

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

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

**2. Governance Arrangements**

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

### 3. Functions and Responsibilities

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

#### 4. Representation

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

## **5. Stakeholder Engagement**

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

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

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

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

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