Nottinghamshire County Council

Nottinghamshire Pension Fund Committee

Thursday, 12 October 2023 at 10:30

County Hall, West Bridgford, Nottingham, NG2 7QP

AGENDA

1	Minutes of the last meeting held on 14 September 2023	3 - 8
2	Apologies for Absence	
3	Declarations of Interests by Members and Officers:- (see note below)	
4	Pensions Administration Performance report	9 - 22
5	Department for Levelling Up, Housing and Communities Consultation response	23 - 34
6	Local Authority Pension Fund Strategic Investment Forum Conference	35 - 40
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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 Kate Morris (Tel. 0115 804 4530) 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

Nottinghamshire County Council

minutes

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

membership

COUNCILLORS

Eric Kerry (Chairman)
Mike Introna (Vice Chairman)

André Camilleri **- Absent**
John Clarke MBE - **Apologies**
Bethan Eddy
Stephen Garner
Roger Jackson
Sheila Place
Francis Purdue-Horan
Tom Smith - **Apologies**
Lee Waters

SUBSTITUTE MEMBERS

Councillor Pauline Allan for Councillor John Clarke MBE
Councillor Chris Barnfather for Councillor Tom Smith

NON-VOTING MEMBERS:

Nottingham City Council

Councillor Graham Chapman
Councillor Zafran Khan
Vacancy

District / Borough Council Representatives

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

Trades Unions

Yvonne Davidson - **Apologies**
Chris King

Scheduled Bodies

Sue Reader - **Apologies**

Pensioners' Representatives

Vacancy x 2

Independent Adviser

William Bourne

Officers in Attendance

Keith Palframan	(Chief Executive's Department)
Tamsin Rabbitts	(Chief Executive's Department)
Nigel Stevenson	(Chief Executive's Department)
Jo Toomey	(Chief Executive's Department)

1. MINUTES OF THE LAST MEETING HELD ON 6 JULY 2023

The minutes of the last meeting held on 6 July 2023 were confirmed as a correct record.

2. APOLOGIES FOR ABSENCE

- Councillor John Clarke (other reasons) substituted by Councillor Pauline Allan
- Councillor Tom Smith (other County Council business) substituted by Councillor Chris Barnfather
- Yvonne Davidson (Trade Union representative)
- Sue Reader (Scheduled bodies representative)

3. DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS

None were disclosed.

4. DEPARTMENT OF LEVELLING UP, HOUSING AND COMMUNITIES CONSULTATION

The Senior Accountant (Pensions and Treasury Management) presented the report, which informed members of a consultation that had been launched by the Department for Levelling Up, Housing and Communities (DLUHC). Topics covered in the consultation included asset pooling, levelling up, opportunities in private equity, investment consultancy services and the definition of investments.

During discussions, the following comments were raised:

- Concern was expressed that changes arising from the proposals could create a conflict with the Committee's duty to secure the best returns for the Fund and in the interests of scheme members.
- Proposed larger pools would prevent schemes levelling up in their area.
- Questions were raised around where accountability would sit and the autonomy of the Pension Fund to make decisions.
- Concerns were also expressed about larger pools diluting the Fund's influence.
- A comment suggested the need to clarify the legality of the proposals.
- Reference was made to the introduction of pooling and promised cost savings; a suggestion was made that performance information on how the current pooling arrangements were doing would provide useful context and that if savings had not yet been realised that the proposals might be premature.

The Chairman encouraged all members of the Committee to send him their comments on each of the consultation questions so that they could be incorporated into the response.

RESOLVED 2023/030

1. That comments and views expressed by Members are taken into account in drafting the consultation response.

2. That authority is delegated to the Section 151 Officer and the chair of the Nottinghamshire Pension Fund Committee to prepare, finalise and submit a response from the Nottinghamshire County Council Pension Fund by the consultation deadline.

5. PENSIONS AND LIFETIME SAVINGS ASSOCIATION LOCAL AUTHORITY CONFERENCE 2023

The Service Director, Finance, Infrastructure and Improvement presented his report which gave an overview of the Pensions and Lifetime Savings Association Conference 2023.

During discussions, Members:

- Highlighted the section on currency risk and sought reassurance about measures the fund had in place to mitigate that risk.
- Suggested that additional information and training on currency risk would be of benefit to committee members.

RESOLVED 2023/031

1. That Pension Fund Committee members continue to attend appropriate conferences to enable members to be kept up to date with the main national topics relating to pension administration and investments.

2. That the contents of the report be noted.

6. INDEPENDENT ADVISER'S REPORT

The Independent Adviser to the Nottinghamshire Pension Fund Committee presented his report.

During discussions, Members:

- Asked about the risks around UK equities.
- Commented on investment in infrastructure and asked questions about such investments as a tool to mitigate inflation.

RESOLVED 2023/031

That the report of the Adviser to the Nottinghamshire Pension Fund Committee be noted.

7. WORK PROGRAMME

Members asked about the review of governance arrangements for the committee and whether this would be incorporated in the 'Good Governance' report that was scheduled for the Committee's meeting on 14 December 2023.

RESOLVED 2023/032

That the work programme be agreed.

8. FUND VALUATION AND PERFORMANCE

The Senior Accountant (Pensions and Treasury Management) presented the fund valuation and performance report which covered the period to 30 June 2023.

During discussions a question was raised about whether any of the properties in the Fund's Portfolio were constructed using Reinforced Autoclaved Aerated Concrete (RAAC). This followed incidents where RAAC had failed without warning. Members also sought reassurance about the actions being taken and whether appropriate insurance was in place. The Committee was advised that reviews were underway regarding direct infrastructure and property holdings and enquiries would be made about any indirect holdings.

RESOLVED 2023/033

That the contents of the report be noted

9. EXCLUSION OF THE PUBLIC

RESOLVED 2023/034

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

10. FUND VALUATION AND PERFORMANCE – EXEMPT APPENDIX

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

11. INVESTMENT MANAGER PRESENTATIONS

a) Schroders

Olivia Docker, Client Director and Sue Noffke, Head of UK Equities provided an update to the Committee on the recent activity of Schroders.

11:20pm – Councillor Chapman left the meeting

11:24pm – Councillor Waters left the meeting and did not return

b) Abrdn

James McLean (Fund Manager), Caroline Casson (Deputy Fund Manager) and Jon Holguin (Director – UK Institutional) provided updated the Committee on the recent activity of Abrdn.

12:34pm – Councillor Chapman returned to the meeting

12:44-12:48pm – Councillor Garner left the meeting

1:00pm – Councillor Barnfather left the meeting and did not return

The meeting concluded at 13:10.

CHAIR

Nottinghamshire County Council

Report to Nottinghamshire Pension Fund Committee

12 October 2023

Agenda Item: 4

REPORT OF THE SERVICE DIRECTOR – CUSTOMERS, GOVERNANCE AND EMPLOYEES

LOCAL GOVERNMENT PENSION SCHEME (LGPS) – PENSION ADMINISTRATION PERFORMANCE REPORT

Purpose of the Report

1. The purpose of the report is to inform the Nottinghamshire Pension Fund Committee of the work of the Pension Administration Team for the period 1 April 2022 to year ending 31 March 2023.

Information and Advice

Background

2. The LGPS is a statutory scheme with regulations made under the Superannuation Act 1972 and the Public Service Pensions Act 2013. The LGPS is a defined benefits scheme based, since 1 April 2014, on 'Career Average Revaluated Earnings' (CARE). Members benefits are determined strictly in accordance with the scheme regulations and are not affected by the value of Fund assets. Where members joined the scheme before 1 April 2014, protections are in place for their benefits to be based on accrued scheme membership to that date and their full-time equivalent pensionable pay at retirement.

3. One of the of the principal areas of focus across the Local Government Pension Scheme is always the performance of scheme employers providing their statutory data to Administering Authorities in a timely manner to enable the updating of member records. The Scheme Advisory Board along with the Local Government Association continues to highlight this matter.

Pension Benefits Administration

4. The Pensions Office undertakes the administration of the pension benefits of the scheme members against the regulations of the Local Government Pension Scheme, and the administration broadly comprises of:

- Maintaining a database of:
  - Active members (i.e.) contributors
  - Pensioners, including widows, widowers, and dependants.
  - Those with deferral benefits that will become payable in the future.

- Providing Annual Benefit Statements to active and deferred scheme members
- Providing estimates of benefits
- The calculation and payment of retirement benefits
- The calculation and payment of transfer values to other schemes
- Processing transfer values from “club” and local government schemes
- Providing valuations, a splitting of pensions in divorce cases
- Communicating with employers and scheme members on scheme changes and pensions issues
- Onboarding new scheme employers
- Supporting employers to carry out their responsibilities under the LGPS Regulations
- Reconciling employers’ monthly and annual contribution rates
- Providing pension savings statements to scheme members as appropriate.
- Providing data for triennial valuations and the annual FRS102 for all but large bodies who report in accordance with AIS19.
- Replying to questions and issues raised by scheme members and employers.
- In addition, the office also undertakes some of the employer related work of the LGPS on behalf of Nottinghamshire County Council

The Fund is undertaking several related statutory projects which require the collection, checking and the rectification of records. Separate reports have been provided to committee on these activities. These being:

- The McCloud national project
- GMP Reconciliation

5. The current Pension Team structure comprises the following:
    a. Pensions Administration
    b. Employer Support and Compliance
    c. Technical/Communications
    d. Technical/Performance
    e. Temporary McCloud Project establishment

6. The following table details the Pension Administration establishment and occupied posts. There have been several staff movements during the 2022-2023 Financial Year, this has included the recruitment of four new members of staff in October 2022 who are currently undergoing a training programme. Given the complexity of the LGPS regulations it takes time for new members of staff to be trained up to the required standard. The training programme involves “on the job training” and attending some external residential training events arranged by the LGA. The new members of the team also have a “buddy” nominated from our existing team to provide one-to-one support through their training.

7. Following approval by Committee in July 2021 several temporary posts were established to support the pension team to respond to the McCloud National Project which will require the recalculation of member benefits. All posts have been advertised but it has proved difficult to appoint due to the labour market. All LGPS funds are reporting some difficulty in recruiting staff, and this is being monitored by the Local Government Association.

	Establishment	As at 31.03.2021	As at 31.03.2022	As at 31.03.2023
Pension Team	26.20	25.77	23.18	27.33
Pension System Team	4 FTE This includes 1 FTE FTC for McCloud	3	4	4
GMP Project Manager (Temporary post until 31.12.22)	1	1	1	1
McCloud Project – all posts current offered as fixed term contracts for 2 years				
Project Manager	1	1	1	1
Data Officer	1	N/A	1	1
Admin Team	7	N/A	0	1
Employer Support & Compliance	1	N/A	0	1
	40.2	30.77	30.18	36.33

8. Due to the current number of vacancies and with a view to succession planning, the fund is currently advertising for three apprentices to undertake the 18-month Pension Administrator apprenticeship scheme leading to professional qualifications and a permanent post should they on the successful completion of the scheme. In time the council plans to offer the apprenticeship to existing members of the team.

9. It can also be reported that the LGA has established a National Working Group on the development of a specific LGPS apprenticeship qualification.

10. The Pension Team are also supported by several other teams within the Business Service Centre (BSC) whose work is recharged to the Pension Fund these include –

    - The Business Hub Team who undertakes a range of clerical and administrative tasks on behalf of the Pension Administration Team.
    - The Authority's Payroll Service who processes the monthly Pensioners Payroll on behalf of the Nottinghamshire Pension Fund.
    - BSC Security and Authorisation Team who are undertaking several activities to support the Employer Portal rollout.

11. The total cost of administration expressed as a cost per member for the past five years is shown in the table below –

£ per member	2015	2016	2017	2018	2019	2020	2021	2022

The Fund cost per member	£15.93	£11.18	£14.23	£13.59	£14.37	£14.08	£14.08	£15.35
Average cost per member in the benchmarking club	£18.73	£18.69	£20.14	£21.85	£21.34	£20.02	£21.05	£21.69

Data Quality

12. The Pensions Regulator has continued to raise concerns across the LGPS Funds relating to data quality and the need for improvement. The Regulator requires all Funds to maintain accurate records. The Fund is required to have a data improvement plan as specified by the Regulator. Failure to do so can put the Pension Fund at risk of failing to meet its legal obligations, and the Regulator will take enforcement action where schemes are not meeting the standards expected or taking appropriate steps to improve pension records.

13. Data is important to the Administering Authority for several reasons, the main reasons being:

    a. Members are paid the pensions to which they are entitled.
    b. Employers' costs are reliable/correct.
    c. Investment and administration costs are reliable/correct.
    d. Fund valuations reflect true costs/ liabilities of the fund.
    e. Cost effective administration – less queries.
    f. Reduce Internal Dispute Resolution Procedure cases.
    g. Avoid the Pensions Regulator
    h. Maintains the scheme's reputation.

14. Members will be aware that the pension fund has an Administration Strategy which provides a framework for the management of scheme employers' responsibilities to ensure that the Administering Authority receives accurate data in a timely manner. Included in the Administration Strategy is a service level agreement, which is designed to enable the monitoring of activities, undertaken by scheme employers and the Administering Authority.

15. The Administration Team is continually updating records, chasing employers, and reminding members of the scheme to update the Fund of changes of personal circumstances, e.g., changes of address.

16. To meet the requirements set out by the Regulator, the Fund reported the following:

	2019 Accuracy	**2020 Accuracy**	**2021 Accuracy**	**2022 Accuracy**
Common Data	59%	76%	85%	87%
Conditional/Scheme Specific Data	60%	43%	54%	64%

- **Common data** – Common data is the basic information which every scheme should hold for each member, such as name, address, and date of birth. It is the information that identifies their benefits and allows the scheme to stay connected with them.

- **Conditional/Scheme specific data** – This is the data used for calculating pension benefits.

17. The Data Audit and Improvement workstream approved by Pension Committee in September 2019, is progressing into its final phase. This activity now enables the pensions administration team to measure data more accurately. The final phase requires internal data rectification, along with some data being rectified at source with the scheme employers. The work has highlighted changes in our data scores with an increase in common data accuracy. Following an initial decrease in the conditional/scheme specific data score, this too has increased following the initial application of a range of rectification routines.

Pension Fund Membership Statistics

18. On 31st March each year, the Administering Authority reports a set of figures that identify the number of members within the fund under certain categories. These figures are used to populate the fund's annual report, along with other statistical reports including the Office of National Statistics, the Pension Regulator Scheme Return, and the Cipfa Benchmarking report.

19. The following table details the membership of the Fund against each category and sets a context to the size of the fund.

Type of Member	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Active Members	44,436	46,350	47,841	43,957	44,299	45,758
Deferred members	46,448	47,365	56,068	60,935	62,501	65,212
Pensioners	35,245	37,157	38,923	40,481	42,715	44,732
Total Membership	126,129	130,872	142,832	145,373	149,515	155,702

20. In addition, it is important to understand the context of the number of employers in the Fund as this increases the complexity of managing the collection of data from different employers.
The following table gives a breakdown of the employers in the scheme. The headline figure in the table shows a net increase of twelve employer bodies which are due to new admission bodies, but there has been a reduction in the number of active employers to 295. The Fund is continuing to consolidate academy trust schools into single employers. This trend will continue as academies continue to consolidate, and we anticipate further requests to the Secretary of State for other academies to transfer in and potentially out of the Fund. There is an advantage to the Fund for Academy Trusts to consolidate as it reduces complexity of administration along with reducing costs due to economies of scale.

21. The table (below) also shows the movement of employers in the Fund with employers withdrawing from the scheme, as they no longer have any active members of the scheme, which drives an employer closure.

	2021	2022			2023		
Scheduled	as at 31/03/21	Number Joined	Number Leaving	as at 31/03/22	Number Joined	Number Leaving	as at 31/03/22
Local Authorities	9	0	0	9	0	0	9
Academies	153	7	17	143	8	0	151
Others - active	54	0	1	53	1	1	53
Others - closed	114	19	1	132	1	0	133
Total Scheduled	**330**	**26**	**19**	**337**	**10**	**1**	**346**
Admitted							
Admission	54	5	3	56	16	8	64
Others - active	22	0	2	20	0	2	18
- defunct	102	5	0	107	10	0	117
Total Admitted	**178**	**10**	**5**	**183**	**26**	**10**	**199**
Total	**508**	**36**	**24**	**520**	**36**	**24**	**545**
Active employers	**292**			**281**			**295**

The following is a list of new scheme employers 2022-2023

Scheme employer	Type of employer
Q3 Services Group Limited	Admitted - Admission
Aspens Services Limited (OLOL)	Admitted - Admission
LTA Services Limited	Admitted - Admission
South Laverton Parish Council	Schedule 2-part 2
Nottinghamshire Sexual Violence Support Services Limited	Admitted - Admission
Nexus Multi Academy Trust	Schedule 2 part 1 - Academies
Cotgrave Church of England Primary School	Schedule 2 part 1 - Academies
Vertas Group Limited (Diverse Lot 1)	Admitted - Admission
Vertas Group Limited (Diverse Lot 2)	Admitted - Admission
Serco Leisure Operating Limited	Admitted - Admission
Aspens Services Limited (Creative - Bulwell)	Admitted - Admission
Aspens Services Limited (Transform)	Admitted - Admission
FSM Centres Limited	Admitted - Admission
Coombs Catering Partnership Limited	Admitted - Admission
Brunts Academy (GAT)	Schedule 2 part 1 - Academies
Bramble Academy (GAT)	Schedule 2 part 1 - Academies
Huthwaite All Saints Church of England Infant & Nursery School	Schedule 2 part 1 - Academies
Selston Church of England Infant & Nursery School	Schedule 2 part 1 - Academies
Millside Spencer Academy	Schedule 2 part 1 - Academies
Mellors Catering Services Limited (TCT)	Admitted - Admission
Gamston St Peter's C of E Primary School	Schedule 2 part 1 - Academies
Aspens Services Limited (Meden)	Admitted - Admission
Our Learning Cloud Limited	Admitted - Admission

Hi Spec Facilities Services, Limited	Admitted - Admission
Accuro FM Ltd (GNET)	Admitted - Admission

The following is a list of exiting scheme employers 2022-2023

Scheme employer	Type of employer
Nottinghamshire County Scout Association	Community body
Bassetlaw Citizens Advice Bureau	Community body
Mansfield District Leisure Trust Ltd	Admission - Transferee
Tarmac	Admission - Transferee
Streetwise Environmental Ltd	Designating body
Bulloughs Cleaning Services Ltd	Admission - Transferee
Compass Contract Services (UK) Limited (Leamington)	Admission - Transferee
Pedal Express Limited	Admission - Transferee
OCS Group UK Ltd (Project co 2)	Admission - Transferee
Capita IT Services (BSF) Limited - Bulwell	Admission - Transferee
Nottinghamshire Sexual Violence Support Services Limited	Admission - Transferee

Complaints and Internal Dispute Resolution Procedure Appeals

22. Set out below are two tables which provide details of the number of formal appeals received by the Administering Authority in 2022-2023. These are appeals at stage 1 and stage 2 of the Internal Dispute Resolution Procedure process along with the number of appeals that the Administering Authority is aware of that have been submitted to the Pension Ombudsman in respect of cases escalated following the two-stage adjudication process.

    Last year Committee was advised that the fund continued to receive subject access requests made by claims companies seeking information relating to members who transferred their benefits out of the Pension Fund in past years. In 2020/21 the scheme received seventeen against fourteen for 2021/22. However, 2022/23 has seen no subject access requests from claim companies, and none of the claims that were made in the previous years have been taken forward following a robust response from the fund. However, the fund has reviewed its processes so that they are robust and in accordance with the regulations.

Independent Disputes Resolution Procedure (IDRP)

IDRP -Stage 1 Appeals against the Administering Authority and Employers 2022-2023

Total	Appeals upheld	Appeals dismissed	Progressed to stage 2	Awaiting Decision
5	2	3	2	0

IDRP - Stage 2 Appeals against the Administering Authority

Total	Appeals upheld	Appeals dismissed	Progressed Ombudsman	Awaiting Decision
3	2	0	Not Made aware	1

Pensions Administration System

23. The Pension Administration system used by the Nottinghamshire Pension Fund is the Universal Pensions Management (UPM) system, provided by Civica UK. UPM was implemented in 2015 and is an 'on premise' system with the servers located at the County Hall Data Centre and the Node 4 site in Derby, for resilience. The infrastructure is managed by Nottinghamshire County Council ICT and regular co-ordination with the Pensions Systems team. Maintenance and upgrades are undertaken on a regular basis to ensure the system remains compliant. All new developments and upgrades from the software supplier are evaluated, assessed, and deployed in line with the requirements of the Pension Office

Employer Support and Compliance Team

24. The Pension Office Employer Support and Compliance team is responsible for liaison with scheme employers on a range of matters in relation to their responsibilities under the LGPs Regulations. This includes –

- Supporting employers in undertaking their responsibilities.
- Communicating regulation and process changes to LGPS employers.
- Resolving problems in relation to the quality of information supplied by LGPS employers.
- The development of improved communication methods between the Pensions Office and LGPS employers.
- Work on Employer acceptance into the scheme, plus also employer closures.
- The review and improvement of information and administrative systems.

25. The team also have the following contact with Nottinghamshire LPGS Scheme Employer representatives –

- Year-end meetings are undertaken yearly to support preparation for and understanding of reporting requirements at year end.
- Meetings with employer representatives to communicate changes to the LGPS Regulations and the impact on employer responsibilities.
- Ad hoc individual or group support and training sessions with LGPS Employers

26. The Team continues to monitor the performance of scheme employers to ensure that scheme employers meet their statutory requirements in the administration of the scheme.

27. The Team has continued to collaborate with employers to improve the submission of pension data to the Fund.

28. In addition, there are also statutory requirements for participating scheme employers to provide timely and accurate year-end data. For the year 2022-2023, participating employers in the scheme were required to provide accurate year-end data by 05 May 2023.

29. The annual benefit statements were issued to deferred members of the scheme by June 2023 with all active benefit statements issued by week commencing 14 August 2023. There will be a further issue of benefit statements, where data was either provided late to the fund or there were queries with the submitted data which had to be rectified before benefit statements could be issued.

30. Where employers fail to meet the requirements set out in the Administration strategy the Pension Fund reserves the right to charge the employer for additional administration time where appropriate. The fund also reserves the right to report employers to the Pension Regulator where there is a breach of statutory regulations.

31. The following table provides information on employer submissions to year end data over the last six-year ends.

Year End	Number of submissions received by submission date	Accurate submissions received by submission date	Submission date	Number of Employer returns expected	Percentage of expected returns received by the deadline	Percentages of Accurate returns by the deadline
2014-2015	112	92	31 May 2015	260	43%	35%
2015-2016	162	157	30 April 2016	276	59%	57%
2016-2017	253	166	2 May 2017	310	82%	54%
2017-2018	314	183	14 May 2018	337	93%	54%
2018-2019	272	162	13 May 2019	341	80%	47.5%
2019-2020	304	206	15 May 2020	342	88.%	60%
2020-2021	261	138	14 May 2021	296	88%	46.6%
2021-2022	249	153	9 May 2022	286	87%	53.5%
2022-2023	226	150	5 May 2023	288	78.50%	52.10%

32. The implications of not receiving data from scheme employers can be serious, potentially leading to incorrect pension calculations. Without the correct data, the Administering Authority may not be able to issue annual benefit statements to individual members where the scheme employer has failed to provide the required data. This type of situation would result in a breach of the statutory regulations and may result in the fund being subject to a fine. Any fines will be passed on to the appropriate non-compliant scheme employers.

33. The Pension Fund is monitoring employers’ performance and undertaking several audits on employers’ data. Each year following year end the team does send invoices for additional work undertaken when scheme employers fail to provide their statutory data on time.

Performance Data

34. Performance statistics in the table below represent the fourth quarter of 2022/23 and compares the performance of the Administration Team fund KPIs against the Cipfa benchmark legal requirement. Overall, the fund performance average against our KPIs is 75% against 67% the previous year. This has been impacted by the increased activity in retirements, transfers, and deaths of pension members. The fund continues to see an increase in the number of deferred members taking their benefits.

1st April 2022 to 31st March 2023. Annual Fund Key Performance Indicators for Cipfa benchmark			
Process	**Cipfa Benchmark Legal Requirement (from notification)**	**% of cases completed within the CIPFA KPI**	**No. cases completed**
Deaths (ALL)	2 Months	89.14	962
or			
Deaths – Acknowledging death of member Letter	2 Months	82.42	421
Deaths – Letter notifying amount of dependants pension	2 Months	63.77	541
Deferments	2 Months	25.74	2887
Retirements (All)	2 Months	88.21	7058
or			
Retirements – Process & Pay Pension Benefits (at next available payroll)	2 Months	85.19	2668
Retirements –Estimate of retirement benefits Letter (Cat A)	2 Months	96.61	1387
Retirements –Estimate of retirement benefits Letter (Cat B)	2 Months	92.11	76
Deferred **Retirement** Quotes (No SLA Equiv)	2 Months	86.88	2927
Transfer Quotes	2 Months	40.72	781
Transfers (No BP Equiv)	**	**	**
Divorce Quotes (No SLA Equiv)	3 Months	97.85	279
Divorce Settlement (No SLA Equiv)	3 Months	27.27	11
Refund (No SLA Equiv)	2 Months	95.38	303

35. Table 1 details the total number of completed processes in the Financial Year with the measurement commencing in 2018/2019. This table shows the increase in the number of completed processes year on year with the exception for 2020-2021, where a decrease was recorded. However as can be seen from the figures for 2022-2023 the number of completed processes within KPIs has increased to 58,576 an increase of 1,676 completed processes or 2.95%**.**

Table 1

Years	2018/19	2019/20	2020/21	2021/22	2022/23
No of Processes completed	51,976	56,722	53,121	56,900	58,576
Difference	0	4,746	-3,601	3,779	1,676
% Change in Difference	➩ 0.00%	↑ 9.13%	↓ -6.35%	↑ 7.11%	↑ 2.95%

36. Table 2 gives a comparison of KPI activities reported in the Pension Administration System, which shows a slight increase figures in 2021/22 with another increase for 2022/23 This can be explained that overall, the Pension Admin Team has seen an increase in work across the function which has impacted on the Admin Team's ability to meet its KPIs. The scheme has seen an increase in retirements especially from deferred members over fifty-five seeking initial release of pension benefits, and this trend has continued into the current financial year.

Table 2

Years	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
No of KPI Processes Completed	7,617	10,688	12,138	11,723	14,773	13,130
Difference	0	3,071	1,450	-415	3,050	-1,643
% Change in difference	➩ 0.00%	↑ 40.32%	↑ 13.57%	↓ -3.42%	↑ 26.02%	↓ -11.12%

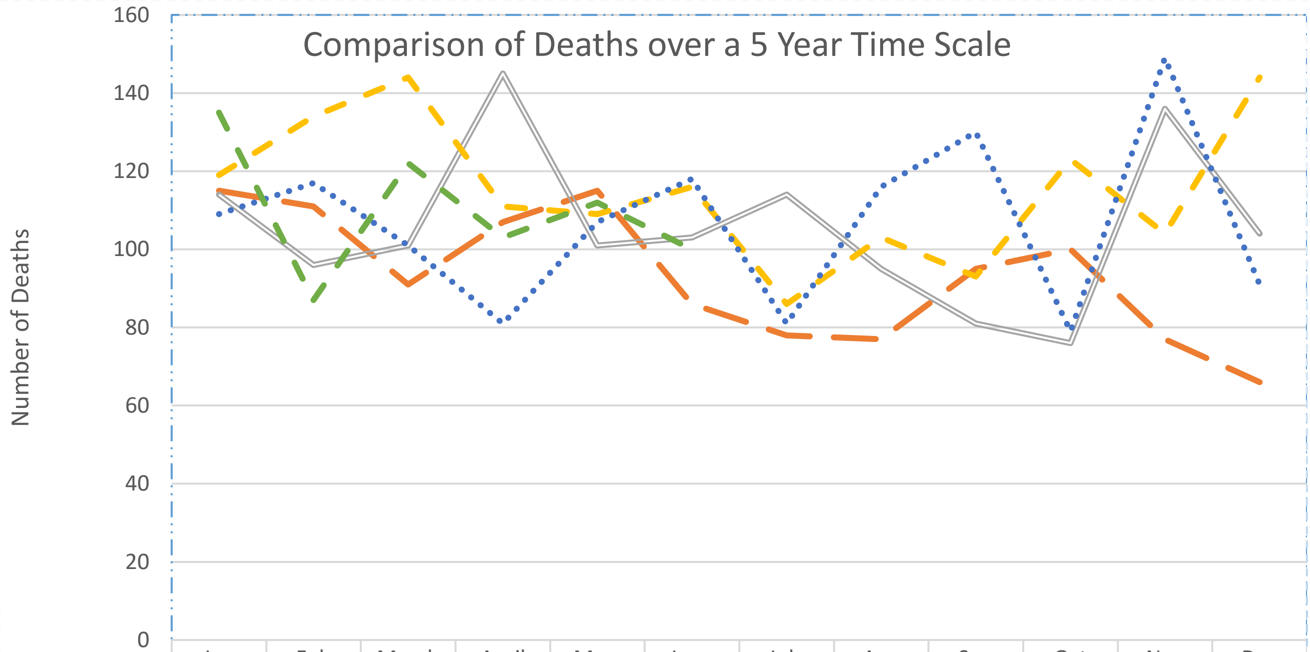
37. There continues to be a significant increase in requests from deferred pension members over 55 years of age to seek payment of their pension benefits. However, in table 1 there has been an overall increase in the number of total processes that the fund has completed and gives an understanding in increased work overall. In contrast the scheme has seen a decrease in KPI processes completed which indicates that the fund has shifted resources to undertake other work, including work on the Valuation activities like checking data for the final valuation. The table above shows there has been a slight decrease in the numbers of completed KPI processes across the fund.

38. The member death process is the most difficult statistic to gather and measure. The difficulty is the date and timing of when the Pension Administration Team are informed of a death, against when the team receive all the necessary documentation. Where the relevant information is provided, death in service grants are paid within 5 days to the next of kin. However, the fund is seeing a more complicated picture in members lives and the intricacies of families which requires the Pension Fund to take more time in assessing the payment of some death grants.

39. Following several appeals to the Ombudsman across the LGPS relating to the release of death grants to the next of kin, the Fund now reviews each individual death grant payable, and where required seeks additional information prior to release of death grant benefits.

40. The following graph shows the number of deaths processed each year. These statistics include death in retirement, death in deferment, death in service and death of preserved refunds.

41. From January 2020 to June 2023 the average monthly deaths are 103 per month, Pre-Pandemic the average death rate per month was approximately ninety-one deaths. However, the statistics, show that the Nottinghamshire Pension Fund continues to follow the national trends.



	Jan	Feb	March	April	May	June	July	Aug	Sep	Oct	Nov	Dec
2019	115	111	91	107	115	86	78	77	95	100	77	66
2020	114	96	101	145	101	103	114	95	81	76	136	104
2021	119	134	144	111	109	116	86	103	93	123	104	144
2022	109	117	101	81	107	118	81	116	130	79	149	91
2023	135	87	122	103	112	100						

	2018	2019	2020	2021	2022	2023
Average no of Deaths Per Month	89	93	105	115	103	109

Other Options Considered

42. Work on developing the Service Level Agreement will continue, to ensure they provide a full range of benchmarking data for the coming fiscal year. This work will be done in conjunction with a national set of benchmarks across all LGPS schemes.

Reason/s for Recommendation/s

43. This report has been compiled to inform the Nottinghamshire Pension Fund Committee of the activities being undertaken by the administration team to improve the performance of employers, and the administration of the fund.

Statutory and Policy Implications

44. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance, finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Financial Implications

45. The administration of the Nottinghamshire Pension Fund is being delivered within existing resources at a cost of £2.7m including all costs and external fees.

RECOMMENDATION

It is recommended:

1. That the Nottinghamshire Pension Fund Committee notes the performance of the administration of the pension fund, and the continued development of systems and processes that will improve the service to members of the fund.

Marjorie Toward
Service Director – Customers, Governance, and Employees
For any enquiries about this report, please contact:

Jonathan Clewes, Pension Manager on 01159773434 or jon.clewes@nottscc.gov.uk
Constitutional Comments (KK 03/10/2023)

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

Financial Comments (TMR 28/09/2023)

47. The cost of pension’s administration is a valid charge to the pension fund and as set out in the report the costs are £2.7m at 2022-23 including all costs and external fees.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- ‘None’

Nottinghamshire County Council

Report to Pension Fund Committee

12 October 2023

Agenda Item: 5

REPORT OF SERVICE DIRECTOR – FINANCE, INFRASTRUCTURE & IMPROVEMENT

DEPARTMENT OF LEVELLING UP, HOUSING AND COMMUNITIES (DLUHC) CONSULTATION

Purpose of the Report

1. To report the response to the DLUHC consultation on proposals relating to the investments of the Local Government Pension Scheme (LGPS). This covered the areas of asset pooling, levelling up, opportunities in private equity, investment consultancy services and the definition of investments.

Information and Advice

2. The DLUHC made policy proposals in five areas:

    - Pooling: a deadline of 31 March 2025 for funds to transition all listed assets to their pool and a move to fewer, larger pools, each with assets in excess of £50 billion, to maximise benefits of scale
    - Levelling up: requiring that funds have a plan to invest up to 5% of assets to support levelling up in the UK
    - Private equity: an ambition to increase investment into high growth companies via unlisted equity
    - Investment consultants: regulations to implement the requirements set out in an order made by the Competition and Markets Authority in respect of the LGPS
    - Definition of investments: a technical change to the definition in the LGPS Investment Regulations 2016.

3. The publishing of the consultation was discussed at the last committee meeting on 14 September 2023 and views of Members were gathered, together with those of officers, the Fund's Independent Adviser, partner pension funds and LGPS Central. Delegated authority was given to the S151 Officer and Chair of the Nottinghamshire Pension Fund Committee to prepare, finalise and submit a response from the Nottinghamshire County Council Pension Fund by the consultation deadline.

4. As discussed at the meeting, the consensus view was that the motivation behind these proposals is shared and welcomed, but some of the specific suggestions needed refining, defining and prioritising. Above all, the purpose of the LGPS is to secure pensions for its

members at reasonable cost to employers, taxpayers and members and no proposals should drive activity counter to this aim.

5. The response in appendix A was submitted on 2 October 2023.

Statutory and Policy Implications

6. 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) The submission of the attached response on behalf of Nottinghamshire Pension Fund is noted.

Nigel Stevenson
Service Director – Finance, Infrastructure and Improvement

For any enquiries about this report please contact:
Tamsin Rabbitts, Senior Accountant – Pensions and Treasury Management

Constitutional Comments (SSR 28.09.2023)

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

Financial Comments (TMR 28/09/23)

There are no direct financial implications arising from the report.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

Department for Levelling Up Housing and Communities (DLUHC) Consultation September 2023

This matter is being dealt with by:
Tamsin Rabbitts
Reference: 041018LGPSC
T 0115 977 3427
E tamsin.rabbitts@nottscc.gov.uk
W nottinghamshire.gov.uk

Nottinghamshire County Council

LGF Pensions Team
Department for Levelling Up, Housing and Communities
2nd Floor
Fry Building
2 Marsham Street
London
SW1P 4DF

LGPensions@levellingup.gov.uk

2 October 2023

Dear Sirs,

RE: Next steps on investments - open consultation

Dear Sirs,

Local Government Pension Scheme (England and Wales): Next steps on investments

Nottinghamshire County Council is the administering authority for the Local Government Pension Scheme (LGPS) within Nottinghamshire. The Nottinghamshire County Council Pension Fund has over 275 participating employers and over 149,000 members. The Fund had net assets of nearly £6.5bn at 31 March 2023 and had a funding level of 100% at the last triennial valuation. The Fund is a member of the Central pool and together with seven other LGPS funds has established LGPS Central Ltd as an FCA regulated company to manage investment assets on behalf of the Fund.

The Nottinghamshire County Council Pension Fund welcomes the consultation as an opportunity to discuss both the benefits and challenges of pooling and is pleased to contribute the following detailed comments on the consultation on the proposals as follows:

Asset Pooling in the LGPS

Question 1 – Do you consider that there are alternative approaches, opportunities or barriers within LGPS administering authorities' or investment pools' structures that should be considered to support the delivery of excellent value for money and outstanding net performance?

There are significant benefits being realised through pooling, and the potential for further benefits. However the complexity of developing and governing pool companies and delivering investment vehicles suitable for a number of different LGPS Funds with differing liabilities and investment strategies should not be underestimated, especially with an FCA registered company and within the current market, legal and tax regime. It takes time to agree on fund mandates and to create them. Resources within both Pools and Pension Funds are limited and pooling is being progressed alongside multiple other requirements within the LGPS.

It should also be recognised that resourcing pool companies and transitioning assets is expensive. For funds with initial low costs it will still be some years, even decades before savings will be delivered (if at all), despite the forecast aggregated savings.

Nottinghamshire County Council Pension Fund Committee Members are concerned that any required extension of the pooling arrangements should be evidence-based for individual funds rather than based on aggregated projected figures.

Where reporting shows an increasing percentage of assets being pooled, pools should be left to progress at a speed which suits them. For the most part there are good reasons for assets not being pooled – either ongoing cost efficiency, suitable products not available (which will change over time), or costs of changing legacy assets.

There is a proposal to report on the reasons for retaining listed assets outside the pool – this could be extended to all assets.

Definitions of 'pooled assets' and 'assets under pool management' are welcome. It would be helpful if the definitions could be extended to clarify the position regarding assets in products pooled through a joint procurement exercise (which might or might not have preceded the formation of the pool company) or held with a shared custodian. For some pools these definitions will have significant implications. This will have an impact on the percentage of assets pooled figures which are quoted in the consultation document as these are not calculated on a consistent basis. As a partner fund to LGPS Central, ahead of the release of the consultation, we have been working collaboratively to move the LGPS Central pool forward, defining what pooling means to our Pool Partner Funds and shaping future direction and strategy for the Pool. Part of these discussions centred around the focus on percentage of AUM pooled. When products pooled by Pension Funds outside of the Company and advisory services are taken into consideration the real percentage of AUM pooled is considerably higher. It is disappointing to be named in the consultation document when this does not reflect the true picture of pooled assets. This demonstrates the need for clearer definitions and templates for data reporting to ensure there is consistency of approach throughout all LGPS pools.

The legal and tax arrangements regarding the transfer of legacy assets could be improved through exemptions to create no cost/tax free transfer arrangements between an LGPS Fund and its pool. Without these arrangements, the transfer of these assets will have to wait until legacy assets are closed or changed to enable the transfer to be made without excessive cost.

For FCA regulated pool companies it is clear that some FCA regulations do not reflect the nature of partnership working in pools. Some explicit exemptions for pool companies to certain requirements which do not make sense in this context would be welcomed.

The cost of operating a pool to meet all needs should be considered. Funds should be able to retain investments outside if the pool is unable to offer a more cost-effective alternative.

A focus on costs alone may limit the access to excellent but expensive investment managers and asset classes. The focus should move to value for money assessments and net performance. (This observation is also relevant to proposals on levelling up and Private Equity investments.)

The Nottinghamshire County Council Pension Fund is not convinced of the evidence 'that the benefits of scale are present in the £50-75 billion range and may improve as far as £100 billion.' The cited research was completed after a longer timeframe and concluded 'There is no straightforward causal relationship between AUM, cost and performance'. Indeed the funds in the Wales pool, the smallest of the eight by AUM, have over the five-year period only seen a 7.3% increase in costs, half the average across the whole LGPS per SF3 data to 31/3/22 provided to DLUHC. The Nottinghamshire County Council Pension Fund would like to see clear evidence and a reason for targeting £50–75 billion of AUM to justify the further costs, especially where it will only be achieved by merger.

If pools are to be aggregated (whether by merging pools, or by some closing and Funds moving to other pools) to achieve such scale, these changes <u>must</u> be actioned <u>before</u> further moves to pool assets or the transition costs are likely to double. The cost and time required to effect such changes will be significant and will delay further pooling of investments. If there is to be a required minimum pool size, clear guidance needs to be issued soon to give Funds confidence to transfer further assets to their pool. Nottinghamshire County Council Pension Fund Committee Members are concerned that larger pools could increase governance challenges and reduce the committee's influence, which might also have an impact on levelling up investment.

Question 2 - Do you agree with the proposal to set a deadline in guidance requiring administering authorities to transition listed assets to their LGPS pool by March 2025?

A 'comply or explain' requirement, as described in the consultation, is deliverable to this deadline and could cover both listed and private investments. It would be helpful to receive further guidance from government on the degree of flexibility funds will have to retain investments outside the Pool, on the acceptable reasons for doing so, and on the obligations of pools to offer solutions.

There are many reasons why transitioning listed assets by this deadline is inappropriate:-

- A significant concentrated period of transitions could increase transition costs for all the LGPS.
- Pools will not have sufficient investment vehicles available by this date which would limit Pension Fund asset allocation. For example transition by this date would require the Nottinghamshire County Council Pension Fund to sell all its UK equities as LGPS Central does not have a UK equities fund. It takes time to design solutions in consultation with investing authorities, carry out any necessary procurement (fund managers and other service providers) and launch funds, so more time is required.
- It should also be recognised that there will be specific asset classes where the pool has insufficient expertise and insufficient scale to justify creating investment vehicles. Again enforcing a transition would limit the options for asset allocation.
- Pooled fund fees may exceed existing fees on external products.
- Pooled fund performance may not match external funds.
- Some listed assets might not be sufficiently liquid and again, enforcing a deadline would increase costs.
- The market environment might make it a poor time to transition certain holdings, especially important if it is not possible to transition to an equivalent strategy withing the pool.

In all these cases, pension funds need to consider their fiduciary duty which is likely to make it impossible for them to comply.

The definition of whether assets are considered 'transitioned' or 'pooled' needs clarifying.

Careful thought is also required on passive assets. In response to the pools being set up, passive managers significantly cut their fee rates, and these assets are now managed under LGPS umbrella commercial agreements (in some cases with pools having oversight of the assets). This severely limits any possibility to reduce fees further by moving these assets within the pool once the pools' fees are added on. The low passive-management fee rates also make it difficult for pools to develop in-house passive capabilities as cost effectively. These would also suffer from lost benefits of scale. The benefits of pooling have hence already been achieved. Recognition of this through an appropriate definition of a pooled asset would be helpful for passive assets.

Question 3: Should government revise guidance so as to set out fully how funds and pools should interact, and promote a model of pooling which includes the characteristics described above?

Pools are gradually evolving and making progress. It is not clear that additional guidance of this sort would speed things up and might have the opposite effect.

Value for money needs to be considered. We have previously chosen to compromise moderately on asset allocation within a class (such as by region), risk levels and cost to enable investment in a pooled product, and always consider our pool's products for investment before looking anywhere else, but there are limits to the acceptable level of compromise and cost within our fiduciary duty.

The recognition that setting investment objectives, risk appetite and high-level investment strategy remain with the funds is welcome. These are the most important investment considerations for any long-term investment fund, so it is critical that these decisions remain with pensions committees as long as they are responsible, and therefore have a fiduciary duty, to pay pensions.

Staff at pools were appointed as investment experts - many do not understand the links to pensions liabilities which drive asset allocation decisions so are not necessarily qualified to advise on strategic asset allocation. 'Investment strategy' needs a very clear definition to avoid this aspect being misunderstood. And as investment managers there is potential for a conflict of interest in offering such advice.

The requirement to pool assets appears to be at odds with some of the other proposals in the consultation. We need clear guidance on priorities between

- pooling assets (could be more expensive and may not offer UK listed, smaller company or PE investments),
- achieving cost savings (levelling up and Private Equity investments are likely to be more costly. Pooled assets may charge higher fees than legacy arrangements.)
- investment in UK smaller and private companies. (LGPS Central does not have a Small Companies fund nor investments in buyout or venture funds. Nottinghamshire County Council Pension Fund's UK smaller private equity investments, including some included or similar to those quoted in the consultation examples, are too small for LGPS Central to be interested in).

This prioritisation is essential to avoid contradictory regulations if all these proposals are retained. Detailed responses are outlined in individual questions, but Nottinghamshire County Council Pension Fund suggests that investing in private equity should not be a requirement in the regulations, and levelling up investments are best dealt with through producing an impact report. As the pools exist to deliver cost savings, where these cannot be delivered through pooling assets this should be an acceptable reason to retain assets outside the pool. Similarly local and levelling up investments should be able to be held outside the pool where this provides the best outcomes.

Question 4: Should guidance include a requirement for administering authorities to have a training policy for pensions committee members and to report against the policy?

Yes. However this might best be pursued through the implementation of the Good Governance recommendations which is awaited with anticipation.

Question 5: Do you agree with the proposals regarding reporting? Should there be an additional requirement for funds to report net returns for each asset class against a consistent benchmark, and if so how should this requirement operate?

Nottinghamshire County Council Pension Fund is in favour of consistent reporting in the Annual Report. This needs to be consistent with the CIPFA model accounts to reduce duplication of effort. It requires clear definitions on asset classes, pooled assets and savings figures. (Please also see the request for definitions in the response to question 1).

The timing of the first year of changed reporting needs sufficient advanced warning and requires a break from other changes at the same time.

Reporting against a consistent benchmark sounds good in theory, but it might be difficult to make it work in practice. There is a risk that it says more about the investment strategy difference to the benchmark than the performance of the funds. E.g. a fund with a higher allocation to the UK over the last 10 years (such as our own) would look comparatively bad against a global benchmark.

Actual savings from pooling for an individual Pension Fund will be different from the forecast figures previously reported. Because of the upfront costs these could show as a net cost for many pension funds.

Nottinghamshire County Council Pension Fund does not agree with reporting on levelling up investments in the annual report due to the time (and hence cost) required to undertake this exercise. A three yearly impact report would be easier to accommodate – please see response to questions 7, 9 & 10.

Question 6: Do you agree with the proposals for the Scheme Annual Report?

Yes, this should flow naturally from the proposals for Fund annual reporting referred to in Question 5.

LGPS investments and levelling up

Question 7: Do you agree with the proposed definition of levelling up investments?

The definition requires detailed knowledge of existing underlying investments to make the assessment of whether the requirement is met for reporting purposes. This will be time consuming, especially on the first occasion. Resourcing this will be challenging and this analysis should not be required more than once every three years rather than on an annual basis.

A review of the examples of levelling up investments was particularly interesting for the Nottinghamshire County Council Pension Fund as we are mentioned, as are funds similar to those we already invest in. The solar farm quoted has taken much more staff resource to manage than an investment of this size could possibly justify. This was quoted as delivering 'a good return on investment' – in the current interest rate environment this is less convincing. Two other examples are investments in Foresight local funds. Nottinghamshire County Council Pension Fund also invest in a Foresight fund and other similar funds managed by YFM and is considering investing in Foresight's new Midland fund. However the Fund is unable to invest in any of these funds through our pool as their scale (which is very appropriate for the sector of the market) is too small for the pool to consider. The government needs to decide whether the priority is pooling or investing in levelling up and growth PE for smaller companies. Please see response to question 3 and the need for clear priorities.

Creating additional investment opportunities, potentially in collaboration with the British Business Bank could help here.

It would be helpful to have clarity between 'levelling up' and 'local' investments as the terms seem to be used interchangeably. The Nottinghamshire County Council Pension Fund Committee Members are supportive of investments in the local area which contribute to levelling up, as long as this is not inconsistent with meeting the objectives of the Pension Fund. The broader definition of levelling up across the UK is likely to be more supportive of investment returns. Both levelling up and local investments could be in multiple asset classes.

There are several risks to pools setting up local investment funds.

- There can be conflicts of interest with local projects as local councillors may seek to influence investment for reasons other than investment returns. The involvement of pools can help with this, but not entirely mitigate it.

- It would be helpful if such funds were prevented from including restrictions in the mandate to allocate by region in any way. Within Central there has been suggestion that a local fund would need to invest in all the counties/areas within the pool. This restriction would impact returns.
- The 'local' area may not have sufficient investment opportunities to provide good investments. The Nottinghamshire County Council Pension Fund has invested in smaller companies at points over the last couple of decades and the UK wide funds have generally performed better than the areas with more geographically restricted areas. Having said this, the importance of investment managers having local offices cannot be overstated.
- The implementation capacity and abilities as described in the consultation may simply not exist. Resourcing at local government and pension funds has been significantly constrained, and pools may not have been set up to enable this role.
- The costs of this kind of investment are significant. Nottinghamshire County Council Pension Fund sees the benefits in net returns for well managed investments, but the high costs add to the risks in this difficult sector of the market.
- Our existing best performing local and small business investment managers are of no interest to the pool because their funds are too small.
- And finally, setting up a new fund within the pool is very time consuming. If we stop making investments outside the pool while we wait for a new pooled fund it would delay our investment into this sector of the market.

The guidance needs to reflect the highest priority – is this to pool assets, reduce costs or to invest in levelling up? If this is not clear there could be unforeseen consequences. Should local and levelling up investments be an acceptable rationale for holding investments outside the pool?

Question 8: Do you agree that funds should be able to invest through their own pool in another pool's investment vehicle?

Yes - for the types of investments provided in examples E.g. GLIL or 'national' projects or where pools choose to collaborate.

Question 9: Do you agree with the proposed requirements for the levelling up plan to be published by funds?

Although Nottinghamshire County Council Pension Fund is supportive of the levelling up agenda generally, creating a levelling up plan seems inappropriate. The purpose of the LGPS is to invest to secure pension payments for members, and to manage the cost of the scheme to employers, principally local government organisations, not to achieve levelling up, which as mentioned in para 59 of the consultation, cannot be done by Pension Funds alone. Better would be a levelling up impact report, produced periodically (say every three years) to assess the impact of fund investments. Just reporting on this would incentivise funds and pools to have something to report and would have impact without confusing the objectives of the scheme.

Broadly Nottinghamshire County Council Pension Fund is supportive of the high level aims of this proposal (as can be demonstrated by our current investments mentioned in the response to Question 7), but meeting the Fund's fiduciary duty is paramount so all investments must contribute to delivering returns without incurring excessive risk or cost. Such investments must create attractive risk adjusted returns. This sector of the market is inherently risky and needs managing by experienced managers (who need local contacts) at an appropriate scale (which appears to be inconsistent with pooling) and with an appropriate investment mandate. Some previous local funds have performed poorly because investment constraints have been inappropriately set. Or it needs a form of government underwriting to reduce the risk.

Because this sector of the market is risky, it will not be an appropriate investment for all funds.

The terms "up to 5%" and “may exceed 5%" make this figure meaningless. The ‘target’ figures are in any case superfluous. Merely the act of reporting will stimulate interest in such investments.

Question 10: Do you agree with the proposed reporting requirements on levelling up investments?

Please see the response to Question 9. On the proposed definition the approach is too time consuming to analyse on an annual basis and should be no more than a three yearly report. This should be a levelling up impact report, rather than a report against a levelling up plan, which could confuse the objectives of the scheme.

Investment opportunities in private equity

Question 11: Do you agree that funds should have an ambition to invest 10% of their funds into private equity as part of a diversified but ambitious investment portfolio? Are there barriers to investment in growth equity and venture capital for the LGPS which could be removed?

Nottinghamshire County Council Pension Fund already has a target to invest in Private Equity which is reviewed as part of our asset allocation which has been gradually increasing over time. This asset class includes some of the current investments mentioned in the Levelling Up section.

Pension Fund Committee Members are concerned that being pushed rather than choosing to invest substantial sums into levelling up and illiquid private equity may be in conflict with the pension committee’s duty to secure the best return for pension fund members. Furthermore, stepping up investments in illiquid Private Equity, would need enhanced due diligence, as firms are not as highly regulated as listed companies and are harder to sell and value.

A clear definition here would be helpful – is this Private Equity, or private markets? Nottinghamshire County Council Pension Fund‘s total private markets investment is considerably higher than just Private Equity investments. Any pension fund needs to balance the total allocation to private markets to ensure sufficient liquidity.

It should be noted that Nottinghamshire County Council Pension Fund’s current 6% allocation has been in place for some time, and has committed nearly 7% to funds, including LGPS Central's PE funds, but is still only 3.2% invested. The time delay between commitment and investment is significant. Consequently, whatever funds choose to allocate to this area will not be reflected in the figures for some time.

Nottinghamshire County Council Pension Fund has a further commitment to smaller companies. It’s not clear why there is a wish to encourage investment in unlisted companies rather than listed ones (given smaller unlisted UK investments are already covered in the previous section on Levelling Up), and any additional investment in Private Equity would be funded from the allocation to listed equity.

For many funds an ambition of 10% (in Private Equity and Private Markets) would be inappropriate. This is a high risk and high-cost investment. The Nottinghamshire County Council Pension Fund believes the target ‘ambition’ figure should be removed together with any requirement to invest in this asset class.

Private equity is a high-cost investment. The dichotomy of reducing costs and investing in private equity needs to be recognised and, as referred to in the response to question 3, if these are included in the regulations a clear prioritisation is required so Pension Funds are not left breaching regulations whatever action they take. Although Nottinghamshire County Council Pension Fund currently see value in investing in Private Equity we do not agree that this should be a requirement under the regulations.

Nottinghamshire County Council Pension Fund is supportive of the removal of barriers to investment in UK growth equity and venture capital. The British Business Bank could make significant contributions to the availability of suitable investments if it can operate at sufficient scale. The challenge is sourcing sufficient investment opportunities without moving to larger companies (the challenge the pools are facing) or including less promising investments (assuming BBB are currently investing in the best available - doubling (for example) the investment capital on this basis would reduce average returns).

There is significant overlap between this ambition and the one relating to local and levelling up investment.

Question 12: Do you agree that LGPS should be supported to collaborate with the British Business Bank and to capitalise on the Bank's expertise?

Nottinghamshire County Council Pension Fund would welcome both parties being supported to collaborate - but please see the previous points.

Improving the provision of investment consultancy services to the LGPS

Question 13: Do you agree with the proposed implementation of the Order through amendments to the 2016 Regulations and guidance?

Yes.

Updating the LGPS definition of investments

Question 14: Do you agree with the proposed amendment to the definition of investments?

Yes, Nottinghamshire County Council Pension Fund agrees with this amendment.

Public sector equality duty

Question 15: Do you consider that there are any particular groups with protected characteristics who would either benefit or be disadvantaged by any of the proposals? If so please provide relevant data or evidence?

It should be noted that 72% of the Nottinghamshire County Council Pension Fund members are female and most members of the LGPS receive only small pensions. Although there would be no immediate impact on member contributions or benefits, the cost cap exercise means that these could change if the costs of the Fund increase, which some of these proposals could do if Funds are required to (for example) use pooled funds at additional cost, or if investment returns suffer (for example by requiring investments in riskier asset classes beyond the funds' investment strategy). To avoid a risk of this it should be explicit in the guidance that increased costs is a sufficient reason not to pool, and that funds should not take excessive risks.

Key messages

Nottinghamshire County Council Pension Fund believes that there should not be a deadline for transitioning listed assets, but a comply or explain regime is introduced instead. Guidance on acceptable reasons for holding assets outside pool companies would be welcome, alongside clear definitions of pooled and transitioned assets. As the pools exist to deliver cost savings, where these cannot be delivered through pooling assets this should be an acceptable reason to retain assets outside the pool. Similarly local and levelling up investments should be able to be held outside the pool where this provides the best outcomes.

Nottinghamshire County Council Pension Fund suggests that investing in private equity should not be a requirement in the regulations, and levelling up investments are best dealt with through producing an impact report.

Yours faithfully,

Nottinghamshire County Council Pension Fund

Nottinghamshire County Council

Report to Pension Fund Committee

12 October 2023

Agenda Item: 6

REPORT OF SERVICE DIRECTOR – FINANCE, INFRASTRUCTURE & IMPROVEMENT

LOCAL AUTHORITY PENSION FUND (LAPF) STRATEGIC INVESTMENT FORUM 2023

Purpose of the Report

1. To report on the LAPF Strategic Investment Forum 2023.

Information

2. The LAPF Strategic Investment Forum 2023 was held on 4th to 6th July 2023. In accordance with prior approval and as part of the Fund's commitment to ensuring those charged with decision-making and financial management have effective knowledge and skills; the conference was attended by Councillor Mike Introna and Mr Keith Palframan (Group Manager – Financial Services).

3. This was the third time Nottinghamshire County Council Pension Fund have attended this conference, and it continues to be excellent. This was a well organised conference with an intense programme of relevant investment topics.

4. ***John Harrison,*** Interim CIO, Border to Coast
   The conference began with John welcoming everyone to the event.

5. ***We're not in Kansas anymore….,*** **James Ashley,** Goldman Sachs
   James presented his view that not only will the year ahead for investors look very different from the recent past but, more significantly, the next decade is unlikely to see a return to the relatively becalmed landscape of the past 15 years. Inflation is due to a shortage of labour, and interest rates rises are a less effective tool for controlling inflation than previously. The dislocations we are currently observing are not "transitory", nor merely just "persistent" they are structural in nature. James summarised that "times have changed".

6. ***Panel: Fixed Income Returns,*** **Gerard Fitzpatrick*,*** Russell Investments***,*** **Quentin Fitzsimmons*,*** T. Rowe Price***,*** **Nemashe Sivayogan*,*** London Borough of Merton***, Tim Mpofu,*** Haringey Council
   Interest rates and bond yields have risen significantly over the last year. The Panel discussed the current bond market environment, the implications for future returns and the role of bonds in Local Government Pension Scheme (LGPS) investment strategies. Some funds need cashflow and are looking at increasing fixed income. This may reduce capital available for e.g., infrastructure.

7. ***The Impact of Debt,* Ewan Macaulay** Aviva Investors
Following recent valuations, Local Government Pension Schemes continue to seek yield against a backdrop of macroeconomic uncertainty, at a time where making a sustainable impact is also driving investment decision making. Ewan argued that debt is a good diversifier, lends itself to green investment (energy, social housing) and potentially a lender has a louder voice than a shareholder.

8. ***Infrastructure – Global Opportunities,* Keith Mangan*,*** BlackRock
By the end of the decade, annual investment in global clean energy infrastructure will need to triple to $4.6 trillion, in order to meet 2050 net zero targets. (Source: International Energy Agency, 26 October 2022). Keith's view was that the unprecedented acceleration in climate infrastructure investing creates an unparalleled opportunity for UK LGPS, which can benefit from capital growth and inflation linked income derived from infrastructure investments rooted in positive ESG (Environmental, Social and Governance) impact. Keith also highlighted the potential for high local impact, e.g., battery storage systems in Wiltshire, and midlands-manufactured Synchronous Compensators installed in Scotland, to offshore wind in South Korea, and distributed residential solar in New Zealand.

9. ***Investment solutions that support a nature-positive economy,* David Thomas** Robeco
Increasingly biodiversity loss, along with climate change are seen as the twin economic, environmental and social emergencies. Biodiversity is the only one of nine "planetary boundary" indicators already breached. However, investment markets are still grappling with how biodiversity loss can be integrated into investment portfolios and policies. David spoke about what "Biodiversity Investing" means today and explained the transition sectors which are integral to addressing biodiversity decline. He also highlighted the increasing awareness and regulation in this area and the push from consumers for action from producers, in particular from younger generations.

10. ***Panel: The role of emerging markets in LGPS strategy,* Martha Brindle** bfinance***,* Paul Nevin** West Midlands Pension Fund, **Krishan Selva** Columbia Threadneedle Investments, **Lucy Tusa** Mercer
The Panel discussed current equity valuations, the outlook for different emerging markets and the most effective ways to implement an emerging market investment strategy. One issue discussed was the view that good governance in emerging markets increases performance more than in developed markets.

11. ***Investing in Renewables on the path to net zero* Matt Ridley** Schroders Greencoat
Matt looked at the role renewable sources of energy will and must play to ensure we stand the best chance of reaching our carbon reduction targets. He highlighted the availability of fixed price energy contracts which lower the risk of e.g., solar and wind investment.

12. ***Roundtable Discussion: Should the LGPS's role be to promote economic growth and if so, how?* Jeremy Hughes,** Local Government Pension Scheme Advisory Board
The Government's levelling up initiative has prompted a debate about the role of the LGPS in promoting UK economic growth. The LGPS is a substantial pool of capital which has for decades invested with a bias to growth assets globally. The panel highlighted issues such as the scale of opportunities, the resource intensive due diligence required and possible conflicts of interest. They suggested the Department of Levelling Up, Housing and

Communities (DLUHC) might consider underwriting development costs to increase possible investment from pension funds.

13. ***Fireside Chat: Latest developments in sustainable investing – a practitioner's perspective*** **Jenn-Hui Tan** Fidelity International
As a fiduciary of client capital, a deep understanding of the evolving sustainable investing landscape is critical to success in delivering the client mandate. The session looked at how Fidelity has evolved its investment beliefs and established an influence framework for environmental and societal issues including climate change, good governance, social disparity and natural capital. Issues discussed include that sustainability is relative and developed markets should support emerging markets to improve. Also discussed was the fact that net zero by 2050 for the LGPS is not possible without societal change.

14. ***Implementing Net Zero*** **Therese Niklasson,** Newton Investment Management
Net-zero initiatives have been a critical development over the last few years, bringing all corners of the investment management industry together to support tackling the challenge of climate change. When these initiatives launched, the spirit was one of 'getting the ball rolling', as the industry could not afford to stand still and wait until all the details had been worked out. Therese highlighted recent concerns at the limitations and challenges in this area, e.g., TCFD reporting is very varied. Methodology is different making comparison difficult and there is a recent anti ESG trend in the US.

15. ***Panel: Managing Market Volatility*** **Iain Campbell,** Hymans Robertson**, Matt Hopson,** London Borough of Islington**, Jeremy Richardson,** RBC BlueBay Asset Management**, Chris Rule,** LPP and LPP
LGPS funds need to embrace investment risk if pension promises are to be affordable. But risk means volatility. The Panel discussed the fact that the LGPS is well placed to accept volatility due to its long-term nature. The main tool to address volatility is diversification. There is a cost to hold different asset types, and there is the distraction element if one element of the portfolio is performing badly. There is a need to consider rebalancing to ensure the risk level remains in line with the plan.

16. ***Panel: Infrastructure – Local Opportunities,*** **William Bourne,** Independent Adviser, **George Graham,** South Yorkshire Pensions Authority, **Peter Manners-Smith,** M&G Investment, **Robert Wall,** Lazard
The definition of "levelling up" from an investment perspective remains unclear, but it is likely to encompass local infrastructure investments. The Panel considered what this might cover, potential return requirements and the implications for effective governance. Issues discussed included the potential conflict of interest in very local investment and the need to use a third party with full discretion. Also, experience is that local investment can take up a lot of resource.

17. ***Equities: Value Investing,*** **David Herro,** Harris Associates L.P.
Having performed well as economies recovered post-pandemic, "value" equities have faced headwinds in recent months. Is this a temporary issue or will the value style struggle in a higher interest rate environment? David presented his view that there are better fundamental opportunities today. He gave examples of Mercedes with an increasing cash balance and profitability. To create value, he suggested a portfolio of 40 – 60 stocks with a capable, committed board, held for the long term.

18. ***A closer look at the financial and environmental benefits of natural capital investments (specifically timberland and farmland) for LGPS funds,* Skye Macpherson*,*** Nuveen
Over the past year, impacts related to the COVID-19 pandemic and the war in Ukraine have produced major supply chain disruptions contributing to market volatility, historically high inflation rates and aggressive monetary policies. Traditional asset classes, such as public equities and fixed income, have been heavily impacted by inflation-induced volatility, falling by 15% and 10% year-over-year, respectively. Skye suggested that over the same period, timberland and farmland indexes were up 12% and 10%, respectively, highlighting the importance of diversified portfolios to preserve investment value. Also discussed were returns from ecological restoration such as reforestation of degraded land, funded by developers.

19. ***Panel: Private Debt,* Adriana Becerra Cid,** Lombard Odier, **Anthony Fletcher,** Independent Adviser, **Toni Vainio,** Pantheon**, Tricia Ward,** Redington
Higher interest rates mean that potential returns from both listed bonds and private debt are higher. The Panel highlighted returns of typically 5-7% above base rate for senior debt. Requests for loans to meet climate targets are high. Best opportunities are direct lending for liquidity or growth with an asset backing. Risks relate to available security and contracting cashflow.

20. ***Growing affordable housing supply: Investing long-term capital for society's benefit,* Ben Denton,** Legal & General Affordable Homes
Access to a safe, warm and affordable home is a fundamental building block of all societies. By European standards the UK housing market is unaffordable, resulting in an elevated need for subsidised housing to support those who cannot afford to purchase or rent on the open market. Ben discussed issues including the need for housing is around 145k p.a. whilst delivery is currently 50k p.a. Income comes from rented sector (affordable and social) and shared ownership. Legal & General Pension Fund invest circa £1bn, but there is a policy risk e.g. rent caps.

21. ***Opportunities in Commercial Real Estate – Data Centres,* Kirill Zavodov,** PIMCO
Kirill discussed the drive for increased storage through the increased number of more powerful devices. Data storage requirements are likely to triple over the next few years. The increase is also driven by the digitisation of government and cloud usage by corporates. Development can be de-risked by already having a client in place. In addition there is an increasing need for local storage, driven by legislation requiring data to be stored in the country of origin. There is generally good ESG, but there is high energy use. There can be long term index linked contracts.

22. ***Navigating the coming Hemingway recession,* Jamie Dannhauser,** Ruffer LLP
Economist Jamie gave a macroeconomic overview in which he discussed the fragility of today's financial system, as highlighted by episodes such as the banking crises in March. He also covered the likelihood of recession and the inability of central banks to remedy the inflation problem without significant cost for investors. He also highlighted an economy less sensitive to monetary policy, an expected short, shallow recession all leading to increased risk of a "Hemmingway" recession (gradually, then suddenly). He suggested getting inflation below 2% without a recession would be tricky.

23. ***Consolidation,* Chris Hitchen,** Border to Coast Pensions Partnership**, Bridget Uku,** Ealing Pension Fund**, Mike Weston,** Former CEO of LGPS Central
Asset consolidation is not unique to the LGPS – it is a global trend in investment markets. The panel discussed scale. Larger scale brings more opportunities but really large means having to be invested in everything which is effectively passive. Scale brings fee reductions, but pre pooling collaboration was already driving reductions. The panel suggested there needed to be competition across Pools to drive improvements.

Statutory and Policy Implications

24. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATIONS

1) That Nottinghamshire Pension Fund Committee members continue to attend appropriate conferences to enable members to be kept up to date with the main national topics relating to investments.

2) That Members note the contents of the report.

Nigel Stevenson
Service Director - Finance, Infrastructure & Improvement

For any enquiries about this report please contact: Keith Palframan

Constitutional Comments (KK 22/9/23)

25. Nottinghamshire Pension Fund Committee is the appropriate body to consider this report.

Financial Comments (KRP 20/9/23)

26. There are no financial implications arising from this report.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

None

Nottinghamshire County Council

Report to Pension Fund Committee

12 October 2023

Agenda Item: 7

REPORT OF SERVICE DIRECTOR – FINANCE, INFRASTRUCTURE & IMPROVEMENT

PROXY VOTING

Purpose of the Report

1. The Fund is committed to supporting best practice in corporate governance and has adopted the *UK Stewardship Code* as recommended by the CIPFA *Principles for investment decision making and disclosure*. This report is to inform members of the voting of equity holdings in the second quarter of 2023 (calendar year) as part of this ongoing commitment.

Information

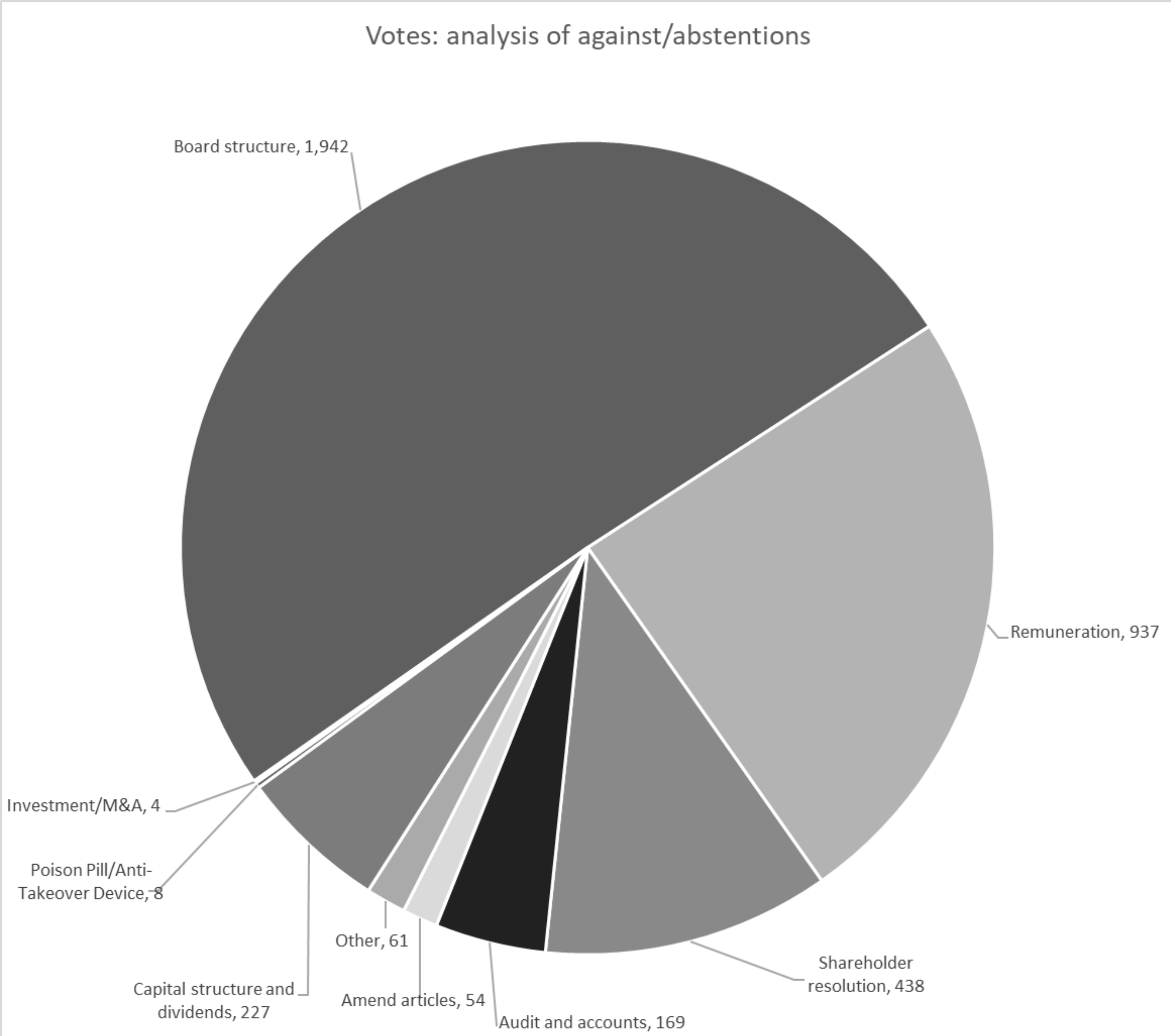
2. The *UK Stewardship Code*, issued in September 2012 by the Financial Reporting Council, and revised in 2020, highlights the responsibilities of institutional investors such as the Nottinghamshire Pension Fund. It defines stewardship as 'the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society'. Stewardship includes, among other things, having a clear policy on voting and on the disclosure of voting activity.

3. Alongside this the CIPFA *Principles for investment decision making and disclosure* require administering authorities to include a statement of their policy on responsible investment in the Investment Strategy Statement and report periodically on the discharge of such responsibilities. The Fund's statement on responsible investment states that 'the Fund continues to exercise its ownership rights by adopting a policy of actively voting stock it holds'.

4. The Fund retains responsibility for voting any directly held shares (rather than delegating this to investment managers) and votes the majority of its equity holdings in the UK, Europe, US and Japan. Since 2020 voting has been undertaken by Hermes EOS in line with the voting principles of LGPS Central.

5. Over the quarter to June 2023 Hermes EOS voted Nottinghamshire Pension Fund shares at 1,746 meetings (a total of 25,520 resolutions). Hermes opposed one or more resolutions at 1,240 meetings and voted with management by exception at 89 meetings. Hermes supported management on all resolutions at the remaining 416 meetings.

6. Hermes recommended voting against or abstaining on 3,839 resolutions over the last quarter. An analysis of the issues is shown below:



7. Most AGM votes relate to routine management items. Those relating to issues such as climate change only form a small proportion of the total votes by number, even where they represent a substantial amount of engagement time and effort. An overview of the Hermes EOS voting activity and detailed analysis of the key issues during the quarter is published on the Fund website (http://www.nottspf.org.uk/about-the-fund/investments) and with the meeting papers on the Council Diary (http://www.nottinghamshire.gov.uk/dms/Meetings.aspx).

8. Further detail on specific issues raised at company AGMs can be found in LGPS Central's quarterly *Stewardship Update*. The most recent *Update* (April-June 2023) highlights among other things Central's support of a shareholder proposal requesting increased disclosure of lobbying activity at Caterpillar Inc, and engagement (via EOS) with Anglo American plc regarding its long-term goal to operate waterless in water-scarce areas. A link to the *Update* can be found on the Nottinghamshire Pension Fund 'Approach to Responsible Investment'

webpage, under 'News and Engagement': https://www.nottspf.org.uk/about-the-fund/responsible-investment/

Statutory and Policy Implications

9. 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

10. That Nottinghamshire Pension Fund Committee notes the contents of the report.

Report Author:
Ciaran Guilfoyle
Investments Officer

For any enquiries about this report please contact Ciaran Guilfoyle

Constitutional Comments (KK 03/10/2023)

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

Financial Comments (TMR 27/09/2023)

12. There are no financial implications arising directly from this report.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- Hermes EOS – Nottinghamshire Pension Fund, Voting Report, Q2 2023
- LGPS Central – Voting Principles (March 2019)
- Financial Reporting Council, *The UK Stewardship Code*, January 2020

Nottinghamshire County Council

Report to Pension Fund Committee

12 October 2023

Agenda Item: 8

REPORT OF SERVICE DIRECTOR – FINANCE, INFRASTRUCTURE & IMPROVEMENT

LOCAL AUTHORITY PENSION FUND FORUM BUSINESS MEETING

Purpose of the Report

1. To report on the Local Authority Pension Fund Forum (LAPFF) hybrid business meeting on 12 July 2023.

Information and Advice

2. LAPFF was formed in 1990 to provide an opportunity for the UK's local authority pension funds and pools to discuss investment and shareholder engagement issues. Membership currently stands at 86 funds and 6 pools. A list of members is shown at Appendix A. It is consequently able to exert significant influence over companies in which funds are invested.

3. LAPFF exists 'to assist Administering Authorities discharge their statutory responsibilities and promote the long-term investment interests of UK local authority pension funds. In particular, it seeks to maximise their influence as investors to promote corporate social responsibility and high standards of corporate governance amongst the companies in which they hold an interest, commensurate with statutory regulations'. It also:
    a. provides a forum for information exchange and discussion about investment issues.
    b. facilitates the commissioning of research and policy analysis of issues in a more effective manner than individual Forum members could achieve.
    c. provides a forum for consultation on shareholder initiatives.
    d. provides a forum to consider issues of common interest to all pension fund boards, committees and their supporting administrative staff, as well as to other interested parties from national, local and regional governments.

4. The business meeting agenda included, among other things, a discussion on the quality of the equities listed in the UK Capital Markets. This was in response to the London Stock Exchange proposal to lower the standard required for a public company to be listed on the London market. If implemented this could result in greater financial risk for shareholders. LAPFF intends to engage with LSE on this matter.

5. An update on LAPFF's engagement work in the previous quarter was presented. The engagement stories in the report covering the quarter to June 2023 related to a variety of AGMs, agenda items, voting alerts and company engagements. It also includes a brief report from the LAPFF's Chairman's visit to Brazil to see the devastation caused by the collapse of tailings dams in Mariana and Brumadinho.

6. Copies of the latest engagement reports are attached as background, but all LAPFF engagement reports can be found on the LAPFF website: https://lapfforum.org/publications/category/quarterly-engagement-reports/

Statutory and Policy Implications

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

RECOMMENDATION/S

1. That Nottinghamshire Pension Fund Committee notes the contents of the report.

Nigel Stevenson
Service Director – Finance, Infrastructure and Improvement

For any enquiries about this report please contact: Ciaran Guilfoyle

Constitutional Comments (KK 03/10/2023)

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

Financial Comments (TMR 27/09/2023)

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

Background Papers

- LAPFF constitution
- LAPFF Quarterly Engagement Report April to June 2023

Membership of LAPFF as at January 2023

Funds

1) Avon Pension Fund
2) Barking and Dagenham Pension Fund
3) Barnet Pension Fund
4) Bedfordshire Pension Fund
5) Berkshire Pension Fund
6) Bexley (London Borough of)
7) Brent (London Borough of)
8) Cambridgeshire Pension Fund
9) Camden Pension Fund
10) Cardiff & Glamorgan Pension Fund
11) Cheshire Pension Fund
12) City of London Corporation Pension Fund
13) Clwyd Pension Fund (Flintshire CC)
14) Cornwall Pension Fund
15) Croydon Pension Fund
16) Cumbria Pension Fund
17) Derbyshire Pension Fund
18) Devon Pension Fund
19) Dorset Pension Fund
20) Durham Pension Fund
21) Dyfed Pension Fund
22) Ealing Pension Fund
23) East Riding Pension Fund
24) East Sussex Pension Fund
25) Enfield Pension Fund
26) Environment Agency Pension Fund
27) Essex Pension Fund
28) Falkirk Pension Fund
29) Gloucestershire Pension Fund
30) Greater Gwent Pension Fund
31) Greater Manchester Pension Fund
32) Greenwich Pension Fund
33) Gwynedd Pension Fund
34) Hackney Pension Fund
35) Hammersmith and Fulham Pension Fund
36) Haringey Pension Fund
37) Harrow Pension Fund
38) Havering Pension Fund
39) Hertfordshire Pension Fund
40) Hounslow Pension Fund
41) Isle of Wight Pension Fund
42) Islington Pension Fund
43) Kensington and Chelsea (Royal Borough of)
44) Kent Pension Fund
45) Kingston upon Thames Pension Fund
46) Lambeth Pension Fund
47) Lancashire County Pension Fund
48) Leicestershire Pension Fund
49) Lewisham Pension Fund

50) Lincolnshire Pension Fund
51) London Pension Fund Authority
52) Lothian Pension Fund
53) Merseyside Pension Fund
54) Merton Pension Fund
55) Newham Pension Fund
56) Norfolk Pension Fund
57) North East Scotland Pension Fund
58) North Yorkshire Pension Fund
59) Northamptonshire Pension Fund
60) Nottinghamshire Pension Fund
61) Oxfordshire Pension Fund
62) Powys Pension Fund
63) Redbridge Pension Fund
64) Rhondda Cynon Taf Pension Fund
65) Scottish Borders Council
66) Shropshire Pension Fund
67) Somerset Pension Fund
68) South Yorkshire Pension Authority
69) Southwark Pension Fund
70) Staffordshire Pension Fund
71) Strathclyde Pension Fund
72) Suffolk Pension Fund
73) Surrey Pension Fund
74) Sutton Pension Fund
75) Swansea Pension Fund
76) Teesside Pension Fund
77) Tower Hamlets Pension Fund
78) Tyne and Wear Pension Fund
79) Waltham Forest Pension Fund
80) Wandsworth Borough Council Pension Fund
81) Warwickshire Pension Fund
82) West Midlands Pension Fund
83) West Yorkshire Pension Fund
84) Westminster Pension Fund
85) Wiltshire Pension Fund
86) Worcestershire Pension Fund

Pools

1) Border to Coast Pension Partnership
2) LGPS Central
3) Local Pensions Partnership
4) London CIV
5) Northern LGPS
6) Wales Pension Partnership

Nottinghamshire County Council

Report to Pension Fund Committee

12 October 2023

Agenda Item: 9

REPORT OF THE SERVICE DIRECTOR – CUSTOMERS, GOVERNANCE AND EMPLOYEES

WORK PROGRAMME

Purpose of the Report

1. To consider the Committee's work programme.

Information

2. The County Council requires each committee to maintain a work programme. The work programme will assist the management of the committee's agenda, the scheduling of the committee's business and forward planning. The work programme will be updated and reviewed at each pre-agenda meeting and committee meeting. Any member of the committee is able to suggest items for possible inclusion.

3. The attached work programme has been drafted in consultation with the Chair and Vice-Chairs, and includes items which can be anticipated at the present time. Other items will be added to the programme as they are identified.

Other Options Considered

4. None.

Reason/s for Recommendation/s

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

Statutory and Policy Implications

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

RECOMMENDATION/S

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

Marjorie Toward
Customers, Governance and Employees

For any enquiries about this report please contact:
Jo Toomey, Advanced Democratic Services Officer
E-mail: jo.toomey@nottscc.gov.uk
Tel: 0115 977 4506

Constitutional Comments (HD)

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

Financial Comments (NS)

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

Background Papers

None

Electoral Division(s) and Member(s) Affected

All

PENSION FUND COMMITTEE – WORK PROGRAMME (updated 27 September 2023)

Report Title	Summary of agenda item	Report Author
14 December 2023		
Fund valuation and performance – quarter 2	Summary of quarterly performance	Tamsin Rabbitts
Fund valuation and performance – exempt appendix	Detailed review of quarterly performance (exempt)	Tamsin Rabbitts
Independent Adviser's report	Independent Adviser's review of performance	Independent Adviser
Managers presentations	Presentations by Fund Managers (exempt)	LGPS Central and LGIM
Treasury Management mid-year report 2023/24	Summary of treasury management activity to 30 September 2023	Ciaran Guilfoyle
Good governance	Report on good governance of the pension fund	Marjorie Toward
McCloud Judgment update report		Jon Clewes
Climate risk metrics	Analysis from LGPS Central on the position as at 31 March 2023	Tamsin Rabbitts
Review of progress on the Climate Risk Action Plan	6-monthly report	Tamsin Rabbitts
Update on transformation	An update on the transformation activity around Pension Fund administration	Sarah Stevenson
11 January 2024 (Annual General Meeting)		
Presentation of the Pension Fund accounts	Formal presentation of the Pension Fund accounts to Committee	
Nottinghamshire Pension Fund Annual Report	Annual report of the Nottinghamshire Pension Fund	
Actuarial issues	Barnett Waddingham LLP presentations	
Management and Financial Performance	Financial management presentation	
Investment Performance	Pensions and treasury management presentation	
Pensions administration	Presentation from the Pensions Administration Team	
Questions	Responses to questions submitted in writing no less 10 working days before the meeting	

Report Title	Summary of agenda item	Report Author
7 March 2024		
Strategic asset allocation working party report	Report on the discussions and recommendations arising from the January working party meeting on the Fund's Strategic Asset Allocation and Investment Strategy and any other issues discussed	Tamsin Rabbitts
Treasury Management Strategy 2024/25	Strategy for the forthcoming financial year	Ciaran Guilfoyle
Conferences and training report	Planned training and conferences for 2024/25	Tamsin Rabbitts
Fund valuation and performance – quarter 3	Summary of quarterly performance	Tamsin Rabbitts
Fund valuation and performance – exempt Appendix	Detailed review of quarterly performance (exempt)	Tamsin Rabbitts
Independent Adviser's report	Independent Adviser's review of performance	Independent Adviser
Managers presentations	Presentations by Fund Managers (exempt)	Schroders and Abrdn
Report on the Local Authority Pension Fund Forum conference	Report on the presentations attended by representatives of the Fund at the Local Authority Pension Fund Forum Conference held in December 2023	Tamsin Rabbitts
18 April 2024		
Review of progress on the Climate Risk Action plan	6-monthly report	Tamsin Rabbitts
Climate Stewardship report	Progress on the Fund's climate stewardship strategy	Tamsin Rabbitts
Review of Pension Fund Strategies		Tamsin Rabbitts / Jon Clewes
Review of the Pension Fund Risk Register		Sarah Stevenson Keith Palframan
Proxy voting	Summary of voting activity	Ciaran Guilfoyle
Local Authority Pension Fund Forum business meeting	Report from Local Authority Pension Fund Forum business meetings	Ciaran Guilfoyle
Report on the Local Government Pension Scheme Governance Conference	Report of the presentations attended by representatives of the Fund at the Local Government Pension Scheme Governance Conference held in January 2024	
13 June 2024		

Report Title	Summary of agenda item	Report Author
Fund valuation and performance – quarter 4	Summary of quarterly performance	Tamsin Rabbitts
Fund valuation and performance – exempt appendix	Detailed review of quarterly performance (exempt)	Tamsin Rabbitts
Independent Adviser's report	Independent Adviser's review of performance	Independent Adviser
Managers presentations	Presentations by Fund Managers (exempt)	LGPS Central
11 July 2024		
Proxy voting	Summary of voting activity	Ciaran Guilfoyle
Local Authority Pension Fund Forum business meeting	Report from Local Authority Pension Fund Forum business meeting	Ciaran Guilfoyle
Annual administration performance report		Jon Clewes
Pooling update	An update will be provided on pooling arrangements	LGPS Central
Treasury management outturn 2023/24	Summary of Treasury management activity for the year ended 31 March 2023	Ciaran Guilfoyle
To be placed		
Pensions Administration – Tracing Service		Sarah Stevenson / Jon Clewes
Pension Fund Review of Cyber Security – Pension Regulator Requirement		Sarah Stevenson / Jon Clewes
Pension Regulator's Code of Practice		Jon Clewes