

Nottinghamshire Pension Fund Committee

Monday, 28 January 2013 at 10:00

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

AGENDA

- | | | |
|---|--|---------|
| 1 | Minutes of the last meeting held on 9 July 2012 | 3 - 6 |
| 2 | Apologies for Absence | |
| 3 | Declarations of Interests by Members and Officers:- (see note below)
(a) Disclosable Pecuniary Interests
(b) Private Interests (pecuniary and non-pecuniary) | |
| 4 | Local Government Pension Scheme: Applications for Scheme Transferee of Admission Bodies | 7 - 10 |
| 5 | Referral from the Pensions Investment Sub-Committee | 11 - 12 |
| 6 | Referrals from the Pensions Sub-Committee | 13 - 36 |
| 7 | Appointment of Pensioner Representatives to the Pension Sub-Committee | 37 - 40 |
| 8 | Pension Fund Treasury Management Policy | 41 - 42 |

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 Chris Holmes (Tel. 0115 977 3714) or a colleague in Democratic Services prior to the meeting.

- (4) Councillors are reminded that Committee and Sub-Committee papers, with the exception of those which contain Exempt or Confidential Information, may be recycled.

Meeting PENSIONS COMMITTEE

Date Monday, 9 July 2012 (commencing at 2.00 pm)

membership

Persons absent are marked with 'A'

COUNCILLORS

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

Reg Adair
Mrs Kay Cutts
Carol Pepper
Sheila Place

Ken Rigby
A David Taylor
A Les Ward

OFFICERS IN ATTENDANCE

David Forster (Democratic Services)
Simon Cunnington (Environment & Resources)
Sarah Thurlby (Environment & Resources)

CHAIRMAN AND VICE-CHAIRMAN

The appointment by the County Council of Councillor Michael Cox as Chairman and Councillor Stella Smedley, MBE as Vice-Chairman was noted.

MEMBERSHIP

RESOLVED 2012/004

That the membership of the Committee, as set out above, be noted.

MINUTES

The Minutes of the last meeting of the Committee held on 30 April, having been previously circulated, were confirmed and signed by the Chairman, Subject to the following amendment to resolution 2012/003:-

In resolution (2) the words "in principle to invest" be removed and the words "to explore an investment of" be inserted in place so it reads:-

2. That it be agreed to explore an investment of £10 million to a local private equity fund to be drawn up by Nottinghamshire County and Nottingham City Councils, subject to suitable due diligence of the fund and management arrangements once it is established; and that the proposal be bought back to the Sub-Committee before any decision to proceed is taken.

The Chairman informed members that the announcement recently regarding the use of pensions' investment money for the establishment of a local equity fund will not go proceed without the agreement of this Committee. A report to a future meeting on this issue will be presented to a future meeting.

APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Stella Smedley MBE (Other County Council Business), David Taylor (Illness) and Les Ward (Illness)

DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS

None

APPOINTMENT OF SUB-COMMITTEES

RESOLVED 2012/005

1. That a Pensions Working Party be established with the terms of reference as set out in the report.
2. That the establishment of Pensions Investment Sub-Committee and Pensions Sub-Committee be noted.

PENSION FUND ACCOUNTS 2011/12

RESOLVED 2012/006

That the Pension Fund Accounts for 2011/12 be noted

INDEPENDENT ADVISOR

RESOLVED 2012/007

- 1) That the current contract for the Fund's independent adviser be extended for two years from 1 September 2012.
- 2) That approval be given for the Fund's independent adviser to attend the Local Government Chronicle Investment Summit 2012 at Celtic Manor on behalf of the Fund on this occasion.

PROPERTY TRANSACTIONS APPROVALS

RESOLVED 2012/008

That delegated authority be given to the Team Manager (Investments) to approve purchases and sales of investment properties for the Fund following consultation with the following Members of the Nottinghamshire Pension Fund Committee:

- The Chairman
- The Vice Chairman
- The Majority Party Spokesman

The meeting closed at 2.35 pm.

CHAIRMAN



28 January 2013

Agenda Item:3

REPORT OF THE SERVICE DIRECTOR – HR AND CUSTOMER SERVICE

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

1. Purpose of the Report

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

2. Information and Advice

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

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

3. Statutory and Policy Implications

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

Human Resources Implications (CD)

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

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

RECOMMENDATION

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

MARJORIE TOWARD SERVICE DIRECTOR – HR AND CUSTOMER SERVICE

For any enquiries about this report please contact:

Andy Durrant, Technical Performance Officer on 0115 846 3326 or
andy.durrant@nottscc.gov.uk.

Constitutional Comments (KK)

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

Financial Comments (SC)

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

Background Papers

None

Electoral Division(s) and Member(s) Affected

All



Appendix A

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

Nottinghamshire Police Authority is currently in contract discussions with MITIE Cleaning & Environmental Services Limited to operate the authority's cleaning function. The service transfer is expected to take place on 1st February 2013. The contract period is for an initial period of 4 years.

This arrangement will involve the TUPE transfer of 69 employees of Nottinghamshire Police Authority (of which 38 are current members of the LGPS) who are currently engaged in the delivery of the service.

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

Appendix B

Proposed admission relating to a highways service contract.

Nottinghamshire County Council is currently in discussions with a third party provider to carry out highways service functions. The provider cannot currently be named due to EU procurement regulations which allow for a statutory ten day stand still period, commonly known as ‘the Alcatel period’. It is the intention to name the provider for noting on presentation of this report.

The provider is to make an application to become a transferee admission body under the provisions of the Regulation 6 of the Pension Regulations. The service transfer is expected to take place on 1st April 2013. The contract period is for an initial period of 5 years.

This arrangement will involve the TUPE transfer of 11 employees of Nottinghamshire County Council, all of whom are members of the LGPS and who are currently engaged in the delivery of the service.

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

28 January 2013**Agenda Item: 5**

REPORT OF SERVICE DIRECTOR – FINANCE & PROCUREMENT

REFERRAL FROM PENSIONS INVESTMENT SUB-COMMITTEE

Purpose of the Report

1. To seek the approval of the Nottinghamshire Pension Fund Committee to the recommendation from the Pensions Investment Sub-Committee to transfer £25m unallocated cash to the In-house portfolio in order to increase investment in emerging market equities.

Information and Advice

2. At its meeting on 8 November 2012, the Pensions Investment Sub-Committee considered a proposal to increase the Fund's exposure to emerging market equities by £50m. It was considered best to do this through the In-house portfolio and, consequently, it was recommended that £25m of unallocated cash be transferred to the portfolio.

Statutory and Policy Implications

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

RECOMMENDATION/S

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

Name of Report Author: Simon Cunnington

Title of Report Author: Team Manager - Investments

For any enquiries about this report please contact: Simon Cunnington

Constitutional Comments (KK 18/01/13)

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

Financial Comments (SRC 15/01/13)

- 5 The financial implications are included in the report.

Background Papers

None

28 January 2013**Agenda Item:6**

REPORT OF SERVICE DIRECTOR – FINANCE & PROCUREMENT

REFERRALS FROM PENSIONS SUB-COMMITTEE

Purpose of the Report

1. To seek the approval of the Nottinghamshire Pension Fund Committee to the recommendations from the Pensions Sub-Committee on:
 - a) Benchmarks
 - b) Nottingham & Nottinghamshire Investment Fund
 - c) Pension Fund Risk Register.

Information and Advice

2. At its meeting on 13 December 2012, the Pensions Sub-Committee considered reports on:
 - a) Benchmarks
 - b) Nottingham & Nottinghamshire Investment Fund
 - c) Pension Fund Risk Register.
3. These reports are attached as annexes. The Risk Register has been amended slightly to take account of members' comments at the Sub-Committee meeting.

Statutory and Policy Implications

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

RECOMMENDATION/S

- 1) Benchmarks:
 - a) A liability-based benchmark is set for the Fund.
 - b) A strategic benchmark is set for the Fund based on the mid-point of the strategic asset allocation ranges.

- c) Discussions are held with each manager regarding changes to their benchmarks within a wider review of strategic asset allocation as part of the triennial valuation process.
 - d) Changes are made to quarterly performance reporting in conjunction with managers to focus more on longer time frames in order to more clearly link to the Fund's long term objectives.
- 2) That the Fund commits £10m to the ECF to be managed by the Foresight Group once approved by CfEL.
 - 3) That the revised Risk Register is approved and the additional actions outlined in the revised risk register are considered for implementation.

Name of Report Author: Simon Cunnington

Title of Report Author: Team Manager - Investments

For any enquiries about this report please contact: Simon Cunnington

Constitutional Comments (KK 18/01/13)

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

Financial Comments (SRC 15/01/13)

There are no direct financial implications arising from the report.

Background Papers

None



REPORT OF SERVICE DIRECTOR – FINANCE & PROCUREMENT

PENSION FUND RISK REGISTER

Purpose of the Report

1. To present the revised Pension Fund Risk Register and to consider any recommended actions arising from the risks identified.

Information and Advice

2. The Pensions Investment Sub-Committee last reviewed the risk management strategy and corresponding risk register on 16 December 2010. In the light of current challenges facing pension funds such as investment performance, increasing liabilities and regulatory changes, the risk register has been updated.
3. The Pension Fund's Risk Management Strategy is to:-
 - a) identify key risks to the achievement of the Fund's aims
 - b) assess the risks for likelihood and impact
 - c) identify mitigating controls
 - d) allocate responsibility for the mitigating controls
 - e) maintain a risk register detailing the risk features in a)-d) above
 - f) review and update the risk register on an annual basis
 - g) report the outcome of the review to the Pensions Committee annually.
4. In order to assess the risks and produce the risk register, a standard format for risk management has been adopted. This uses a simple sliding scale of 1 to 5 to assess both the likelihood of a risk materialising and the impact if it does occur. A 'risk score' is then calculated for each risk by multiplying likelihood by impact.
5. The risk scores are plotted on a matrix (shown in the attached risk register) in order to assess the level of risk (low, medium, high or very high). This allows a more objective ranking of risks to take place and highlights the priority areas for possible further action.
6. The risk register identifies 16 risks in total, 2 of which are assessed as very high, 5 as high, 7 as medium and 2 as low risk. The majority are considered to have sufficient mitigating controls in place. Where further action is considered necessary this is detailed in the risk register.

Statutory and Policy Implications

7. This report has been compiled after consideration of implications in respect of finance, equal opportunities, personnel, crime and disorder and those using the service and where such implications are material they have been described in the text of the report.

RECOMMENDATION/S

- 1) That the additional actions outlined in the revised risk register are considered for implementation.

Report author:

Simon Cunnington

Senior Accountant – Pensions & Treasury Management

For any enquiries about this report please contact: Simon Cunnington

Background Papers

None

REPORT OF SERVICE DIRECTOR – FINANCE & PROCUREMENT**BENCHMARKS****Purpose of the Report**

1. To seek approval to recommendations made by the Pensions Working Party regarding changes to the current benchmarks used by the Fund.

Information and Advice

2. At its meeting on 30 October 2012, the Pensions Working Party considered the attached report on benchmarks. The allocation to emerging market equities referred to in the report was considered by the Pensions Investment Sub-Committee at the meeting on 8 November 2012. This report will concentrate on the benchmarks used by the Fund to define and evaluate performance.
3. After in depth discussions involving all members of the Working Party and the Fund's independent adviser, it was agreed that the current benchmarking arrangements do not provide a sufficiently robust link to the returns needed to achieve the long term funding objective and are failing to provide sufficient information on which to measure the overall performance of the Fund.
4. In order to measure whether the Fund is meeting its funding objectives, it is recommended that the following benchmarks be agreed:
 - a liability-based benchmark (LBM)
 - a Fund strategic benchmark
5. The LBM represents the closest match to changes in the value of liabilities and would generally consist of 85-90% long dated index-linked gilts and 10-15% long dated conventional gilts. It is important to note that this would not be used to formulate an investment strategy for the Fund (as the Fund is not approaching maturity and the funding level is not above 100%) but would give an indication of whether the agreed investment strategy is being successful in meeting the funding objective.
6. The investment strategy is decided following the outcome of the triennial valuation as the asset allocation most likely to produce the returns required. The Fund has agreed asset allocation ranges for each major asset class. These are shown below.

Asset Allocation Ranges

Equities	55% - 75%
Property	5% - 25%
Bonds	10% - 25%
Cash	0% - 10%

7. The ranges give flexibility in investment strategy and to cover market movements but it would be difficult to create a benchmark to reflect these. It is suggested, therefore, to construct a benchmark from the mid-point of each range (with the exception of cash which would need to be set at 2.5% in order to add up to 100%). The mid-points are shown below along with the actual asset allocation and WM Local Authority average asset allocation as at 30 September 2012.

	Mid-point	Actual	WM LA
Equities (inc private equity)	65.0%	69.1%	66.0%
Property	15.0%	12.7%	7.3%
Bonds	17.5%	14.4%	18.3%
Cash	2.5%	3.8%	3.5%
Alternatives			4.9%
	100.0%	100.0%	100.0%

8. The benchmarks would use high level indices for each asset class and would be determined in conjunction with the Fund's independent adviser. Setting these benchmarks would then enable an assessment of actual performance, in particular the impact of decisions to under or over-weight asset classes relative to the benchmark.
9. In terms of managers' benchmarks, the In-House portfolio and Schroders currently include reference to the CAPS (Mellon) consensus (using the average asset allocations from the BNY Mellon universe of funds). There are question marks over using consensus or average allocations to drive performance. Although it can be useful to compare to other funds, performance benchmarks should link to the Fund's particular circumstances rather than those of an average fund. An alternative would be to set a benchmark based on the proportion of each region in the global stock market. If it is still considered appropriate to use average allocations as a means of setting benchmarks, it would be better if these were based on WM Local Authority average allocations.
10. It would be sensible to involve each manager in discussions regarding changes to their benchmarks and it is suggested that these discussions take place within a wider review of strategic asset allocation as part of the triennial valuation process.
11. The final point considered by the Working Party was quarterly performance reporting. The overall objective of the Fund is very long term in nature but regulations require that performance is monitored on a quarterly basis. However, it is suggested that focusing reporting more on longer term performance would link more clearly to the long term objective of the Fund. If considered appropriate,

changes will be made to the quarterly reporting in conjunction with the Fund's managers.

RECOMMENDATION/S

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

Report author:

Simon Cunningham

Senior Accountant – Pensions & Treasury Management

Background Papers

REPORT OF SERVICE DIRECTOR – FINANCE & PROCUREMENT**NOTTINGHAM & NOTTINGHAMSHIRE INVESTMENT FUND****Purpose of the Report**

1. To report on discussions at the Pensions Working Party on progress in establishing a venture capital fund to invest in Nottingham and Nottinghamshire and to seek agreement to a recommendation to commit £10 million to the fund once established.

Information and Advice

2. Nottingham City and Nottinghamshire County Councils have been working together on a proposal to create a venture capital fund to invest in small and medium sized enterprises (SMEs) within Nottingham and Nottinghamshire with the aim of making commercial returns for investors. The original proposal was jointly to procure a fund manager to set up and run the fund after securing commitments from the pension fund and high net worth individuals.
3. This original aim was overtaken by the announcement of the City Deal for Nottingham in which the government agreed to invest £25m in a venture fund if additional funding could be secured. Following further discussions with the City Council, it is clear that the government would prefer to make the investment through an Enterprise Capital Fund (ECF) co-ordinated by Capital for Enterprise (CfEL).
4. CfEL is the government's equity investment vehicle. Their website states that it is 'a fund management company which designs, delivers and manages venture capital and debt guarantee schemes on behalf of the public and private sectors'. It is wholly owned by the Department for Business, Innovation and Skills and is 'the largest single investor in UK venture capital'.
5. ECFs are designed to increase the availability of growth capital to SMEs through fixed term private equity funds, largely structured as English limited partnerships. ECFs are awarded by CfEL following a defined selection process and detailed commercial, financial and legal checks. Government funding in an ECF is normally limited to a third with the manager required to raise the additional capital from other sources. This means that an additional £12.5m would need to be raised to match the £25m government funding. The manager will need to

convince CfEL of their ability to raise this capital and is normally allowed 6 months from the award of an ECF in which to complete the fundraising.

6. The City Council sought proposals from a number of existing venture capital managers in order to select a preferred manager to put forward to CfEL for the ECF process. Interviews were held on 18 October 2012 at which four prospective managers presented and were questioned on their proposals. Foresight Group has been selected as the preferred manager.
7. Foresight Group has been raising and managing investment funds for over 25 years and currently has assets under management of over £650m. It employs 46 professionals and currently manages 60 portfolio companies. Since 2007, it has sold 19 portfolio companies realising an average cash multiple of 4.1x the original investment.
8. The fund's strategy will be to develop a diversified portfolio of unquoted investments to enable the fund to deliver commercial returns to investors. It will be regionally focused on companies based within Nottingham and Nottinghamshire but will not have a regional constraint. The risk adjusted returns will be key in deciding where to invest.
9. The preferred manager is now in discussions with CfEL regarding their proposals. Appendix A shows extracts from CfEL's *Guidance for Prospective Managers* giving brief details of the information required and the assessment criteria used by CfEL.
10. The Fund currently has an agreed target allocation to private equity of 10% of the Fund (which equates to about £300m) and has made commitments totalling approximately £125m. These are shown in the table below. Within this is an existing commitment of £4m to an ECF. The majority of individual commitments are between £5m and £15m in closed funds with terms from 10 to 14 years. Each fund calls capital only when specific companies are identified for investment and it would be expected that distributions are made following successful exits from investments. In this way, the net exposure to an individual fund is unlikely to reach the full commitment level. Quarterly reports are received on each fund.

Fund	Vintage	Commitment	Undrawn
Wilton Private Equity Fund LLC	2001	\$14,000,000	\$605,622
Pantheon Europe Fund III	2001	€ 10,000,400	€ 1,000,400
East Midlands Regional Venture Capital Fund	2002	£5,000,000	£1,253,333
Coller International Partners IV	2002	\$10,000,000	\$1,400,000
Schroders Private Equity Fund of Funds III (PEFOF III)	2005	€ 22,000,000	€ 2,750,000
DCM Private Equity Fund II	2005	\$18,000,000	\$6,552,000
Pantheon Europe Fund V	2006	€ 15,000,000	€ 4,050,000
Coller International Partners V	2006	\$18,000,000	\$4,059,000
Catapult Growth Fund LP	2006	£4,000,000	£154,822
Altius Associates Private Equity Fund	2007	\$10,000,000	\$3,455,656
Partners Group Secondary 2008	2007	€ 13,000,000	€ 1,698,357
DCM Private Equity Fund III	2012	\$16,000,000	\$15,280,000
Coller International Partners VI	2012	\$16,000,000	\$12,936,526

11. It is proposed that the Fund commits £10m to the new ECF subject to approval by CfEL. Following robust discussions at the meeting on 30 October 2012, the Pensions Working Party recommend that such a commitment be made.

RECOMMENDATION/S

1) That a recommendation is made to the Nottinghamshire Pension Fund Committee to commit £10m to the ECF to be managed by the Foresight Group once approved by CfEL.

Report author:

Simon Cunningham

Senior Accountant – Pensions & Treasury Management

Background Papers

None

ECF award process – extracts from CfEL's *Guidance for Prospective Managers*

Mandatory initial information

- Details of the proposed ECF's investment strategy including, target sectors and investment stages, investment structures and any co-investment agreements, length of investment period and proportion of funding reserved for follow on investment.
- Summary CVs (as an annex) of key investment personnel involved in the fund and details of their proposed role within the ECF.
- Details of any investment track record; from the team as a whole and for individuals within the team (supporting information may be included as an annex).
- Details of private investors willing to back the fund (evidence of commitment e.g. letters of support may be attached as an annex).
- Details of management fee, start up costs and any other fees and costs that will be charged to the fund and details of all fees likely to be charged to investee companies by the fund or linked organisations.
- Level of Government funding sought and level of private investment.
- Details of the Government's fixed profit share (this must be a fixed number that will apply throughout any and all distribution of profits) and how any other profits are to be distributed.
- Acknowledgement that the applicant has read and can accept the terms of the Government's draft ECF limited partnership agreement.
- Confirmation that the applicant has read this Guidance and accepts the terms herein.

Assessment criteria

The assessment criteria are broken down under four broad headings:

- strength of investment team, relevant experience and expertise;
- investment strategy;
- sources of private capital; and
- financial terms.

Under each heading, there are certain features that must be present in all proposals, and further criteria that CfEL will take into account when assessing them.

Each of the four broad areas will form an important part of the assessment process, and none will be of overriding importance. This means that the successful proposals will not necessarily be those from teams with most experience, or those offering the most generous financial terms; instead, they will be those that offer the best overall value for money in meeting the Government's objectives.

Objectives

1. The objectives of the Risk Register are to:
 - identify key risks to the achievement of the Fund's objectives
 - consider the risks identified
 - assess the significance of the risks.

Risk Assessment

2. Identified risks are assessed separately and for each the following is determined:
 - the likelihood of the risk materialising
 - the severity of the impact/potential consequences if it does occur.
3. Each factor is evaluated on a sliding scale of 1 to 5 with 5 being the highest value i.e. highest likelihood/most severe impact/consequences. The risk evaluation tables below have been used in order to assess specific risks and to introduce a measure of consistency into the risk assessment process. The overall rating for each risk is calculated by multiplying the likelihood value against the impact value.

LIKELIHOOD:		
1	Rare	0 to 5% chance
2	Unlikely	6 to 20% chance
3	Possible	21 to 50% chance
4	Likely	51 to 80% chance
5	Almost certain	81%+ chance

IMPACT:		
1	Insignificant	0 to 5% effect
2	Minor	6 to 20% effect
3	Moderate	21 to 50% effect
4	Significant	51 to 80% effect
5	Catastrophic	81%+ effect

Having scored each risk for likelihood and impact, the risk ratings can be plotted onto the following matrix to enable risks to be categorised into Low, Medium, High and Very High Risk. The risk rating scores and categories are then used to prioritise the risks shown in the register in order to determine where additional action is required.

Risk Rating Matrix

Relative Impact	Catastrophic (5)	M	H	VH	VH	VH
	Significant (4)	M	H	VH	VH	VH
	Moderate (3)	M	M	H	H	H
	Minor (2)	L	L	M	M	M
	Insignificant (1)	L	L	L	L	L
		(1)	(2)	(3)	(4)	(5)
		Rare	Unlikely	Possible	Likely	Almost Certain

Relative Likelihood

NOTTINGHAMSHIRE PENSION FUND RISK REGISTER

Risk	Rating	Impact	Change
Risk V1. Significant variations from assumptions used in the actuarial valuation	16	VERY HIGH	★
Risk G6. Fund assets are assessed as insufficient to meet long term liabilities.	12	VERY HIGH	★
Risk G3. An effective performance management framework is not in place.	9	HIGH	↑
Risk A2a. Fund manager mandates	8	HIGH	↔
Risk A2b. Custody arrangements	8	HIGH	↓
Risk G1. Pension Fund governance arrangements are not effective	8	HIGH	↑
Risk G4. Inappropriate investment strategy is adopted.	8	HIGH	↓
Risk A1. Standing data & permanent records are not accurate or do not reflect changes of circumstances.	8	MEDIUM	↓
Risk A2c. Accounting arrangements	6	MEDIUM	↓
Risk A2d. Financial Administration	6	MEDIUM	↔
Risk A2e. Pensions Administration	6	MEDIUM	↓
Risk A3. Inadequate resources are available to manage the pension fund.	6	MEDIUM	★
Risk G2. Pension Fund objectives are not defined and agreed.	6	MEDIUM	↑
Risk G5. Fund cash is insufficient to meet its current obligations.	6	MEDIUM	★
Risk R1. Failure to adhere to relevant statutory regulations including updates from LGPS.	6	MEDIUM	↓
Risk A2f. Stewardship	4	LOW	★
Risk A4. Failure to communicate adequately with all relevant stakeholders.	4	LOW	↓

Key to Risk Rating change since previous version of Risk Register:

↑ Increase

↓ Decrease

↔ No Change

★ New

Pension Fund Governance						
Risk G1. Pension Fund governance arrangements are not effective (Myners' Principle 1 / 6)						
Likelihood:	2	Impact:	4	Risk Rating:	↑ 8	HIGH
Current Controls	<ul style="list-style-type: none"> • The Council's constitution clearly delegates the functions of administering authority of the pension fund to the Nottinghamshire Pension Fund Committee (NPF Committee), supported by two Sub-Committees. 					
	<ul style="list-style-type: none"> • The terms of reference of each Sub-Committee are agreed. 					
	<ul style="list-style-type: none"> • The Fund publishes a Governance Compliance Statement which details the governance arrangements of the Fund and assesses compliance with best practice. This is kept regularly under review. 					
	<ul style="list-style-type: none"> • A training policy is in place which requires Members to receive continuing training and all new Members to attend the Local Government Employers training course. 					
	<ul style="list-style-type: none"> • Officers of the Council attend meetings of the Pensions Committee and Sub-Committees. 					
	<ul style="list-style-type: none"> • The Fund has a formal contract for an independent adviser to give advice on investment matters. They are required to attend each meeting of the Pension fund investment sub-committees. 					
Additional Controls/Action Required	<ul style="list-style-type: none"> • Continue to monitor via existing processes. 					
Responsibility:	Group Manager (Financial Strategy & Compliance)			Timescale:	On-going	

Pension Fund Governance						
Risk G2. Pension Fund objectives are not defined and agreed. (Myners' Principle 2)						
Likelihood:	2	Impact:	3	Risk Rating:	↑ 6	MEDIUM
Current Controls	<ul style="list-style-type: none"> • Objectives are defined in the Funding Strategy Statement and approved by the NPF Committee. 					
Additional Controls/Action Required	<ul style="list-style-type: none"> • Continue to monitor via existing processes. 					
Responsibility:	NPF Committee; Group Manager (Financial Strategy & Compliance)			Timescale:	On-going	


Pension Fund Governance						
Risk G3. An effective performance management framework is not in place. (Myner's Principle 4)						
Likelihood:	3	Impact:	3	Risk Rating:	↑ 9	HIGH
Current Controls	<ul style="list-style-type: none"> • A performance management framework involving quarterly performance reports to the Pensions Investment Sub Committee is in place. 					
	<ul style="list-style-type: none"> • Poor performance is highlighted and addressed directly by the Pensions Investment Sub Committee and ultimately the NPF Committee. 					
Additional Controls/Action Required	<ul style="list-style-type: none"> • Devise performance framework to monitor effectiveness of asset allocation decisions. 					
Responsibility:	Pensions Investment Sub-Committee; Group Manager (Financial Strategy & Compliance)			Timescale:	September 2013	


Pension Fund Governance						
Risk G4. Inappropriate investment strategy is adopted. (Myners' Principle 2)						
Likelihood:	2	Impact:	4	Risk Rating:	↓ 8	HIGH
Current Controls	<ul style="list-style-type: none"> • The Investment Strategy is in accordance with LGPS investment regulations. 					
	<ul style="list-style-type: none"> • The Investment Strategy is documented, reviewed and approved by the Pensions Committee. 					
	<ul style="list-style-type: none"> • The Strategy takes into account the Fund's liabilities. 					
	<ul style="list-style-type: none"> • A regular review takes place of the Fund's asset allocation strategy by the Pension Fund Working Party. 					
	<ul style="list-style-type: none"> • An external advisor provides specialist guidance to the Pensions Investment Sub Committee on the investment strategy. 					
Additional Controls/Action Required	<ul style="list-style-type: none"> • Consider the need for an explicit assessment of the strategic risk inherent in the Fund's Investment Strategy. This could form part of an Investment Strategy Review following the triennial valuation. 					
Responsibility:	Group Manager (Financial Strategy & Compliance)			Timescale:	March 2014	

Pension Fund Governance						
Risk G5. Fund cash is insufficient to meet its current obligations. (Myners' Principle 3)						
Likelihood:	2	Impact:	3	Risk Rating: ★	6	MEDIUM
Current Controls	<ul style="list-style-type: none"> Fund cash flow is monitored daily and reported to Investment Sub-Committee annually 					
	<ul style="list-style-type: none"> Annual accounts are produced for the pension fund and these show the movements in net cash inflow 					
	<ul style="list-style-type: none"> Regular assessment of Fund assets and liabilities is carried out through Actuarial valuations. 					
	<ul style="list-style-type: none"> The Fund's Investment and Funding Strategies are regularly reviewed 					
Additional Controls/Action Required	<ul style="list-style-type: none"> Consider the need for an Investment Strategy Review following the latest actuarial valuation. 					
Responsibility:	Investments Sub-Committee; Group Manager (Financial Strategy & Compliance)			Timescale:	On-going	

Pension Fund Governance						
Risk G6. Fund assets are assessed as insufficient to meet long term liabilities. (Myners' Principle 3)						
Likelihood:	3	Impact:	4	Risk Rating: ★	12	VERY HIGH
Current Controls	<ul style="list-style-type: none"> Fund assets are kept under review as part of the Fund's performance management framework. 					
	<ul style="list-style-type: none"> Regular assessment of Fund assets and liabilities is carried out through Actuarial valuations. 					
	<ul style="list-style-type: none"> The Fund's Investment and Funding Strategies are regularly reviewed. 					
	<ul style="list-style-type: none"> An external advisor provides specialist guidance to the Pensions Investment Sub Committee on the investment strategy. 					
Additional Controls/Action Required	<ul style="list-style-type: none"> Consider the need for an Investment Strategy Review following the latest actuarial valuation. 					
Responsibility:	Investments Sub-Committee; Group Manager (Financial Strategy & Compliance)			Timescale:	March 2014	

Pension Fund Administration

Risk A1. Standing data and permanent records are not accurate or do not reflect changes of circumstances.					
Likelihood:	4	Impact:	2	Risk Rating: 	8 MEDIUM
Current Controls	<ul style="list-style-type: none"> • Business processes are in place to identify changes to standing data. 				
	<ul style="list-style-type: none"> • Records are supported by appropriate documentation; input and output checks are undertaken; reconciliation occurs to source records once input. 				
	<ul style="list-style-type: none"> • Documentation is maintained in line with agreed policy. 				
	<ul style="list-style-type: none"> • Change of details form sent out to members alongside annual statement. 				
	<ul style="list-style-type: none"> • Data matching exercises (National Fraud Initiative) identifies discrepancies. 				
Additional Controls/Action Required	<ul style="list-style-type: none"> • Existing arrangements are sufficient and will continue. 				
Responsibility:	Group Manager (BSC)			Timescale:	On-going

Pension Fund Administration					
Risk A2. Inadequate controls to safeguard pension fund assets.					
A2a. Fund manager mandates					
Likelihood:	2	Impact:	4	Risk Rating: 	8 HIGH
Current Controls	<ul style="list-style-type: none"> • Complete and authorised client agreements are in place. This includes requirement for fund managers to report quarterly on their performance. 				
	<ul style="list-style-type: none"> • Client portfolios are managed in accordance with investment objectives. 				
	<ul style="list-style-type: none"> • AAF 01/06 reports on internal controls of service organisations reviewed for external managers. 				
	<ul style="list-style-type: none"> • In House Fund has a robust framework in place which is regularly tested by internal audit 				
	<ul style="list-style-type: none"> • Fund Managers maintain an appropriate risk management framework to minimise the level of risk to Pension Fund assets. 				
Additional Controls/Action Required	<ul style="list-style-type: none"> • Continue to monitor via existing processes. 				
Responsibility:	Group Manager (Financial Strategy & Compliance); Senior Accountant - Pensions & TM			Timescale:	On-going

Pension Fund Administration

Risk A2. Inadequate controls to safeguard pension fund assets.				
A2b. Custody arrangements				
Likelihood:	2	Impact:	4	Risk Rating: ↓ 8 HIGH
Current Controls	<ul style="list-style-type: none"> • Complete and authorised agreements are in place with external custodian. 			
	<ul style="list-style-type: none"> • AAF 01/06 report on internal controls of service organisations reviewed for external custodian. 			
	<ul style="list-style-type: none"> • Regular reconciliations carried out to check external custodian records. 			
	<ul style="list-style-type: none"> • In-house custody arrangements require physical stock certificates to be held in secure cabinet to which access is limited. 			
Additional Controls/Action Required	<ul style="list-style-type: none"> • Continue to monitor via existing processes. 			
Responsibility:	Group Manager (Financial Strategy & Compliance); Senior Accountant - Pensions & TM	Timescale:	On-going	

Pension Fund Administration				
Risk A2. Inadequate controls to safeguard pension fund assets.				
A2c. Accounting arrangements				
Likelihood:	3	Impact:	2	Risk Rating: ↓ 6 MEDIUM
Current Controls	<ul style="list-style-type: none"> • Pension Fund accounting arrangements conform to the Local Authority Accounting Code and the Pensions' SORP. 			
	<ul style="list-style-type: none"> • The Pension Fund subscribes to the CIPFA Pensions Network and Technical Information Service and officers attend courses as appropriate. 			
	<ul style="list-style-type: none"> • Regular reconciliations are carried out between in-house records and those maintained by external custodian and investment managers. 			
	<ul style="list-style-type: none"> • Internal Audits are carried out on an annual basis. 			
	<ul style="list-style-type: none"> • External Audit review the Pension Fund's accounts annually. 			
Additional Controls/Action Required	<ul style="list-style-type: none"> • Continue to monitor via existing processes. 			
Responsibility:	Group Manager (Financial Strategy & Compliance); Senior Accountant - Pensions & TM	Timescale:	On-going	

Pension Fund Administration

Risk A2. Inadequate controls to safeguard pension fund assets.						
A2d. Financial Administration						
Likelihood:	2	Impact:	3	Risk Rating:	6	MEDIUM
Current Controls	<ul style="list-style-type: none"> • The pension fund adheres to the County Council's financial regulations with appropriate separation of duties and authorisation limits for transactions. 					
	<ul style="list-style-type: none"> • Daily cash settlements are made with external custodian to maximise returns on cash. 					
	<ul style="list-style-type: none"> • Investment transactions are properly authorised, executed and monitored. 					
	<ul style="list-style-type: none"> • Contributions due to the fund are governed by Scheme rules which are implemented by the Pensions Manager 					
	<ul style="list-style-type: none"> • The Pension fund maintains a bank account which is operated within regulatory guidelines 					
Additional Controls/Action Required	<ul style="list-style-type: none"> • Continue to monitor via existing processes. 					
Responsibility:	Group Manager (Financial Strategy & Compliance); Senior Accountant - Pensions & TM			Timescale:	On-going	

Pension Fund Administration						
Risk A2. Inadequate controls to safeguard pension fund assets.						
A2e. Pensions Administration						
Likelihood:	3	Impact:	2	Risk Rating:	6	MEDIUM
Current Controls	<ul style="list-style-type: none"> • The Pension fund maintains a bank account which is operated within legislative guidelines 					
	<ul style="list-style-type: none"> • Data is backed up on an incremental basis daily and fully backed up weekly 					
	<ul style="list-style-type: none"> • Audit trails and reconciliations are in place. 					
	<ul style="list-style-type: none"> • There is no home working on the Pensions system (Axis) by Pensions Section staff. 					
	<ul style="list-style-type: none"> • Systems are protected against viruses and other threats. 					
	<ul style="list-style-type: none"> • Software is regularly updated to meet LGPS requirements. 					
	<ul style="list-style-type: none"> • Records are supported by appropriate documentation; input and output checks are undertaken; reconciliation occurs to source records once input. 					
	<ul style="list-style-type: none"> • Documentation is maintained in line with agreed policy. 					
	<ul style="list-style-type: none"> • Change of details form sent out to members alongside annual statement. 					
	<ul style="list-style-type: none"> • Data matching exercises help to identify discrepancies 					
Additional Controls/Action Required	<ul style="list-style-type: none"> • Continue to monitor via existing processes. 					
Responsibility:	Group Manager (Financial			Timescale:	On-going	

	Strategy & Compliance); Group Manager (BSC)		
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Pension Fund Administration					
Risk A2. Inadequate controls to safeguard pension fund assets.					
A2f. Stewardship (Myners' Principle 5)					
Likelihood:	2	Impact:	2	Risk Rating: ★	4
					LOW
Current Controls		<ul style="list-style-type: none"> The pension fund aims to be a responsible investor and has adopted the FSA's Stewardship code. 			
		<ul style="list-style-type: none"> It is a member of Local Authority Pension Fund Forum, National Association of Pension Funds and supports their work on shareholder engagement. 			
		<ul style="list-style-type: none"> The pension fund has a contract in place for a proxy voting service and voting is reported to the Pensions sub-committee each quarter. 			
Additional Controls/Action Required		<ul style="list-style-type: none"> Continue to monitor via existing processes. 			
Responsibility:		Group Manager (Financial Strategy & Compliance); Senior Accountant - Pensions & TM	Timescale:		On-going

Pension Fund Administration					
Risk A3. Inadequate resources are available to manage the pension fund.					
Likelihood:	2	Impact:	3	Risk Rating: ★	6
					MEDIUM
Current Controls		<ul style="list-style-type: none"> The pension fund is managed by the Pensions & Treasury Management and HR Pensions teams. 			
		<ul style="list-style-type: none"> Operating costs are recharged to the pension fund in accordance with regulations. 			
		<ul style="list-style-type: none"> Staffing levels and structures are kept under regular review. 			
Additional Controls/Action Required		<ul style="list-style-type: none"> Continue to monitor via existing processes. 			
Responsibility:		Group Manager (Financial Strategy & Compliance); Group Manager (BSC)	Timescale:		On-going

Pension Fund Administration

Risk A4. Failure to communicate adequately with all relevant stakeholders. (Myners' Principle 6)						
Likelihood:	2	Impact:	2	Risk Rating:	↓	4
				LOW		
Current Controls		• A communications strategy is in place.				
		• Website periodically updated.				
		• Nest Egg newsletter is published twice a year.				
		• The Pensions Investment Sub Committee has representatives of the County Council, City Council, Nottinghamshire Local Authorities, Trade Unions, Scheduled and Admitted Bodies.				
		• Regular Pension road shows and communication takes place.				
		• Meetings are held regularly with employers within the Fund.				
		• Benefit Illustrations are sent annually to contributing and deferred Fund members.				
		• Annual report prepared in accordance with statutory guidelines which include all key strategies and is published on the website.				
Additional Controls/Action Required		• Continue to monitor via existing processes.				
Responsibility:		Group Manager (BSC)		Timescale:		On-going

Regulatory						
Risk R1. Failure to adhere to relevant statutory regulations including updates from LGPS.						
Likelihood:	2	Impact:	3	Risk Rating:	↓	6
		MEDIUM				
Current Controls		<ul style="list-style-type: none"> • An established process exists to inform members and officers of statutory requirements and any changes to these. • Sufficient resources are in place to implement LGPS changes while continuing to administer the scheme. • Membership of relevant Pensions professional groups ensures changes in statutory requirements are registered before the implementation dates. 				
Additional Controls/Action Required		<ul style="list-style-type: none"> • Continue to monitor statutory requirements via the DCLG website and Pension Groups meetings. 				
Responsibility:		Group Manager (Financial Strategy & Compliance); Senior Accountant - Pensions & TM		Timescale:	On-going	

Valuation

Risk V1. Significant variations from assumptions used in the actuarial valuation						
Likelihood:	4	Impact:	4	Risk Rating: ★	16	VERY HIGH
Current Controls	<ul style="list-style-type: none"> Assumptions made by actuaries reviewed by officers and members 					
	<ul style="list-style-type: none"> Sensitivity analysis undertaken on assumptions to measure impact 					
	<ul style="list-style-type: none"> Valuation undertaken every 3 years 					
	<ul style="list-style-type: none"> Monitoring of cash flow position and preparation of medium term business plan. 					
	<ul style="list-style-type: none"> Contributions made by employers vary according to their member profile. 					
Additional Controls/Action Required	<ul style="list-style-type: none"> Continue to monitor via existing processes. 					
Responsibility:	Group Manager (Financial Strategy & Compliance); Senior Accountant - Pensions & TM			Timescale:	On-going	

REPORT OF THE CHAIRMAN OF THE PENSIONS COMMITTEE**APPOINTMENT OF PENSIONER REPRESENTATIVES TO THE PENSION
SUB-COMMITTEE****Purpose of the Report**

1. To consider the arrangements for the appointment of pensioner representatives to the Pension Sub-Committee from May 2013.

Information and Advice

2. For many years there have been two pensioner representatives on the Pension Administration Sub-Committee. These representatives have been chosen in the past by an election of all pensioners following a nomination process. When the governance arrangements changed to the Committee system, changes were made to the Pension Sub-Committee structure and effectively the Administration Sub-Committee was subsumed into a new Pension Sub-Committee on which the two pensioner representatives continued to sit. Having pensioner representation on the Sub-Committee is considered to be best practice in the governance of the Local Government Pension Scheme.

The period of office of the current representatives; Mr Terry Needham and Mr Keith Stedman ends in May 2013 after their four year term of office.

In previous years the selection process involved information being circulated in Nest Egg. Nominations were sought from pensioners which required supporting information. If more than 2 candidates were nominated, an election by postal ballot was held.

In 2001, there were eight candidates standing for election and in 2005 there were three. In 2009 the requirement that representatives had to be nominated by ten other scheme pensioners was removed and pensioners were able to self nominate to stand for election provided that they submitted a statement of not more than two hundred words stating the reasons why they would be suitable as a pensioner representative. In 2009 a total of fourteen potential nominees put themselves forward. The maximum number of nominations to be included on the ballot was set at ten. In order to reduce the number standing for election to ten, the supporting statements received were assessed on the basis of the quality of the written statements and the experience of the nominated pensioner. Voting papers were circulated to all pensioners and the response rate was just under fifteen per cent.

There are 25,335 pensioners and 4,104 widower pensioners. The cost of running a postal ballot would therefore be significant.

An alternative approach would be to seek nominations from pensioner representatives in the same way as previously. This would be done through an article in Nest Egg and information on the Pensions website. Instead of an election the selection process would be by an Appointment Sub-Committee of the Pensions Committee consisting of Chairman, Vice-Chairman and one other. The Sub-Committee would shortlist and interview potential representatives as necessary. The Appointment Sub-Committee would be authorised to make the necessary appointments. Details of the outcome of the process would be provided on the Pensions website and reported on a subsequent edition of Nest Egg. No additional postal costs would therefore be incurred.

2.1 Other Options Considered

To discontinue having pensioner representatives on the Sub-Committee. This was not felt appropriate as there is a benefit in pensioner representatives contributing to decisions on the operations of the Pensions scheme.

2.2 Reason for the Recommendation

The proposed selection process will still enable all pensioners to be nominated but will enable the provision of a selection process at a lower cost.

Statutory and Policy Implications

3. This report has been compiled after consideration of implications in respect of finance, equal opportunities, personnel, crime and disorder and those using the service and where such implications are material they have been described in the text of the report.

RECOMMENDATIONS

4.
 - 1) That approval be given to the revised arrangements for the selection of the pensioner representatives on the Pensions Sub-Committee as set out in the report.
 - 2) That an Appointments Sub-Committee consisting of the Chairman, Vice-Chairman and one other Councillor be established to appoint the two pensioner representatives as set out in the report.

Councillor Mike Cox
Chairman of the Pensions Committee

For any enquiries about this report please contact:
Chris Holmes
Team Manager – Democratic Services

Constitutional Comments (SLB 14/01/2013)

5. Pensions Committee is the appropriate body to consider the content of this report.

Service Director (Finance and Procurement) Comments (NS 18.1.13)

6. As indicated in the report, the proposed approach for the selection of pension representatives on the Pensions Sub-Committee, would not incur any cost.

Background Papers Available for Inspection – Nil

ELECTORAL DIVISION FOR MEMBERS AFFECTED - ALL

28 January 2013**Agenda Item:8****REPORT OF SERVICE DIRECTOR – FINANCE & PROCUREMENT****PENSION FUND TREASURY MANAGEMENT POLICY****Purpose of the Report**

1. To seek approval for the Pension Fund's treasury management policy for 2013/14.

Information and Advice

2. Under the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 the Council has been required to operate a separate bank account for its pension fund money from 1 April 2011. Associated with this is the requirement to formulate an investment policy for the investment of fund monies with a view:

 - (a) to the advisability of investing fund money in a wide variety of investments;
and
 - (b) to the suitability of particular investments and types of investments.
3. The Pension Fund's current Statement of Investment Principles includes general provisions for the investment of Fund cash and states that the 'policy is to invest surplus funds prudently, giving priority to security and liquidity rather than yield'. In order to increase the transparency of the treatment of pension fund cash and to give future flexibility in terms of investment policy it is proposed that a separate treasury management policy is approved for the Fund. This can be found at Appendix A.
4. The treasury management function for the Pension fund would continue to operate through the County Council and be overseen by the Treasury Management Group comprising of the Service Director (Finance & Procurement), the Group Manager (Financial Strategy & Compliance), the Senior Accountant (Pensions & Treasury Management) and the Senior Finance Business Partner (Capital & External Funding).

Statutory and Policy Implications

5. This report has been compiled after consideration of implications in respect of finance, equal opportunities, personnel, crime and disorder and those using the service and where such implications are material they have been described in the text of the report.

RECOMMENDATION/S

- 1) That the Pension Fund treasury management policy for 2013/14 be approved.

Report author:

Simon Cunnington

Senior Accountant – Pensions & Treasury Management

For any enquiries about this report please contact: Simon Cunnington

Constitutional Comments (KK 18/01/13)

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

Financial Comments (SRC 17/01/13)

There are no direct financial implications arising from the report.

Background Papers

None