DIRECTOR – HR AND CUSTOMER SERVICE**

### **LOCAL GOVERNMENT PENSION SCHEME APPLICATIONS FOR SCHEME ACCESS VIA A COMMUNITY ADMISSION AGREEMENT**

#### **1. Purpose of the Report**

- 1.1. To seek Pensions Committee approval of the application by **Nottingham CityCare Partnership** to become a community admission body within Nottinghamshire Pension Fund.
- 1.2. At its meeting on 11<sup>th</sup> December 2008, Pensions Committee considered a report entitled 'Review of Arrangements around the Admission of New Employing Authorities to the Nottinghamshire Pension Fund' and after consideration resolved that 'each application be considered on its own merits'.

#### **2. Information and Advice**

- 2.1 Under the LGPS Regulations there is a discretionary power for the County Council, as Administering Authority, to approve such an admission if the organisation falls within the relevant definitions, and an admission agreement, to the satisfaction of the Administering Authority, is entered into.
- 2.2 Bodies that meet the definitions under the provisions of Regulation 5 of Local Government Pension Scheme (Administration) Regulations 2008, are eligible to apply to become community admission bodies.
- 2.3 The Pensions office has sought legal advice in this regard and may confirm that **Nottingham CityCare Partnership** meet the definition contained in Regulation 5(2)(a)(i), *'a body which provides a public service in the United Kingdom otherwise than for the purposes of gain and which has sufficient links with a Scheme employer for the body and the Scheme employer to be regarded as having a community of interest'*.
- 2.4 If approved, **Nottingham CityCare Partnership** will be required to meet all the schemes duties as a scheme employer as defined by the Pension scheme and associated regulations and the Pensions Offices processes and procedures. They will pay an employers contribution rate as determined by the Fund Actuary

and will be required to provide a bond, as protection to the Fund for any unpaid liability upon termination, at a level determined by the Fund Actuary and as reviewed from time to time.

- 2.5 It is understood that **Nottingham CityCare Partnership** intend to restrict admission to the 13 named employees that are being TUPE transferred to them on 1<sup>st</sup> May 2013, from Nottingham City Council and who were previously eligible to be members of the LGPS under that employment. The option to join the LGPS will not be available to existing employees of **Nottingham CityCare Partnership**.
- 2.6 Should **Nottingham CityCare Partnership** cease to operate or all the 13 named employees that are being TUPE transferred leave their employment, the Community Admission Agreement would cease. Any outstanding liabilities would be assessed by the Fund Actuary and where necessary be payable by **Nottingham CityCare Partnership** at termination.
- 2.7 **Nottingham CityCare Partnership** have provided a statement in support of their application which is contained in Appendix A to this report.

### 3. Statutory and Policy Implications

- 3.1 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.

#### Human Resources Implications (CD)

As outlined within the body of the report, admitted body status will allow transferring staff continued membership eligibility of the LGPS.

Where the service transfer relates to Nottinghamshire County Council, full consultation has been undertaken with affected staff and the recognised trade unions in line with TUPE requirements. In respect of other service transfers the current employing body is responsible for undertaking the equivalent consultation.

### RECOMMENDATION

1. That Pensions Committee agree that **Nottingham CityCare Partnership** be admitted to the Pension Scheme provided they undertake to sign an appropriate admission agreement and take out a bond of protection to the satisfaction of the Fund Actuary, and that admission to the Fund is effective from 1<sup>st</sup> May 2013 to allow the transferred employees unbroken membership in the LGPS.

**MARJORIE TOWARD**

## **SERVICE DIRECTOR – HR AND CUSTOMER SERVICE**

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

John Fairbanks, Joint Acting Pensions Manager on 0115 846 3347 or  
[john.fairbanks@nottsc.gov.uk](mailto:john.fairbanks@nottsc.gov.uk).

### **Constitutional Comments (KK)**

The proposal in this report is within the remit of the Pensions Committee.

### **Financial Comments (SC)**

There are no financial implications arising directly from this report. As noted in the report, employer contributions to be paid by admitted bodies are determined by the Fund's actuary.

### **Background Papers**

1. Articles of Association of **Nottingham CityCare Partnership**.
2. Application by **Nottingham CityCare Partnership**.
3. **Nottingham CityCare Partnership**- Reports and Financial Statement for period ended 31/3/2012.
4. Outline Business Case for **Nottingham CityCare**.

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

All

## **Appendix A**

### **Nottingham CityCare Partnership CIC (“CityCare”) – Supporting Statement**

#### **Background:**

CityCare was established in April 2011 as one of the Government’s leading “Not for Profit” organisations forging the way in transformational change in the way health care is delivered. CityCare launched with a £35 million of community health services including District Nursing, Health Visiting and Rehabilitation Care Services.

CityCare was the “Community Provider Arm” of NHS Nottingham City previously Nottingham City Primary Care Trust – a well-regarded Primary Care Trust for Nottingham City providing community health services for the citizens of Nottingham. This formed part of the National Operating Framework 2010/11 for Primary Care Trust’s to divest themselves of provider services and transform the delivery of community services.

CityCare has a proven history of working collaboratively with health and social care partners with a sound knowledge of local population needs and challenges. Part of the “Right to Request” was a support model of integrated working to transform community services working jointly with Nottingham City Council with a unique model of service delivery through a joint venture agreement. The benefits of this approach being both organisations ability to widen the joint provision of services to maximise the potential to meet the health and social needs and care of citizens of Nottingham City.

#### **CityCare’s Aims:**

Our vision is to provide “better health and complete care for the citizens of Nottingham; owned and delivered locally. As a viable social enterprise, we invest in the continued development of innovative services, working closely with our partners, staff, service users and other stakeholders.

We aim to establish a working relation to integrate health and social care services in partnership with Nottingham City Council. Our integrated care strategy seeks to improve our patients’ experience and outcomes and ensure that they receive the right care at the right time and in the right place.

#### **Why are we applying for “Community Admission Body”?**

As a CIC our strategy is to remain the provider of choice and deliver all our existing portfolio of community services acquired under the Right to Request. By delivering

the complete portfolio this will enable us to maximise the benefits from the integrated delivery of care.

**Community Contract Monitoring** – Service Level Agreements with Commissioners are performance managed through monthly performance meetings between CityCare and its commissioners. In response to our Commissioners' requirements and drive to improve commissioned services CityCare is required to bring back in-house the service delivery of the Intermediate Care Rehabilitation Support Team ("JackDawe Team"). This service was a commissioned service to CityCare which CityCare sub-commissioned to Nottingham City Council under a Service Level Agreement. The existing Funding for this particular service is worth £3.3 million and has subject to an extended Commissioning period to 2015.

As part of bringing this service back in-house to integrate the service under the partnership agreement there is a requirement under TUPE 2006 legislation to ensure the transfer of the existing Nottingham City Council "employees" currently working within this particular service area. Part of the TUPE process requires access to a broadly comparable pension scheme. As a Social Enterprise we do not have access to a public sector pension scheme and are therefore not able to provide a comparable scheme under the "fair deal pension" guidance or a GAD certification.

Outline Business Case on the evolution of Nottingham CityCare Partnership CIC with 5 year strategy provided under separate cover.

#### **Final Year End Accounts 2011/12**

Provided under separate cover

#### **Staffing Structures:**

13 staff as named with the Admission Agreement - 8 who are currently members of the LGPS Scheme 1 and 1 with a membership application pending identifies the named individuals transferring under TUPE within the service and the particular roles they carry out.

For the purposes of this application it is proposed that the pension membership should be restricted to individual named employees with LGPS eligibility and not roles.

Anne-Louise Ottewell  
Assistant Director of HR and Workforce  
Nottingham CityCare Partnership CIC

