

Nottinghamshire Pension Fund Committee

Thursday, 14 September 2017 at 10:30

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

AGENDA

- | | | |
|---|--|---------|
| 1 | Minutes of the last meeting held on 11 July 2017 | 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 | LGPS Trustees Conference 29-30 June 2017 | 9 - 14 |
| 5 | LGPS - Administering Authority Discretions | 15 - 36 |
| 6 | Fund Valuation and Performance | 37 - 40 |

7 EXCLUSION OF THE PUBLIC

The Sub-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 items.

EXEMPT INFORMATION ITEMS

8 Fund Valuation and Performance EXEMPT Appx

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

9 Independent Advisor's Report EXEMPT

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

10 Managers' Reports:

10a Aberdeen Property Investors EXEMPT

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

10bi Kames Capital EXEMPT

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

10bii Kames Capital Diversified Growth Fund EXEMPT

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

10c Schroders Investment Management EXEMPT

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

Please note, hard copies of the above management reports are available to Committee members on request.

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 Peter Barker (Tel. 0115 977 4416) 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 PENSION FUND COMMITTEE

Date Thursday 20 July 2017 at 10.30 am

membership

Persons absent are marked with 'A'

COUNCILLORS

Eric Kerry (Chairman)

Stephen Garner (Vice Chairman)

| | | | |
|---|------------------|---|----------------------|
| A | Reg Adair | A | Mike Pringle |
| | Chris Barnfather | | Francis Purdue-Horan |
| | Sheila Place | A | Helen-Ann Smith |
| | | | Parry Tsimbirdis |

Nottingham City Council

A Councillor Alan Clark
A Councillor Graham Chapman
Councillor Anne Peach

Nottinghamshire Local Authorities' Association

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

Trades Unions

A Mr A Woodward
Mr C King

Scheduled Bodies

Mrs Sue Reader

Pensioners

Vacancy
Mr T Needham

Independent Advisor

William Bourne

Officers in Attendance

| | |
|------------------|-------------|
| David Forster | (Resources) |
| Peter Baker | (Resources) |
| Tamsin Rabbitts | (Resources) |
| Sara Stevenson | (Resources) |
| Jon Clewes | (Resources) |
| Keith Palframan | (Resources) |
| Ciaran Guilfoyle | (Resources) |

MINUTES

The minutes of the last meeting held on 22 June 2017 were taken as read and confirmed and signed by the Chairman, Subject to it being noted that William Bourne (Independent Advisor) was in attendance

APOLOGIES FOR ABSENCE

Apologies for absence were received from

Councillor Chris Barnfather
Francis Purdue-Horan
Parry Tsimbiridis

City Councillor Alan Clarke
Graham Chapman

Alan Woodward (GMB Representative)

DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS

None.

LGPS CENTRAL ASSET POOL UPDATE

Mr Palframan introduced the report and took members through it.

RESOLVED 2017/009

That the LGPS Central Asset Pool update was noted

LAPFF MEETING

Mr Guilfoyle introduced the report and took members through it.

RESOLVED 2017/010

That the LAPFF Meeting report be noted

PENSIONS AND LIFETIME SAVINGS ASSOCIATION LOCAL AUTHORITY CONFERENCE 2017

Mrs Rabbitts introduced the report and took members through it.

RESOLVED 2017/011

- 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

CONFERENCE AND TRAINING UPDATE

Mr Palframan introduced the report and took members through it.

RESOLVED 2017/012

That the Conference and Training update be noted

The meeting concluded at 10.55 am

CHAIRMAN

Following the closure of the meeting Mr Palframan informed members of the position of properties owned by the fund following the tragic event of Grenfell Tower, London. He reported that Aberdeen Asset Management who manage the Funds property portfolio have undertaken a review of all residential properties that are 18 metres or six stories high and was pleased to report no residential properties owned by the Fund had been found to have any Aluminium Composite Material (ACM) as part of the building.

There is however ACM present on 6 of the industrial retail warehouse and supermarket assets, current building regulations allow for such materials to be used.

A full update will be presented to a future meeting of the Pensions Fund Committee.

REPORT OF SERVICE DIRECTOR – CUSTOMERS AND HR

LGPS TRUSTEES CONFERENCE 29 – 30 JUNE 2017

Purpose of the Report

1. To report on the 14th Annual LGPS Trustees Conference.

Information and Advice

2. The 14th Annual LGPS Trustees Conference, organised by the Local Government Pensions Committee (LGPC), was held on 29 to 30 June 2017 in Bournemouth. In accordance with prior approval and as part of the Fund's commitment to ensuring those charged with decision-making and financial management have effective knowledge and skills, the conference was attended by Stephen Garner, Pensions Committee Vice Chair, and Helen – Ann Smith Pensions Committee Member, along with Jonathan Clewes Pensions Team Manager.

3. **Keynote Address**

The Keynote Address was presented by Bob Holloway LGA Pensions Secretary on behalf of Cllr Roger Phillips the Local Government Pensions Scheme Advisory Board (SAB), who presented an update on the Scheme Advisory Board. He covered 7 main topics including the activities of the SAB, the LGPS Annual Report 2016, Scheme Advisory Board Surveys, valuation results, Cost transparency, and the impact of Brexit.

This is the fourth year of the Board being in operation, and acknowledged that this is a challenging financial environment for the LGPS, and one of the main objectives is that the Board are working to improve perception and profile of the LGPS in the face of a hostile press.

The main areas of work for SAB are:

- The LGPS Annual Report
- Assessing the Pension Boards at local level
- Reviewing the Valuation results
- Issues in relation to Academies and the size of the administration problem
- Commissioning a report on the risk of Tier 3 Employers and the risk to Local Authority Funds
- Cost Transparency for investments

Bob also emphasised that it is important for schemes to ensure that they have good data, and cost transparency, with the importance of ensuring statutory compliance.

4. The LGPS, Responsible Investment & Pooling: How it will work

Alan MacDougall, Managing Director PIRC Ltd. Alan acknowledged that this is a busy period for funds with the concept of Asset Pooling. He explained about the 8 provisional pools, and the need to make the best use of pools by using the purchasing power to reduce costs, with other benefits including better governance, along with sharing and building knowledge and expertise as well as greater engagement across funds and pools.

Alan went on to describe the main objective for the LGPS is to generate long term real returns above inflation along with trying to address issues relating to management fees being too expensive, along with the balance of risk not being right, and the desire for development versus operational risk.

5. LGPS Pooling: 2018 & Transition

Jill Davys – Client Relations Director, London CIV presented a national view of the LGPS Scheme based on the 2016 Scheme Data, and reflected the LGPS pooling landscape with different models to fit the needs of individual pools and their Sovereign Funds. Asset Allocation Decisions remain firmly at the local level, with the Pools resourcing to deliver success. Jill went on to provide commentary on preparing for transition to the pooling model, and gave an overview of the LCIV Transition Experience. The main considerations were:

- the need to be flexible
- Adapt to changing fund needs and external circumstances
- Reporting post transition
- Access to investment strategies where external providers are used.
- Future proofing: changes to asset allocation.
- Managing expectations.

The presentation closed with an overview of the London Funds changes to their strategic asset allocation.

London CIV was launched in December 2015, and was the first fully authorised and regulated investment management company set up by the London Boroughs, and the City of London Corporation, and has been established as a collective investment vehicle for their LGPS funds.

6. Legal Update

Gary Delderfield, Eversheds Sutherland provided a legal update on a number of European Directives, the first being the Directive on Institutions for Occupational Pension Schemes which came into force 12 January 2017, and member states are required to implement by 13 January 2019.

The IORP II Directive sets common standards ensuring the soundness of occupational pensions and better protects pension scheme members and beneficiaries, by means of among others:

- New governance requirements
- New rules on risk assessment
- New requirements to use a depositary

- Enhanced powers for pension supervisors

The impact of this directive will depend on timing and terms of the UK exit from the EU and further consideration to the Directive will need to be given on whether it applies to the LGPS, and the agreement in terms of the UK exit.

The presentation went on to update the conference regarding the Markets in Financial Instruments Directive (MiFID) this is a framework of European Union (EU) legislation for:

- Investment intermediaries that provide services to clients around shares, bonds, units in collective investment schemes and derivatives (collectively known as 'financial instruments');

This may apply to the pooling company.

The new General Data Protection Regulations (GDPR) come into force May 2018 which brings new obligations on data controllers, with a need to ensure that there are processes in place to comply with the new regulations. In addition also focuses on data security and is a source of focus of the pension's regulator, with the need to have up to date and accurate data. The Pensions regulator expects that:

- Administering authorities should put in place controls to ensure security of member data
- Ensure anyone with access to scheme and member records is suitably vetted and trained
- Authorities' administrators should have in place measures to avoid security breaches and data losses.

It is recommended that authorities start preparing for GDPR in undertaking the following:

- Carry out an information audit
- Identify key risks
- Consider privacy compliance from the outset
- Review existing and new agreements with processors for compliance
- Ensure security breach procedures are adequate.

Finally there was a round-up of some case law following a number of Pensions Ombudsman directions.

7. Apples with Apples

This was presented by Bob Holloway, LGA Pensions Secretary. This presentation focused on data within the LGPS and provided a detailed view of why good data is important for administering bodies. The presentation went on to explain The Pension Regulator's concerns relating to the Administration of the LGPS in that:

- Poor awareness of governance duties relating to employers
- Failure to maintain complete and accurate member records

- Ineffective data reviews
- Poor quality of improvement plans relating to member data.
- Poor quality of data, mainly from data provided by employers.
- Absence of risk registers
- Absence of process to report breaches of the law
- Missing statutory deadlines on annual benefit statements

The Pension Regulator is communicating that they are more likely to use their enforcement powers in the coming year, and will take enforcement action where scheme managers have not taken sufficient action to address issues or meet their duties.

It was also explained that much of the issue is with scheme employers providing timely, accurate and complete data as a matter of routine, the presentation concluded with:

- Good data is essential for good outcomes
- Data must be reviewed and action taken where necessary
- Pension committees and Local Pension Boards are key players
- Recognise that problems also exist at scheme level
- There is a clear role for the Strategic Advisory Board
- Scheme simplification

It was also acknowledged that the scheme faces many challenges in terms of the increased number of employers, and the complicated nature of the Pension scheme, which adds to the difficulties of the Administering Authorities.

8. 2016 Valuation Outcomes

Leanne Johnstone, Mercer Actuaries provided a view on the 2016 valuation outcome. Far from expected funding levels are up by 5% -10%, with deficits having decreased, and with an increase in contributions, along with recovery plans being maintained. What has happened over the last 3 years since the last valuation has been, positive returns, low inflation, and demographics in terms of life expectancy has remained static, with Ill health cost being lower than expected.

Looking forward however there is still lots of uncertainty with lower returns possible, potential inflation increase, increased employer risks, and potential market volatility. What is certain is that budgets are shrinking and pensions aren't. The advice to the conference was, now is a good time to review your risk management strategy. One question funds need to ask is, do funds understand their risk profile on employers?

9. The Government Actuary – How the Risk is Shared

John Baylis gave an overview of the Government Actuary's Department and its mission statement "to support effective decision-making and robust reporting within government as the first choice provider of actuarial and specialist analysis, advice and assurance".

The presentation went on to give a National perspective of public service pension schemes, and talked about affordability, explaining that the LGPS is the exception to other Public Service Pensions, which are all unfunded (ie pension benefits are paid out of revenue, not proceeds from assets) contributions are set centrally. The LGPS has assets which have been built up over time, and set aside to help meet the pensions it has committed to pay, with contributions set locally.

10. National LGPS Frameworks – acorn to oak tree

Nigel Keogh, National LGPS Frameworks Operations and Development Manager, gave a presentation on the operation of the LGPS National Framework set up by Norfolk Pension Fund, and how LGPS Funds can use the Framework to Purchase Goods and Services relating to the administration of pension funds. This was set up to share innovation and best practice, and enable Pensions funds procure goods and services.

The presentation provided an overview of the frame works, how they work, and the key benefits.

11. Investment Spotlight:

Atul Shinh, Investment Specialist, Investec focused on what has happened in the investment markets over the last 12 months.

Statutory and Policy Implications

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

RECOMMENDATION/S

1. That Pensions Committee members continue to attend the Trustees Conference to enable members to be kept up to date with the main national topics relating to the administration of the pension fund.
2. That a future report is presented to update the committee on pension fund data quality and the new General Data Protection Regulations (GDPR).

Marjorie Toward
Service Director – Customers and HR

For any enquiries about this report please contact:

Jonathan Clewes, Pensions Manager on 01159773434 or jon.clewes@nottsc.gov.uk

Constitutional Comments

13. There are no Constitutional Comments required.

Financial Comments

14. 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.

Copy of the conference documentation “Brave New World”

September 14, 2017

Agenda Item: 5

REPORT OF THE SERVICE DIRECTOR – CUSTOMERS AND HR

LOCAL GOVERNMENT PENSION SCHEME – ADMINISTERING AUTHORITY DISCRETIONS.

Purpose of the Report

1. To seek agreement from the Pensions Committee, in its role as Administering Authority, for the formulation of new and revised discretions under the LGPS regulations.

Information and Advice

Background

2. An administering authority discretion under the LGPS Regulations allows a scheme administrator to choose, whether to use a scheme option, or how to apply a scheme rule.
3. Some discretions are required to be formulated and published, whilst others may be left unconsidered until a case occurs.
4. Nottinghamshire County Council, in its role as Administering Authority of Nottinghamshire's Local Government Pension Fund, formulated and published a number of policy discretions when it was first required to do so under the LGPS Regulations 1997.
5. The Resources Committee took decisions in relation to the Pensions Fund prior to the creation of the Pensions Committee in the year 2000.
6. The LGPS regulations require administering authorities to keep their written discretions under review and formulate new ones as and when the scheme regulations require them to do so.
7. The published discretions approved by the Council's Resources Committee on 20th April 1998 currently require revision, and new discretions are required to be formulated in accordance with subsequent regulations.

Administering Authority discretions that are required to be published.

8. **Governance Policy** - Regulation 55 of the LGPS Regulations 2013

Requirement – A governance policy must state whether the administering authority delegates their function or part of their function in relation to maintaining a pension fund, to a committee, a sub-committee or an officer of the administering authority and, if they do so delegate, state:

- the frequency of any committee or sub-committee meetings.
- the terms, structure and operational procedures appertaining to the delegation.
- whether representatives of employing authorities or members are included and, if so, whether they have voting rights.

The policy must also state:

- the extent to which a delegation, or the absence of a delegation, complies with Secretary of State guidance and, to the extent it does not so comply, state the reasons for not complying.
- the terms, structure and operational procedures appertaining to the local pensions board.

Current position - The Authority has met this requirement by formulating and publishing a Governance Compliance Statement.

9. Communication Policy - Regulation 61 of the LGPS Regulations 2013

Requirement - A communication policy must set out the policy on provision of information and publicity to, and communication with, members, representatives of members, prospective members and scheme employers; the format, frequency and method of communications; and the promotion of the scheme to prospective members and their employers.

Current position - The Authority has met this requirement by formulating and publishing a Communication Policy Statement. An updated statement is included in the Annual Report 2017.

10. Abatement Policy - Transitional Provisions Reg 3(13) and Administration Regs 70(1) & 71(4)(c) and Regulation 109 & 110(4)(b).

Requirement - To decide a policy on abatement of pre 1 April 2014 element of pensions in payment following re-employment.

Current position - The current policy, which was agreed by Resources Committee in 1998, and reviewed, without change, in 2011, is that pensions paid from the Pension fund, will not be abated on re-employment.

It is recommended that this policy continues unchanged, which reflects the current LGPS regulations 2014 for post 31 March 2014 elements of pension benefits.

11. Funding Strategy - Regulation 58 of the LGPS Regulations 2013.

Requirement – To decide a policy on a funding strategy for inclusion in the funding strategy statement.

Current position - The Funding Strategy Statement was approved at 22 June 2017 Pension Fund Committee and is published on the Funds website.

12. Early release of benefits where the member's former scheme employer has become defunct.

- Whether to allow the waiver of reductions on flexible retirement.
- Whether to allow the waiver of reductions on voluntary retirement
- Whether to “switch on” the 85 year rule for a member voluntarily drawing benefits on or after age 55 and before age 60.
- Whether to grant application for early payment of deferred benefits on or after age 55 and before age 60.
- Whether to waive, on compassionate grounds, the actuarial reduction applied to deferred benefits paid early.
- Whether to grant an application for early payment of a suspended tier 3 ill health pension on or after age 55 and before age 60.

Requirement - the administering authority of the fund is required to have a policy for the above discretions which would have been the responsibility of the pension member's former scheme employer.

Current position – There is currently no published policy. It is recommended that a new policy is published reflecting the following wording:

The Administering Authority will take into consideration the following:

- The cost (strain) to the Pension Fund.
- The funding level of the Pension Fund.
- The financial position of the member.
- Whether there are compassionate reasons, such as whether the member is unable to work because of poor health or has given up work to provide care for a family member.

13. There are a number of administering authority discretions that do not need to be formulated or published in advance of a case occurring. However in order that the

Administration Authority can apply a consistent approach a full list of delegations has been put together as part of the requirement of the LGPS regulations and are listed in Appendix to this report. The document lists the relevant delegation, the regulation and a proposed statement of how the delegation will be administered, along with the office that holds the delegated authority. The majority of discretions have previously been addressed by the Service Director, Customers and HR, Service Director Finance, Procurement & Improvement and Section 151 officer, or the Pension Manager, and where required the Pensions Committee.

14. With update of the full list of discretions in Appendix Scheme Employers will be able to use the document to help them formulate, prepare and publish their own employers discretions which they are required to publish under the current LGPS regulations.

Statutory and Policy Implications

15. 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

1. That the above changes to the Administering Authority's published discretions are agreed, and that the application of the discretions is delegated to the Service Director – Customers and HR, the Service Director – Finance, Procurement & Improvement and Section 151 officer and the Pensions Manager.

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 (GR 18/8/2017)

Pursuant to the County Councils Constitution, the Nottinghamshire Pension Fund Committee has the delegated authority pursuant to Part 4 section 37 to consider the recommendations set out within this report.

Financial Comments (NS 7/8/2017)

There are no specific financial implications arising from this report

Background Papers

None

Electoral Division(s) and Member(s) Affected

All

| 1 Administering authority discretions exercised in relation to funding strategy and scheme employers | | | | |
|---|---|---|---|---|
| No | Relevant Discretion | Regulation | Statement of the Administering Authority | Delegated authority |
| 1.1 | Decide on funding strategy for inclusion in funding strategy statement | 13(58) | The funding Strategy Statement for the Nottinghamshire Pension Fund is published on the Pension Fund Website http://www.nottspf.org.uk/about-the-fund/governance-policies . | The Pensions Committee. Service Director Finance, Procurement & Improvement and Section 151 officer. |
| 1.2 | Whether to agree to an admission agreement with a Care Trust, NHS Scheme employing authority or Care Quality Commission | 13 (4(2)(b)) | Application to be considered as and when a cases arises | The Pensions Committee Service Director Finance, Procurement & Improvement and Section 151 officer. |
| 1.3 | Whether to agree to an admission agreement with a body applying to be an admission body | 13 (3(5) & Sch 2, Part 3 Para 1) | The Pension Committee will have final approval of Community Admission Body applications | The Pensions Committee |
| 1.4 | Whether to terminate a transferee admission agreement in the event of: <ul style="list-style-type: none"> • Insolvency, winding up or liquidation of the body. • Breach by the body of its obligations under the admission agreement. • Failure by that body to pay over sums due to the fund within a reasonable period of being required to do so. | 13 (Sch 2, Part 3, para 9(d)) | The approach of the Nottinghamshire Pension Fund to this discretion is that his will be discussed with the 151 officer, along with taking legal advice if necessary, with a referral to the Pensions Committee | Service Director Finance, Procurement & Improvement and Section 151 officer. The Pensions Committee. |
| 1.5 | Define what is meant by “employed in connection with” | 13 (Sch 2, Part 3, para 12(a)) | This refers to the restriction of membership of transferee admission body employees, who are only pensionable if undertaking the work of the transferred service. Currently typical wording is used: “Eligible Employees” means the employees employed by the Transferor Scheme | |

Appendix 1

Administering Authority Discretions

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| | | | Employer on 'date' and listed in Schedule (list of eligible employees) for so long as they are employed in connection with the provision of services or assets referred to in the Best Value Arrangement or part of such services or assets | |
| 1.6 | Whether to require any strain on Fund costs to be paid “up front” by the employing authority | 13 (68(2)). TP14 (sch 2, para 2(3)) & 97 (80(5)) | Nottinghamshire Pension Fund invoice employers each month relating to Pension Strain Costs | Service Director Finance, Procurement & Improvement and Section 151 officer. |
| 1.7 | Whether to set up a separate admission agreement fund | 13 (54(1)) | The Pensions Committee Decision | The Pensions Committee |
| 1.8 | Whether to have a written pensions administration strategy and, if so, the matters it should include. | 13 (59(1)&(2)) | The Nottinghamshire Pension Fund has a written Pension Administration Strategy. This is published at: http://www.nottspf.org.uk/employers/employer-news/pensions-admin-strategy-and-service-level-agreement | Service Director Customers and HR, The Pensions Committee |
| 1.9 | Whether to suspend, for up to three years an employer’s obligation to pay an exit payment where the employer is again likely to have active members within the specified period of suspension. | 13(64(2A)) | This decision will be made after consultation with relevant scheme employer and the Fund actuary, taking into account the impact on the covenant between the relevant scheme employer and the Nottinghamshire Pension Fund | Service Director Finance, Procurement & Improvement and Section 151 officer. |
| 1.10 | Whether to obtain revision of employer’s contribution rate if there are circumstances which make it likely a scheme employer will become an existing employer | 13(64(4)) | This decision will be made after consultation with relevant scheme employer and the Fund actuary, taking into account the impact on the covenant between the relevant scheme employer and the Nottinghamshire Pension Fund | Service Director Finance, Procurement & Improvement and Section 151 officer. The Pension Manager in conjunction with the scheme actuary |
| 1.11 | Decide frequency of payments to be made over to the fund by employers and whether to make and administration charge | 13 (69(4))& 97 (81 (1)) | The frequency of employer payments is set out in the Administration Strategy. | Service Director Finance, Procurement & Improvement and Section 151 officer/ Service Director Customers and HR. |

Appendix 1

Administering Authority Discretions

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|-------------|---|---|--|--|
| 1.12 | Decide form and frequency of information to accompany payments to the fund | 13 (69(4))& 97 (81 (5)) | This is reference to the monthly contribution pay over, and whether the Administration Authority wishes to have a detailed breakdown on a mthly or annual return. Currently Notts only requires such for the annual return. | Service Director Finance, Procurement & Improvement and Section 151 officer / Service Director Customers and HR. |
| 1.13 | Whether to issue employer with notice to recover additional costs incurred as a result of the employer's level of performance | 13 (70) & TP14 (22(2)) | This is laid out in the Administration Strategy | Service Director Finance, Procurement & Improvement and Section 151 officer/ Service Director Customers and HR. The Pension Manager |
| 1.14 | Whether to charge interest on payments by employers which are overdue | 13 (71(1)) & 97 (82(1)) | This is laid out in the Administration Strategy | Service Director Finance, Procurement & Improvement and Section 151 officer. Service Director Customers and HR. The Pension Manager |
| 1.15 | Agree to bulk transfer payment | 13 (98(1)(b)) | Where two or more members transfer from the LG Fund to a different scheme fund, the Administration Authority in agreement with the Employer transferring and the new fund may agree to a bulk transfer. | Employer / Admin. Authority / trustees of new scheme |
| 1.16 | Decide policy on abatement of pensions in payment following re-employment | TP14 (3(13)),08 (70(1))* ,08 (71(4C)), TP08 (12)& 97(109* & 110(4)(b)) | <p>Currently the policy, which was agreed by Resources Committee in 1998, is that pensions are not abated on re-employment. We would recommend that this policy continues. For note, this reflects the 2014 scheme regs position where abatement is currently not allowed.</p> <p>Current discretion wording - Due to the difficulties of implementing a system which is fair and impartial to all pensioners, and to encourage more flexible working arrangements, no account will be taken of post retirement earnings in respect of abatement of pensions paid from the Pension Fund.</p> | Service Director Customers and HR/ The Pension Manager reporting to The Pensions Committee |
| 1.17 | Timing of pension increase payments by employers to fund (pre April 2008 leavers) | 97 (91(6)) | Pension increase payments will be collected on a monthly basis. | Service Director Customers and HR. The Pension Manager. |

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|------------|--|---------------------------------------|---|--|
| | | | | |
| 2. | Administering authority discretions exercised in relation to administration of scheme benefits. | | | |
| No | Relevant Discretion | Regulation | Statement of the Administering Authority | Delegated authority |
| 2.1 | Whether to turn down a request to pay an APC/SCAPC over a period of time where it would be impractical to allow such a request (e.g. where the sum being paid is very small and could be paid as a single payment) | 13 (16(1)) | For practical reasons the Administration Authority would not normally allow regular payments of less than £10 per month. The member may either shorten the payment period to comply with this or pay by lump sum. | Service Director Customers and HR. The Pension Manager |
| 2.2 | Whether to require a satisfactory medical report before agreeing to an application to pay an APC/ SCAPC | 13 (16(10)) | Member only contract - Medical required in all cases. Shared cost (compulsory) - Medical not normally required. Shared cost (employer discretion) - Medical not required. Employer only cost - Medical not required. Member must provide certification (at own cost) using standard form available on website. Acceptable for member to use Medical Practitioner of their own choice (e.g. their own GP). | Service Director Customers and HR. The Pension Manager |
| 2.3 | Whether to turn down an application to pay an APC/SCAPC if not satisfied that the member is in reasonable health | 13(16(10)) | The Nottinghamshire Pension Fund will not agree to an application to pay APC/ SCAPC if it is not satisfied that the member is in good health after due consideration of a medical report. | Service Director Customers and HR. The Pension Manager |
| 2.4 | Whether to charge member for provision of estimate of additional pension that would be provided by the scheme in return for transfer of in house AVC/ SCAVC funds (where AVC/ SCAVC arrangement was entered | TP14 (15(1)d) & 08 (28(2)) | Nottinghamshire Pension Fund will not recover the administrative costs relating to the estimate of a transfer of an in house AVC/SCAVC fund if the number of requested estimates does not exceed one per calendar year. The Nottinghamshire Pension Fund reserves the right to charge for estimates in excess of one per calendar year. | Service Director Customers and HR. The Pension Manager. |

Appendix 1
Administering Authority Discretions

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| | into before 01/04/14 | | | |
| 2.5 | Decide to whom any AVC / SCAVC monies (including life assurance monies) are to be paid on death of a member | 13 (17(12)) | <p>For AVC contracts that commenced post 31/3/2014, would normally use the same criteria that we would use to pay a death grant from the main scheme.</p> <p>For AVCs that commenced before 1/4/2014, we are still required to pay to the member's estate.</p> <p>Decisions on the payment of AVC/ SCAVC monies will be made after taking into account all relevant considerations and documentary evidence, including the deceased's expression of wish or will.</p> | Service Director Customers and HR. The Pension Manager |
| 2.6 | Pension account may be kept in such form as is considered appropriate | 13 (22(3)(c)) | <p>The Nottinghamshire Pension Fund will determine the form that a pension account must be kept in.</p> <p>AA uses electronic record keeping</p> | Service Director Customers and HR. The Pension Manager |
| 2.7 | Decide, in the absence of an election from the member within 12 months of ceasing a concurrent employment, which ongoing employment benefits from the concurrent employment which has ceased should be aggregated (where there is more than one ongoing employment) | TP14 (10(9)) | <p>The ceased concurrent record should be combined with whichever of the still active records that commenced membership first.</p> <p>Suggested that for admin proficiency that member is asked to elect within 3mths and default is as above if does not.</p> <p>Member will have right to change situation if acts within 12mths though.</p> | Service Director Customers and HR. The Pension Manager |
| 2.8 | Whether to extend the time limits within which a member must give notice of their election to draw benefits before normal pension age or upon flexible retirement | 13 (32(7)) | There will be no general adoption of this discretion | Service Director Customers and HR. The Pension Manager |
| 2.9 | Decide whether to commute small pension | 13 (34(1)), 07 (39), | Currently the Administration Authority do not allow commutation of small pensions as it is more time | Service Director Customers and HR. |

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| | | TP08 (14(3)) & 97 (49 & 156) | consuming than not doing so. However, we intend to review the position later this year and will report to Pensions Committee, once a proposal is available. | The Pension Manager |
| 2.10 | Approve medical advisors used by employers (for ill health benefits) | 13 (36(3)), 08 (56(2)) & 97 (97 (10)) | <p>Medical advisors will be approved if they are independent practitioner who are registered with the General Medical Council and:</p> <ul style="list-style-type: none"> • Hold a diploma in occupational health medicine (D Occ Med) or an equivalent qualification issued by a competent authority in an EEA state; “competent authority” has meaning given by section 55(1) of the medical act 1983 • Are an Associate, a member or a fellow of the faculty of Occupational Medicine or an equivalent institution of an EEA state. <p>The Scheme employer must obtain the AAs approval before using an IRMP. In practice the certificate asks for relevant qualification and independence and it is difficult to envisage a situation where the Administration Authority would not approve an IRMP.</p> | Service Director Customers and HR. The Pension Manager |
| 2.11 | Decide to whom a death grant is paid | TP14 (17(5) to (8)), 13 (40 (2), 43 (2) & 46 (2)), 07 (23 (2)), 07 (23 (2)), 32(2), 35 (2)), TP08 (Sch1), 97 (38 (1) & 155 (4)) & | Decisions on the payment of a death grant will be made after taking into account all relevant considerations and documentary evidence, including the deceased’s Expression of wish and will. | Service Director Customers and HR. The Pension Manager. |

| | | 95 E8) | | |
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| 2.12 | Decide, in the absence of an election from the member, which benefit is to be paid where the member would be entitled to a benefit under two or more regulations in respect of the same period of scheme membership. | 13 (49(1) (C)) & 07 (42 (1) (C)) | <p>The Pension fund will pay benefits in the most equitable way that it can determine</p> <p>Administration Authority will decide which benefits appears to be the most beneficial to the member. Unclear though, under what circumstances this could relate to.</p> | Service Director Customers and HR. The Pension Manager |
| 2.13 | Whether to pay a death grant due to personal representatives or anyone appearing to be beneficially entitled to the estate without need for grant or probate / letters of administration | 13 (82(2)), 08 (52(2)) & 97 (95 | <p>The Pension Fund will pay death grant due to personal representatives or anyone appearing to be beneficially entitled to the estate without need for grant of probate/ letters of administration if it is satisfied that the claim is legitimate and the beneficiary is appropriate.</p> <p>Decide on a case by case basis.</p> | Service Director Customers and HR. The Pension Manager |
| 2.14 | Whether, where a person is incapable of managing their affairs, to pay the whole or part of that person's pension benefits to another person for their benefit. | 13 (83) & 08 (52A) | <p>The Pension fund will pay the whole or part of that persons pension benefits to another person for their benefit if it is satisfied that the individual is incapable of managing their own affairs and that the other person is appropriate.</p> <p>Decide on a case by case basis</p> | Service Director Customers and HR. The Pension Manager |
| 2.15 | Extend normal time limit for acceptance of a transfer value beyond 12 months from joining the LGPS | 13 (100(6)) | <p>There will be no general adoption of this discretion However we adopt a common sense approach if there is a reason to allow after the 12 months.</p> | Service Director Customers and HR. The Pension Manager |
| 2.16 | Allow transfer of pension rights into the fund | 13 (100(7)) | <p>Transfers will be permitted within the first 12 months of membership of the Nottinghamshire Pension Fund. However we adopt a common sense approach if there is a reason to allow after the 12 months.</p> | Service Director Customers and HR. The Pension Manager |
| 2.17 | Where member to whom the | TP14 (3(6), | The Pension Fund will pay benefits in most equitable way | Service Director Customers and |

Appendix 1

Administering Authority Discretions

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| | use of the average of three years pay for final pay purpose applies, dies before making an election, whether to make that election on behalf of the deceased member. | 4(6)(c), 8(4), 10(2)(a), 17(2)(b)) & 07 (10(2)) | that it can determine. The Administration Authority should continue to apply best practice for the member benefit. | HR. The Pension Manager |
| 2.18 | Make election on behalf of deceased member with a certificate of protection of pension benefits i.e. determine best pay figure to use in the benefit calculations (pay cuts / restrictions occurring pre April 2008) | TP14 ((6), (6)(c), 8(4), 10(2)(a), 17(2)(b)& Sch 1)) & 97 (23(9)) | The Pension Fund will pay benefits in most equitable way that it can determine. The Administration Authority should continue to apply this as best practice for the members benefit. | Service Director Customers and HR. The Pension Manager |
| 2.19 | Decide to treat a child as being in continuous full-time education or vocational training despite a break. | 13 (Sch 1), TP14 (17(9)(a) 07 (26 (5)), 97 (44 (5))) | Assessment of child, to allow eligibility whilst between ages of 18 & 23 whilst having break in f/t education or vocational training. A child will be treated as being in continuous full-time education or vocational training despite a break if the break is for 12 months or less. If the break is for over 12 months the decision will be made after taking in to account all relevant considerations | Service Director Customers and HR. The Pension Manager |
| 2.20 | Decide evidence required to determine financial dependence of cohabiting partner on scheme member of financial interdependence of cohabiting partner and scheme member. | 13 (sch1), TP14 (17 (9)(b)) & 07 (25) | Is part of the definition of 'co-habiting partner'. Members are requested to provide evidence, in accordance with our guidance on the new co-hab form which will reflect the old co-hab nomination form, and we assess on an individual basis what they provide. To be decided on a case by case basis | Service Director Customers and HR. The pension Manager |
| 2.21 | Extend time period for capitalisation of added years | TSch 1 & L83(5) | Members who are purchasing added yrs and who are made redundant may have the option to pay remaining | Service Director Customers and HR. |

Appendix 1

Administering Authority Discretions

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| | contract | | purchase by lump sum. Election must be made within 3mths of leaving. Administration Authority may extend the 3mths but would suggest they do not normally do so. To be decided on a case by case basis depending on the circumstances of the case at the time | The Pension Manager |
| 2.22 | Outstanding employee contributions can be recovered as a simple debt or by deduction from benefits | 08 (45(3)) & 97 (89(3)) | The method of recovery will be decided after consultation with the relevant member | Service Director Customers and HR. The Pension Manager |
| 2.23 | Whether to pay the whole or part of a child's pension to another person for the benefit of that child. | 07 (27(5)), 97 (47 (2)) & 995 (G11(2)) | The whole or part of a child's pension will normally be paid to a surviving parent or guardian if the child is under the age of 18, or directly to the child if the child is aged 18 or over. This will be considered on a case by case basis. | Service Director Customers and HR. The Pension Manager |
| 2.24 | Apportionment of children's pension amongst eligible children | 97 (47(1))& 95 (G11(1)) | The Nottinghamshire Pension Fund will apportion the Children's Pension Equally amongst the relevant children on a case by case basis. | Service Director Customers and HR. The Pension Manager |
| 2.25 | Commute benefits due to exceptional ill-health (pre April 2008 leavers and pre April 2008. Pension Credit members) | 97 (50 and 157) | Decisions to commute benefits due to exceptional ill-health will be made after taking into account all relevant considerations and after consultation with Occupational Health and the relevant member. And on a case by case basis. | Service Director Customers and HR. The Pension Manager |
| 2.26 | Date to which benefits shown on annual deferred benefit statement are calculated. | 97 106A(5)) | Use the last Pension Increase date | Service Director Customers and HR. The Pension Manager. |
| 2.27 | Date at which benefits are shown on the Annual Benefit Statement are calculated | R89(5) | The Admin Authority use 31 March in line with the Data posting Date | Service Director Customers and HR. The Pension Manager |
| 2.28 | Discharge Pension Credit Liability (in respect of Pension Sharing orders for councillors and pre April 2008 Pension Sharing Orders for non-councillor members) | 97 (147) | Pension credit liabilities will be discharged by conferring pension credit rights to individual entitled to the pension credit. | Service Director Customers and HR. The Pension Manager |

Appendix 1
Administering Authority Discretions

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| 2.29 | Whether to pay spouse's pensions for life for pre April 1998 retirees/ pre April 1998 deferred who die on or after April 1998. (rather than ceasing during any period of remarriage or co-habitation) | 95(F7) | The pension spouse's pension will continue to be paid for life. | Service Director Customers and HR. The Pension Manager. |
| 2.30 | Whether to extend the time limits within which a member must give notice of the wish to draw benefits before normal pension age or upon flexible retirement | R32(7) | Member must give us 3mths notice of wishing to take benefits early, and for flexible must make decision within 1mth whether to take all or part of benefits. Will need to review on a case by case basis | Service Director Customers and HR. The Pension Manager |
| 2.31 | Whether to require any strain on Fund costs to be paid "up front" by employing authority following payment of benefits under R30(6) (flexible retirement), R30(7) (redundancy / business efficiency), or the waiver (in whole or in part) under R30(8) of any actuarial reduction that would otherwise have been applied to benefits which a member voluntarily draws before normal pension age or to benefits drawn on flexible retirement | R68(2) | Strain costs are paid as a lump sum by the employer and are invoiced by Pensions Finance. | Service Director Customers and HR. The Pension Manager |
| 2.32 | Whether to require any strain on Fund costs to be paid "up front" by employing authority following flexible retirement under R30(6) or waiver of actuarial reduction | TPSch2,para 2(3) | Administration Authority uses electronic record keeping. | Service Director Customers and HR. The Pension Manager |

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| | under TPSch 2, para 2(1) or release of benefits before age 60 under B30 of B30A | | | |
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| 3. Administering authority discretions exercised as a proxy for scheme employers who have ceased participation in the fund | | | | |
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| No | Relevant Discretion | Regulation | Statement of the Administering Authority | Delegated authority |
| 3.1 | Whether to grant application for early payment of deferred benefits on or after age 55 and before 60 for pre April 2014 leavers (if the scheme employer has become defunct) | 07 (30(2)) | <p>Administration Authority inherited discretion - currently there is no written discretion.</p> <p>Proposed discretion - The Administration Authority will take into consideration the following:</p> <ol style="list-style-type: none"> 1. The cost (strain) to the Pension Fund. 2. The Funding level of the Pension Fund. 3. The financial position of the member. 4. Whether there are compassionate reasons, such as whether the member is unable to work because of poor health or has given up work to provide care for a family member. <p>Comment - 4.above follows Notts CCs 1998 compassionate discretion for early release of deferred benefit.</p> | Service Director Customers and HR. The pension Manager. |
| 3.2 | Whether to grant an application for early payment of a suspended tier 3 ill health pension on or after age 55 and before age 60 (if the scheme employer has become defunct) | 07 (30A(3)) | <p>Administration Authority inherited discretion - currently there is no written discretion.</p> <p>Proposed discretion - The Administration Authority will take into consideration the following:</p> <ol style="list-style-type: none"> 1. The cost (strain) to the Pension Fund. 2. The Funding level of the Pension Fund. | Service Director Customers and HR. The Pension Manager |

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| | | | <p>3. The financial position of the member.</p> <p>4. Whether there are compassionate reasons, such as whether the member is unable to work because of poor health or has given up work to provide care for a family member.</p> <p>Comment - 4. above follows Notts CCs 1998 compassionate discretion for early release of deferred benefit.</p> | |
| 3.3 | Whether to waive, on compassionate grounds, the actuarial reduction applied to deferred benefits paid early under 07(30) & 07(30(A)) if the scheme employer has become defunct) | 07 (30(5) & 30A(5)) | <p>Administration Authority inherited discretion - currently there is no written discretion.</p> <p>Proposed discretion - The Administration Authority will take into consideration the following:</p> <ol style="list-style-type: none"> 1. The cost (strain) to the Pension Fund. 2. The Funding level of the Pension Fund. 3. The financial position of the member. 4. Whether there are compassionate reasons, such as whether the member is unable to work because of poor health or has given up work to provide care for a family member. <p>Comment - 4. above follows Notts CCs 1998 compassionate discretion for early release of deferred benefit.</p> | <p>Service Director Customers and HR.</p> <p>The Pension Manager</p> |
| 3.4 | Whether to waive, in whole or in part, actuarial reduction on benefits which a member voluntarily draws before normal pension age (where the member only has post April 2014 membership (if the scheme | 13 (30(8)) | <p>Administration Authority inherited discretion - currently there is no written discretion.</p> <p>Proposed discretion - The Administration Authority will take into consideration the following:</p> <ol style="list-style-type: none"> 1. The cost (strain) to the Pension Fund. | <p>Service Director Customers and HR.</p> <p>The Pension Manager</p> |

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| | employer becomes defunct) | | <p>2. The Funding level of the Pension Fund.</p> <p>3. The financial position of the member.</p> <p>4. Whether there are compassionate reasons, such as whether the member is unable to work because of poor health or has given up work to provide care for a family member.</p> <p>Comment - 4.above follows Notts CCs 1998 compassionate discretion for early release of deferred benefit.</p> | |
| 3.5 | Whether to “switch on” the 85 year rule for post April 2014 leavers voluntarily drawing benefits on or after age 55 and before age 60 (if the scheme employer has become defunct) | TP14 (Sch2, para 1(2)) | <p>Administration Authority inherited discretion - currently there is no written discretion.</p> <p>Proposed discretion - The Administration Authority will take into consideration the following:</p> <p>1. The cost (strain) to the Pension Fund.</p> <p>2. The Funding level of the Pension Fund.</p> <p>3. The financial position of the member.</p> <p>4. Whether there are compassionate reasons, such as whether the member is unable to work because of poor health or has given up work to provide care for a family member.</p> <p>Comment - 4.above follows Notts CCs 1998 compassionate discretion for early release of deferred benefit.</p> | <p>Service Director Customers and HR.</p> <p>The Pension Manager</p> |
| 3.6 | Whether to waive any actuarial reduction for a member voluntarily drawing benefits before normal pension age (where the member has both pre April 2014 and post April 2014 membership) on: | | <p>Administration Authority inherited discretion - currently there is no written discretion.</p> <p>Proposed discretion - The Administration Authority will take into consideration the following:</p> <p>1. The cost (strain) to the Pension Fund.</p> <p>2. The Funding level of the Pension Fund.</p> | <p>Service Director Customers and HR.</p> <p>The Pension Manager</p> |

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| | <p>a) On compassionate grounds (pre April 2014 membership) and in whole or in part on any grounds (post April 2014 membership) if the member was not in the scheme before October 2006.</p> <p>b) On compassionate grounds (pre April 2014 membership) and in whole or in part on any grounds (post 2014 membership) if the member was in the scheme before October 2006, will not be 60 by April 2016 and will not attain 60 between April 2016 and April 2020.</p> <p>c) On compassionate grounds (pre April 2016 membership) and in whole or in part on any grounds (post April 2016 membership) if the member was in the Scheme before October 2006 and reached age 60 before April 2016)</p> <p>d) On compassionate grounds (pre April 2020</p> | | <p>3. The financial position of the member.</p> <p>4. Whether there are compassionate reasons, such as whether the member is unable to work because of poor health or has given up work to provide care for a family member.</p> <p>Comment - 4.above follows Notts CCs 1998 compassionate discretion for early release of deferred benefit.</p> | |
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| | membership) if the member was in the scheme before October 2006, was not 60 by April 2016 and attained 60 between 1 April 2016 and 31 March 2020 (if the scheme employer has become defunct) | | | |
| 3.7 | Decide whether deferred beneficiary meets permanent ill health and reduced likelihood of gainful employment criteria. (if the scheme employer has become defunct) | 07 (31(4)) | Administration Authority inherited discretion The Administration Authority would use its own IRMP and base the decision on the appropriate certification | Service Director Customers and HR. The Pension Manager |
| 3.8 | Decide whether deferred beneficiary meets criteria of being permanently incapable of former job because of ill health and is unlikely to be capable of undertaking gainful employment before normal pension age or for at least three years, whichever is the sooner. (if the scheme employer has become defunct) | 13 (38(3)) | Administration Authority inherited discretion - currently there is no written discretion. Administration Authority inherited discretion. The Administration Authority would use its own IRMP and base the decision on the appropriate certification | Service Director Customers and HR. The Pension Manager |
| 3.9 | Decide whether a suspended ill health tier 3 member is permanently incapable of undertaking any gainful employment (if the scheme employer has become defunct) | 07 (31(7)) | Decide on a case by case basis. Administration Authority inherited discretion. The Administration Authority would use its own IRMP and base the decision on the appropriate certification | Service Director Customers and HR. The Pension manager |
| | | | | |

| 4 Administration authority discretions exercised in relation to fund governance | | | | |
|--|--|-------------------|---|---|
| No | Relevant Discretion | Regulation | Statement of the Administering Authority | Delegated authority |
| 4.1 | <p>Governance policy must state whether the administering authority delegates their function or part of their function in relation to maintaining a pension fund to a committee, or an officer of the administration authority and, if they do so delegate, state:</p> <ul style="list-style-type: none"> - The frequency of any committee meetings - The terms, structure and operational procedures appertaining to the delegation, - Whether representatives of employing authorities or members are included and, if so, whether they have voting rights. <p>The policy must also state:</p> <ul style="list-style-type: none"> - The extent to which delegation, complies with Sec of State guidance and, to the extent it does not so comply, state the reason for not complying, and, | 13 (55) | <p>The Governance Compliance Statement is available on the Funds website at http://www.nottspf.org.uk</p> | Service Director Customers and HR. The Pensions Committee. |

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| | - The terms, structure and operational procedures appertaining to the Local pension Board. | | | |
| | Communication policy must set out the policy on provision of information and publicity to, and communicating with, member's representatives of members, prospective members and scheme employers; the format, frequency and method of communications; and the promotion of the scheme to prospective members and their employers. | | The Communications Policy Statement for the Nottinghamshire Pension Fund is published at: http://www.nottinghamshire.gov.uk/media/115195/communications_policy_statement_261009.pdf Updated Website | Service Director Customers and HR/ Service Director Finance, Procurement & Improvement and Section 151 officer. |
| 4.2 | Decide the procedure to be followed by administering authority when exercising its stage two IDRP functions and decide the manner in which those functions are to be exercised | 13 (76(4)) 08 (60(8)) & | The approach of the Nottinghamshire Pension Fund to this discretion is laid out in the Pension Fund Disputes Procedure which is published on the Notts Pension Fund Website | Service Director Finance, Procurement & Improvement and Section 151 officer. |
| 4.3 | Whether the administering authority should appeal against employer decision (or lack of a decision) | 13 (79(2)), 08 (63(2)) & 97 (105(1)) | Administration Authority may appeal to the Sec of State if a scheme employer fails to make a decision (other than discretions) that it is required to do under the LGPS Regs. | Service Director Customers and HR. Service Director Finance, Procurement & Improvement and Section 151 officer. |
| 4.4 | Specify information to be supplied by employers to enable administering authority to discharge its functions | 13 (80(1)(b)), TP14 (22(1)) & 08 (64(1)(b)) | The approach of the Nottinghamshire Pension Fund to this discretion is laid out in the Pension Administration Strategy which is published at: http://www.nottspf.org.uk/employers/employer-news/pensions-admin-strategy-and-service-level-agreement | Service Director Customers and HR. Service Director Finance, Procurement & Improvement and Section 151 officer. |

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| | | | | |
| 4.5 | Decide whether to establish a joint local pensions board | 13 (106(3)) | Pension Board has Been Established | Pensions Committee |
| | Decide procedures applicable to the Local Pension Board | 13 (106(6)) | Authority is delegated to the Service Director Hr and Customer Services and Service Director Finance in consultation with the Chairman of the Pension Committee to create such policies and procedure applicable to the local pension board. The terms of reference of the Pension Board is published on the Nottinghamshire Website | Democratic Services |
| 4.6 | Decide appointment procedure, terms of appointment and membership of the Local Pension Board | 3 (107(1)) | Authority is delegated to an appointment panel of officers and members to oversee the Local Pension Board recruitment. Democratic Services will oversee the appointment process following recommendations from the appointment panel. | Democratic Services |
| | | | | |

Key to regulation references

The Local Government Pension Scheme.

- AA- The Administration Authority
- 13 – The Local Government Pension Scheme Regulations 2013
- TP14 – The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014
- 07- The Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007
- 08- The Local Government Pension Scheme (Administration) Regulations 2008
- TP08 – The Local Government Pension Scheme (Transitional Provisions) Regulations 2008
- 97 – The Local Government Pension Scheme Regulations 1997
- 95 – The Local Government Pension Scheme Regulations 1995

14 September 2017
Agenda Item: 6

REPORT OF THE SERVICE DIRECTOR – FINANCE, PROCUREMENT & IMPROVEMENT

FUND VALUATION AND PERFORMANCE

Purpose of the Report

1. To report on the total value and performance of the Pension Fund to 30 June 2017.

Information and Advice

2. This report is to inform the Pension Fund Committee of the value of the Pension Fund at the end of the latest quarter and give information on the performance of the Fund. Some information relating to this report is not for publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972. Having regard to the circumstances, on balance the public interest in disclosing the information does not outweigh the reason for exemption because divulging the information would significantly damage the Council's commercial position in relation to the Pension Fund. The exempt information is set out in the exempt appendices.
3. The table below shows a summary of the total value of the investment assets of the Fund as at 30 June 2017, in comparison with the new benchmark agreed at the January Working Party, together with the comparative position 3 and 12 months previously.

| | Latest Quarter | | | Previous Quarter | | Previous Year | |
|-------------|-----------------------|-------------|------------------|-------------------------|-------------|----------------------|-------------|
| | 30 Jun 2017 | | Benchmark | 31 Mar 2017 | | 30 Jun 2016 | |
| | £m | % | | £m | % | £m | % |
| Equities | | | | | | | |
| Quoted | 3,167 | 64.2% | 60% | 3,153 | 64.4% | 2,831 | 66.9% |
| Private | 222 | 4.5% | 5% | 201 | 4.1% | 147 | 3.5% |
| Property | 581 | 11.8% | 15% | 572 | 11.7% | 511 | 12.1% |
| Bonds | | | | | | | |
| Gilts | 150 | 3.0% | 5% | 156 | 3.2% | 158 | 3.7% |
| Other Bonds | 726 | 14.7% | 12.5% | 711 | 14.5% | 402 | 9.5% |
| Cash | 88 | 1.8% | 2.5% | 105 | 2.1% | 180 | 4.3% |
| | 4,934 | 100% | 100% | 4,898 | 100% | 4,229 | 100% |

4. Within Private Equity and Other Bonds are investments in Infrastructure assets amounting to £138.8m or 2.8% of the fund. There is a long term target for investments in infrastructure to be 5% of the fund.

5. The Fund investments have increased by £36.2 million (0.7%) since the previous quarter and by £705 million (16.7%) over the last 12 months. The table below shows the Fund Account for the first quarter of 2017/18 along with the full year figures for 2016/17.

6.

| | Q1 | Full Year |
|---|---------------------|----------------------|
| Summary Fund Account | 2017/18 | 2016/17 |
| | £000 | £000 |
| Employer contributions | (98,559) | (135,650) |
| Member contributions | (8,401) | (43,495) |
| Transfers in from other pension funds | (1,467) | (4,068) |
| Pensions | 38,185 | 146,132 |
| Commutation of pensions and lump sums | 8,078 | 31,093 |
| Lump sum death benefits | 980 | 4,726 |
| Payments to and on account of leavers | 2,376 | 14,746 |
| Administration Expenses | 6 | 1,703 |
| Net (additions)/withdrawals from dealings with members | (58,802) | 15,187 |
| Oversight & governance expenses | 87 | 806 |
| Investment Income | (13,011) | (142,281) |
| Profits & losses on disposals & changes in value | 32,740 | (744,384) |
| Taxes on income | 289 | 593 |
| Investment management expenses | 60 | 4,381 |
| Net Returns on Investments | 20,078 | (881,691) |
| Net (increase)/decrease in net assets | (38,637) | (865,698) |

7. The fund value increased significantly in 17/18 reflecting the unusually high returns on equity over the year. This rate of return is unlikely to continue, and the first quarter has been more subdued with a small decrease in the UK markets, partly offset by increases in overseas markets and increased investment, especially in infrastructure.

Statutory and Policy Implications

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

RECOMMENDATION

1) That members consider whether there are any actions they require in relation to the issues contained within the report.

Name of Report Author: Tamsin Rabbitts

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

For any enquiries about this report please contact: Tamsin Rabbitts

Constitutional Comments

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

Financial Comments (TMR 21/08/2017)

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

