

Meeting	NOTTINGHAMSHIRE PENSION FUND COMMITTEE
Date	Thursday 1 September 2022 at 10.30 am

membership**COUNCILLORS**

Eric Kerry (Chairman)
Mike Introna (Vice Chairman)

André Camilleri
John Clarke MBE
Bethan Eddy
Stephen Garner - **Apologies**
Sheila Place

Francis Purdue-Horan - **Apologies**
Tom Smith
Lee Waters

Conservative vacancy

SUBSTITUTE MEMBERS:

Councillor Richard Butler filled the Conservative vacancy

NON-VOTING MEMBERS:**Nottingham City Council**

Councillor Graham Chapman - **Apologies**
Councillor Sally Longford
Councillor Zafran Khan - **Apologies**

District / Borough Council Representatives

Councillor David Lloyd, Newark and Sherwood District Council - **Absent**
Councillor Gordon Moore, Rushcliffe Borough Council - **Apologies**

Trades Unions

Alan Woodward - **Apologies**
Chris King

Scheduled Bodies

Sue Reader - **Apologies**

Pensioners' Representatives

Vacancy x 2

Independent Adviser

William Bourne

Officers in Attendance

Nigel Stevenson	(Chief Executive's Department)
Sarah Stevenson	(Chief Executive's Department)
Jon Clewes	(Chief Executive's Department)
Jo Toomey	(Chief Executive's Department)

Before the meeting began, members observed a few moments of silence to remember Councillor Eddie Cubley, a member of the Committee, who had recently passed away.

1. MINUTES OF THE LAST MEETING HELD ON 21 JULY 2022

The minutes of the last meeting held on 21 July 2022 were confirmed as a correct record for signing by the Chair.

2. APOLOGIES FOR ABSENCE

- Councillor Francis Purdue-Horan
- Councillor Stephen Garner
- Councillor Graham Chapman (Nottingham City Council)
- Councillor Zafran Khan (Nottingham City Council)
- Councillor Gordon Moore (Rushcliffe Borough Council)
- Alan Woodward, Trade Union Representative
- Sue Reader, Scheduled Bodies Representative

3. DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS

None were disclosed.

4. TO NOTE THE APPOINTMENT OF COUNCILLOR SALLY LONGFORD AS ONE OF NOTTINGHAM CITY COUNCIL'S REPRESENTATIVES ON THE COMMITTEE

Members noted that Councillor Longford was replacing Councillor Peach as one of the three representatives of Nottingham City Council on the Committee. The thanks of the Committee for Councillor Peach's service and contribution was placed on record.

5. LOCAL PENSIONS BOARD ANNUAL REPORT

Members noted the Annual Report of the Local Pensions Board, which had been referred to Committee for noting. It also included a recommendation made by the Board about a review of staffing resources, which had been highlighted in the Annual as a recurring entry and the highest risk on the Fund's risk register.

RESOLVED 2022/031

1. That the contents of the Local Pensions Board Annual Report 2021/22 be noted.
2. That a review of staffing resources to support Pension Fund activity be approved and the terms of the review be agreed by the Chair of the Nottinghamshire Pension Fund Committee and the Chair of the Local Pensions Board.

6. PENSIONS AND LIFETIME SAVINGS ASSOCIATION (PLSA) LOCAL AUTHORITY CONFERENCE 2022

The Service Director, Finance, Infrastructure and Improvement presented a report on the PLSA Local Authority Conference 2022. The report gave an overview of key themes considered at the conference, which members were advised, incorporate many of the areas that had been considered by the Committee during the previous year.

RESOLVED 2022/032

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 no further actions were required in relation to the issues contained within the report.

7. LOCAL AUTHORITY PENSION FUND (LAPF) STRATEGIC INVESTMENT FORUM

The report of the Service Director, Finance, Infrastructure and Improvement summarised the main topics of the LAPF strategic investment forum 2022.

During discussions, Members:

- Asked whether consideration had been given to green bonds and discussed how they could be used by the Fund
- Noted that the responsibility of the Committee was to the fund
- Highlighted work on climate risk and responsible investment already captured as part of the implementation of the Fund's strategies and including diversified investments

RESOLVED 2022/033

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 following action is required in relation to issues arising from discussion of the report:
 - That green bonds be included within a future Committee training session.

8. WORKING PARTY

The report, submitted following a meeting of the Pension Fund Working Party held on 22 July 2022, set out those items discussed, including the use of derivatives in the Schroders Active Equity portfolio and the LGPS Central Gilts segregated mandate.

RESOLVED 2022/034

That a report be brought to the Pension Fund Committee proposing the use of derivatives in the Schroders Active Equity portfolio and the LGPS Central Gilts segregated mandate.

9. DERIVATIVES USE IN SCHRODERS ACTIVE EQUITIES AND LGPS CENTRAL GILTS MANDATES

The report sought approval from the Committee to enable investments managers to use derivatives arising from the Schroders Active Equities portfolio and the LGPS Central Gilts segregated mandate for the purpose of efficient portfolio management. The consent of the Committee was required before derivatives could be used. The concept had been considered at the recent Fund working party, which had provided an opportunity for members to pose any questions.

During discussions, Members:

- Highlighted the potential for additional risk and speculation, together with measures to manage risk
- Noted the investment objectives of the Fund's mandate with Schroders, the split between stock selection and asset allocation, and how allowing use of derivatives would assist the Investment Manager in fulfilling the mandate as written

RESOLVED 2022/35

That amendments to the investment mandates for the Schroders Active Equity portfolio and the LGPS Gilts segregated mandate to permit the use of derivatives as set out in the report be approved for the purposes of efficient portfolio management.

10. INDEPENDENT ADVISER'S REPORT

The Independent Adviser to the Committee presented his report, which highlighted key areas of risk and the global economic position. In his assessment of the current position, the Independent Adviser highlighted that returns were likely to be low, potentially 1% to 2% over the next two years. Some assurance was provided to members through the fund's diversified portfolio.

During discussions, Members:

- Raised questions about the system for raising matters of concern with members during a time of rapid change

- Noted that the fund needed to consider the long-term
- Recognised the actuarial review that was underway and the opportunity arising from that review to question the actuarial advisers

RESOLVED 2022/36

That the contents of the Independent Adviser's report be noted.

11. WORK PROGRAMME

RESOLVED 2022/037

That the work programme be agreed.

12. FUND VALUATION AND PERFORMANCE

During discussions, Members:

- Identified that there had been a reduction in asset value and asked whether any pension deficits would lead to an increase in Council Tax
- Discussed the balance between the size of scheme members' contributions to the fund and the level of return from investments
- Asked for additional information on sustainable renewals investments and whether it would include palm oil
- Highlighted some concerns about the classification of investments, including the constitution of passive investments

RESOLVED 2022/38

That no further actions were required in relation to the issues contained within the report.

13. EXCLUSION OF THE PUBLIC

RESOLVED 2022/39

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.

14. FUND VALUATION AND PERFORMANCE – EXEMPT APPENDIX

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

RESOLVED 2022/40

That the contents of the exempt appendix be noted.

15. FUND MANAGERS' PRESENTATIONS

15a. Schroders

Olivia Docker and Andy Simpson provided a report to the Committee on the activities of Schroders.

15b. Abrdn

John Holguin provided a report to the Committee on the activities of Abrdn.

12:58 – Councillors Camilleri and Waters left the meeting and did not return.

13:00 – Councillor Longford left the meeting and did not return.

The meeting concluded at 13.10pm

CHAIR