

Nottinghamshire Pension Fund Committee

Wednesday, 02 February 2022 at 10:30

County Hall, West Bridgford, Nottingham, NG2 7QP

AGENDA

- | | | |
|----|--|---------|
| 1 | Minutes of the last meeting held on 9 December 2021 | 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 - Actuary report and presentation | 7 - 8 |
| 5 | Local Government Pension Scheme - guaranteed minimum pension rectification - update report | 9 - 14 |
| 6 | Local Authority Pension Fund Forum Annual Conference 2021 | 15 - 18 |
| 7 | Proxy Voting | 19 - 22 |
| 8 | Pension Fund Treasury Management Strategy Statement 2022-23 | 23 - 34 |
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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 Jo Toomey (Tel. 0115 977 4506) 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>

Meeting	NOTTINGHAMSHIRE PENSION FUND COMMITTEE
Date	Thursday 9 December 2021 at 10.30 am

membership

Persons absent are marked with 'A'

COUNCILLORS

Eric Kerry (Chairman) – **A**
André Camilleri (Vice Chairman in the Chair)

Stephen Garner
Mike Introna – **A**
Sheila Place
Mike Pringle

Roger Upton
Lee Waters
Gordon Wheeler – **A**

SUBSTITUTE MEMBERS:

Councillor Reg Adair for Councillor Mike Introna
Councillor Richard Butler for Councillor Eric Kerry
Councillor Jonathan Wheeler for Councillor Gordon Wheeler

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

Councillor Graham Chapman – **A**
Councillor Anne Peach – **A**
Councillor Zafran Khan – **A**

District / Borough Council Representatives

Councillor David Lloyd, Newark and Sherwood District Council – **A**
Councillor Gordon Moore, Rushcliffe Borough Council – **A**

Trades Unions

Mr A Woodward – **A**
Mr C King – **A**

Scheduled Bodies

Mrs Sue Reader – **A**

Pensioners' Representatives

Vacancy x 2

Independent Adviser

William Bourne

Officers in Attendance

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

1. MINUTES OF THE LAST MEETING HELD ON 5 NOVEMBER 2021

The minutes of the last meeting held on 5 November 2021 were confirmed as a correct record for signing by the Chair.

2. TO NOTE THE CHANGE IN MEMBERSHIP, WITH THE REPLACEMENT OF COUNCILLOR SAM SMITH WITH COUNCILLOR ROGER UPTON

The Committee noted the change in membership with the replacement of Councillor Sam Smith with Councillor Roger Upton.

3. APOLOGIES FOR ABSENCE

- Councillor Eric Kerry
- Councillor Mike Introna
- Councillor Gordon Wheeler
- Councillor Zafran Khan, Nottingham City Council
- Councillor Anne Peach, Nottingham City Council
- Councillor Gordon Moore, Rushcliffe Borough Council
- Chris King, Union Representative
- Alan Woodward, Union Representative
- Sue Reader, Scheduled Bodies Representative

4. DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS

No interests were disclosed.

5. PENSION FUND ANNUAL REPORT AND ACCOUNTS 2020/21

The Nottinghamshire Pension Fund annual report and accounts for 2020/21 were presented to the Committee.

During discussion Members:

- Made comments about some of those holdings that were listed within the report

- Asked about opportunities to talk about new renewables markets and positively engaging with existing holdings to encourage them to pursue renewables
- Stated that overall, the report was positive for the fund

RESOLVED 2021/049

That the Annual Report, annual accounts and audit report for 2020/21 be noted.

6. DEPARTMENT OF WORK AND PENSIONS CONSULTATION ON CLIMATE AND INVESTMENT REPORTING

The report set out a draft response to the Department of Work and Pensions consultation on climate and investment reporting, which the Committee was asked to approve.

During discussion:

- Members were advised that the expectation was that fund managers would be working towards Paris alignment
- One member indicated that they would prefer to see more disclosure around carbon metrics and a wider range of information being reported.

RESOLVED 2021/050

That the response attached as appendix A to the report be approved for submission to the Department of Work and Pensions consultation on climate and investment reporting on behalf of the Nottinghamshire pension fund.

7. INDEPENDENT ADVISER'S REPORT

The Independent Adviser provided an update report to the Committee, which was noted.

During discussion, Members:

- Asked about the key risks that investment managers needed to consider, including climate change and sustainability
- Sought clarification around infrastructure and private equity
- Asked whether it would be possible to allocate a proportion of monies for investment in businesses within Nottinghamshire

8. WORK PROGRAMME

RESOLVED 2021/051

That the work programme be agreed.

9. FUND VALUATION AND PERFORMANCE – QUARTER 2

The report informed the Committee of the value of the Pension Fund at the end of the latest quarter and provided information on its performance.

RESOLVED 2021/052

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

10. EXCLUSION OF THE PUBLIC

RESOLVED 2021/53

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.

11. FUND VALUATION AND PERFORMANCE - EXEMPT APPENDIX

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

RESOLVED 2021/054

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

12. FUND MANAGERS' REPORTS

12a. Legal and General Investment Managers

Chris Lyons and Russell Jones provided a report to the Committee on the activities of Legal and General Investment Managers.

12b. LGPS Central

Gordon Ross and Mark Davies provided a report to the Committee on the activities of LGPS Central.

The meeting concluded at 12.25pm

CHAIR

2 February 2022**Agenda Item: 4****REPORT OF THE SERVICE DIRECTOR – CUSTOMERS, GOVERNANCE AND
EMPLOYEES****LOCAL GOVERNMENT PENSION SCHEME (LGPS) – ACTUARY REPORT
AND PRESENTATION****Purpose of the Report**

1. The purpose of the report is to inform the committee of the valuation Process by the Fund Actuary on the next triennial valuation commencing on 31 March 2022.

Information and Advice**Background**

2. In accordance with the Local Government Pension Scheme regulations, a valuation of the Pension Fund must be carried out every 3 years.
3. The purpose of a valuation is to assess the Fund's financial position i.e. are the Fund's assets sufficient to meet its projected liabilities; set out the assumptions for future inflation and investment returns and review the employer contribution rates.
4. The employer contribution rates are set at a level sufficient to secure the ongoing liability of the fund and may be amended as a result of each valuation.
5. Member contribution rates are set in the scheme regulations and are not part of the valuation process.

Training

6. The Presentation objective is to provide information and training to the Committee ahead of the next triennial valuation commencing on 31 March 2022. The presentation will cover the purpose and objectives of the valuation, the approach as well as the importance of assumptions, including a look at the recent data informing life expectancy. The presentation will also take a look back at the 2019 funding position and what the Fund might expect at 2022.

Financial Implications

7. There are no direct financial Implications.

RECOMMENDATION

It is recommended:

1. That the Nottinghamshire Pension Fund Committee accept the Presentation of the Scheme Actuary

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)

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

Financial Comments (KP)

9. There are no financial implications in relation to 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

2 February 2022**Agenda Item: 5****REPORT OF SERVICE DIRECTOR – CUSTOMERS, GOVERNANCE, AND
EMPLOYEES.****LOCAL GOVERNMENT PENSION SCHEME – GUARANTEED MINIMUM
PENSION RECTIFICATION – UPDATE REPORT****Purpose of the Report**

1. The purpose of the report is to update Pension Committee on the progress of the Guaranteed Minimum Pension (GMP) rectification exercise following the completion of the reconciliation exercise undertaken with HM Revenue and Customs (HMRC).
2. The report also seeks approval for the extension of additional resources to undertake the remaining activity required to rectify records and communicate the outcome of the rectification of pension benefits to actual pensioners.

**Information
Background**

3. The GMP reconciliation exercise was a national requirement initiated by HMRC which impacted all Public and Private Sector Pension Funds who were contracted out of additional state pension.
4. Since March 2018 the Pension Fund has been engaged in the reconciliation exercise with support from Civica the Pension Fund software provider. The purpose of the exercise was to compare the GMP liabilities held by the Fund with the data held by HMRC. It required the investigation of discrepancies between the two sets of data to come to an agreed record, reconciled with HMRC records.
5. It was important to reconcile the GMP element recorded on the pension fund administration system with that held on the HMRC system, to ensure that pensions coming into payment, together with those already in payment, are paid at the correct amount, and that the liabilities of the pension scheme, so far as GMP values are concerned, are represented accurately at each future valuation.

6. The final HMRC scan data was delayed a number of times and was eventually received in July 2020. Following receipt of the scan the final rematching was undertaken by the Pension Fund in September 2020.

The Rectification Process

7. In order to progress the GMP programme was split into a number of parts. Part 1 of the programme (Reconciliation) has been completed and the Fund are now in a position to progress with parts 2-4 (Rectification).

	Stages of Activities	Activity Description	Project Status	Project Dates
Reconciliation				
Part 1 – identification and confirmation of liabilities with HMRC	Discovery Phase Stage 1	Initial comparison of fund data with HMRC file and an early indication of the potential size of the reconciliation issues In Depth Analysis of results from Stage 1	Complete	October 2017 - January 2018
	Stage 2			
	Delivery Phase Stage 3 Stage 4 Stage 5 Stage 6 Stage 7	Queries issued to HMRC HMRC query returns analysed and distributed into specific categories Individual investigation In-depth analysis and bulk resolution Further individual investigation	Complete	May 2018 - November 2018
	Completion Phase Stage 8 Stage 9	Case Conclusion-Receipt of final file from HMRC Concluded cases uploaded into the pensions administration system	Complete	July 2020 (File received) - September 2020 conclusion
	Rectification			
Part 2	Calculation Phase – Over payments – Under payments	System and individual calculation to be undertaken using reconciled GMP liability amounts to determine overpayments and underpayments		Estimated January 2022 – March 2022
Part 3	Communication Phase	A communication strategy will need to be developed to ensure that communication is clear to individual pensioners affected by the		Estimated Q1- Q2 2022 –

		reconciliation exercise, and where a pension in payment needs to be adjusted, to enable them to understand the potential impact of any adjustment		
Part 4	Rectification and Communication	Pensioner payroll records to be adjusted to reflect correct payments determined in the Calculation Phase, and communicated to members		Estimated May 2022 - Onwards

8. The final reconciliation scan rematching highlighted 9,443 records which potentially need to be rectified.
9. There have been a number of issues which have delayed progress of the rectification stage, and which have necessitated additional analysis:
 - A payroll reconciliation exercise took place between September 2020 and March 2021 as UPM (Pension Administration System), and SAP (Pension Payroll) had become misaligned over time. This is because UPM and SAP are administered independently and apply Pension Increase separately, and data updates such as GMP adjustments following notifications can occur independently on SAP. This work needed to be completed before final checks could be undertaken on GMP values in payment and has added additional complexity to the analysis undertaken to verify the rectification population.
 - Civica's ongoing development of a GMP Rectification Module on UPM has been delayed and was not delivered until June 2021.
 - Testing of the UPM GMP Module has highlighted defects which have led the Fund to consider an alternative bulk calculation solution to enable progress to be made.
10. The Fund are now in a position to progress with detailed planning of the next phase and an extension is required for the additional resource of a temporary project manager. The key responsibilities will be to continue to work with Civica to:
 - Agree the bulk rectification calculation methodology
 - Verify the members who need to have pensions adjusted, due to the delays in implementing changes
 - Ensure all GMP data is aligned on member records
 - Progress and document Fund decisions
 - Oversee pension adjustment work
 - Develop a communication approach

Review of Resources Requirements

11. In July 2019 Committee agreed to resources of:

Type	Effort (Days)	Day Date	Total
Output Analysis	20	£1,295	£25,900
Rectification	100	£1,295	£129,500
Total	120	£1,295	£155,400
Spending to Date	73	£1,295	£94,535

12. It was estimated that the effort required could range significantly depending on numerous factors, including decisions from the fund. Whilst it was estimated that 100 days effort would be sufficient to complete the rectification activities required it is unlikely that this will be the case due to the additional effort undertaken to date to verify the rectification population and the additional time it will take to complete the project. If further rectification is required, then this will be addressed in a further report.
13. It is estimated that the Project will run for a further 12 months to December 2022 to enable the completion of rectifying pensioner records and pensions in payment. Therefore, the Post of Project Manager will need to be extended to December 2022 at a salary cost of £35,934. However, should the work be completed earlier than estimated, the post will cease.
14. The additional recommended resources costs for the next stage of the project will be charged to the Fund.
15. The additional resource enables the pension administration team to continue with day-to-day activity whilst the Fund maintain sufficient oversight of the work being undertaken by Civica.
16. Once detailed plans have been developed and it has been established how many cases will fallout of the automated process a further update to Pension Committee will be provided.

Reasons for Recommendations

17. In order to complete the project, it will be important to continue to engage the support of Civica to assist in the rectification process, in terms of supporting the process of calculating the benefits for members following changes to their GMP, which cannot be catered for in the bulk calculation resolution.
18. Given information from other funds in line with their projects, resources have been used to communicate, and in certain instances meet with members of the scheme who have been affected, mainly by significant overpayments to their pensions which will need to be handled with sensitivity.
19. In addition, work still needs to be ongoing in reconciling payroll data with pension records.
20. In order to support the project, it will be necessary to extend the temporary contract of the Project Manager.

21. The work also supports the requirements of the Pension Regulator to reconcile and ensure that pension records are accurate and up to date, as the Pension Regulator will be asking funds to report on the accuracy of the fund data and impact the accuracy of the 2022 scheme valuation.

Statutory and Policy Implications

22. 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.

Data Protection and Information Governance

23. The project, by its very nature, involves reconciliation, sharing and processing of personal and sensitive data. This is covered by existing arrangements and agreements with Civica, the software provider. However, a data impact assessment has been completed for the project overall to reflect the aspects of the data sharing, and updating of data, along with ensuring the mitigation of risks arising from the project activity itself.

Financial Implications

24. The Financial costs are set out in the report and are chargeable to the Pension Fund.

RECOMMENDATIONS

It is recommended that the Committee:

- 1) Approve the continuation of the GMP Rectification Project and the allocation of the required resources as set out in the body of the report to complete the calculation, communication, and rectification phases, to ensure the Fund is able to meet its statutory requirements.
- 2) To approve the extension of the Project Manager post until December 2022.
- 3) Agree to receive an update report on the rectification stage once an assessment of the volume of cases requiring manual rectification has been established.

Marjorie Toward

Service Director – Customers, Governance and Employees

For any enquiries about this report please contact:

Jonathan Clewes, Pension Manager on 0115 9773434 or Jon.Clewes@nottscc.gov.uk

Constitutional Comments (KK13/01/2022)

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

Financial Comments (KP13/01/2022)

26. The financial implications are set out in paragraph 13 of the report with the extension of the Project Manager and these costs are chargeable to the Pension Fund.

HR Comments (JP)

27. The requirements for additional internal staffing resources are set out in the report to Personnel Committee on 13 March 2019.

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

Electoral Division(s) and Member(s) Affected

- All

REPORT OF SERVICE DIRECTOR – FINANCE, INFRASTRUCTURE & IMPROVEMENT**LOCAL AUTHORITY PENSION FUND FORUM ANNUAL CONFERENCE 2021****Purpose of the Report**

1. To report on the Local Authority Pension Fund Forum (LAPFF) Conference 2021.

Information & Advice

2. The 2021 LAPFF Conference entitled 'Engaging for Change' was held between 8 and 10 December 2021. 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 Cllr Eric Kerry. Details of the main sessions are set out below. It should be noted that the views set out are those of the presenters, not of LAPFF or the Nottinghamshire Pension Fund.

Day one

3. ***LAPFF APPG Just Transition report: Clive Betts MP, Chair of LAPFF APPG Councillor Doug McMurdo, LAPFF Chair Sabrina Muller, Policy Analyst for Sustainable Finance, Grantham Research Institute on Climate Change and the Environment, LSE Paul Hunter, PIRC Limited (Councillor Glyn Caron, Torfaen PF, LAPFF Executive)***

Local authorities have a big role to play in achieving a just transition to net zero by engaging with companies, policy makers and communities. Unjust transition could delay transition. Education is also key. LAPFF has 30 years of experience in engagement. LGPS are not defined as ethical investors but ethics is part of the engagement process including Human Rights, Climate Change, Diversity, Taxation etc.

4. ***How is Sainsbury PLC addressing Climate Change: Martin Scicluna, Chairman, Sainsbury's PLC (Moderator: Rachel Brothwood, Director of Pensions, West Midlands PF, LAPFF Executive)***

Population expected to increase from today's 7 billion to 9 billion by the end of the century. Sainsbury's planning for zero scope 1 & 2 emissions by 2035 and to reduce scope 3 by 2030.

5. ***'Say on Climate': Sir Chris Hohn, TCI Fund Management (Moderator: Councillor Rob Chapman, LB Hackney, LAPFF Executive)***

Regulation, policy and taxation necessary to drive transition. Banks have a critical part to play regarding capital for investment. Misleading disclosure by directors could lead to personal liability under fiduciary duty. No evidence that divestment reduces carbon. LAPFF/TCI to hold a "Say on Climate Change" conference in the future (timings to follow).

Day Two

6. Accounting and Fraud: Martyn Jones, Former National Technical Partner Deloitte, former President of the ICAEW in conversation with Baroness Bowles of Berkhamsted (Moderator: John Anzani, LAPFF Executive, Lothian PF)

Standard 'testing' processes need to be forensic. Body language is an important indicator. Disqualification of directors and Sentencing for fraud needs to be tougher, including misleading an auditor. Limited liability is the reward for 'doing things properly'. Investor criticism should be addressed in annual reports.

7. FRC transforming into ARGA: Sir Jon Thompson CPFA, CIMA, Chief Executive of the Financial Reporting Council (Moderator: Councillor Doug McMurdo, LAPFF Chair)

Reforms necessary to address corporate failures, audit quality (following Big 4 criticism), aggressive accounting. March 2020 'Restoring Trust' White Paper had over 600 responses. Actions will encourage more engaged investors, improved reporting, more arms-length auditors, auditor competition. Rebuild FRC and its culture as regulator through new governance/board/CEO, increased capacity/capability, improved transparency/best practice, operational separation. ARGAs expected to launch in 2023 with a 3-year implementation plan, phased introduction starting with the largest companies. Will have KPI's, but there needs to be more capacity in the market and global rules to improve to enable effectiveness.

8. What did COP26 do for you?: Mark Campanale, Founder and Executive Chairman, Carbon Tracker (Moderator: Councillor Andrew Thornton, WYPF, LAPFF Executive)

COP is an Emissions Reduction Treaty. Accelerated discussions regarding carbon related asset depreciation. Cambo oilfield cancelled by Shell on financial, not climate, grounds. Speed of energy transition acceleration impacted by cost of renewables falling but still need to solve the storage problem. Just transition key to adoption with lost jobs v spending power a key risk. No silver bullet solution. Countries need to continue to take ambitious action to achieve 1.5 degrees ambitions.

9. Who gets ahead and how? Socio-economic background and career progression in financial services.: Mandy Kirby, Chief Strategist, City Hive, representing the City of London Corporation Socio-Economic Diversity Taskforce' (Moderator: Councillor John Gray)

Lack of socio-economic diversity in financial and professional services. Taskforce to approve strategy and workstream. Working Group to provide insights to guide actions. Advisory Board to champion advisors and critical friends. Is there a case for making poverty a protected characteristic?

10. LAPFF Mining and Human Rights Report: Professor Robert McCorquodale; Councillor Doug McMurdo, LAPFF, Chair; Lara Blecher, PIRC Limited

Video connection with translation to the community group leaders for the Brumadinho Tailings dam disaster which occurred on 25 January 2019. Role of investors is increasingly important. ESG is about managing investment risk. Companies do listen to investors. LAPFF supporting victim's campaign and engaging further with BHP/Valley. Divestment is the last resort.

11. Racial Equity Audits: A critical tool for shareholders: Tejal Patel, Corporate Governance Director, SOC Investment Group (Moderator: Tom Harrington, GMPF, LAPFF Executive)

Racial equality commitments include 3rd party equality audits on impact on communities, stakeholder input and public reporting. Objectives are independent and objective reviews, benchmarking, board oversight, greater transparency. Civil Rights audits also starting to be done in parallel.

12. *Built on a Lie: Owen Walker, Financial Times (Moderator: Rodney Barton, WYFF, LAPFF Executive)*

Story of Woodford's demise and its impact on Kent County Council Pension Fund following the final collapse on 31/05/2019. Role of FCA, Link (Capita), independent advice and the impact that media exposure can have in promoting mavericks.

Day Three

13. *What's gone on in the Care Sector during COVID: Lisa Nathan, Investor Engagement Adviser, UNI Global Union and Alice Martin, Labour Specialist, PIRC Limited (Moderator: Cllr Yvonne Johnson, LAPFF Executive)*

Pandemic spotlighted long standing problems in care provision. Understaffing, poor care quality, poor working conditions and over-financialisation. Staff retention problematic with 40% of staff considering alternative employment. Polarisation of care supply with main providers either large chains or small family-owned provision. Evidence of National Living Wage violation. Need for improved due diligence from investors regarding business model and HR performance.

14. *A Company view on the impact of COVID on corporate culture: Mr Lim Cheong Guan, Executive Director, Top Glove Corporation Bhd (Moderator: Tom Powdrill, PIRC Limited)*

Change to more customer focussed corporate culture. 100 billion gloves per annum.

15. *Split Voting for Pension Funds: The recommendations to Government, Regulators and industry of the Taskforce on PSVI (Moderator: Alan MacDougall, PIRC Limited)*

Research regarding savers voting rights. Large number of participants. People own the shares, not the Fund managers (legally the Fund owns the shares, managed by Trustees). Many who had views would not go on record with those views. Fund managers already split votes when mandates disagree. DWP is consulting. Cost of implementation 10-20bp's.

16. *Can't see the wood for the greenwash: Leo Johnson, BBC Radio 4, FutureProofing & PWC's Head of Disruption.*

Earth has 29% land. 71% habitable, 19% barren, 10% glaciers. Population 7.9bn now, 10bn by 2050. Uncontrolled deforestation in Brazil. Climate/Biodiversity/Nutrition interconnected. Forestry Commission England Trees Plan 2021-24. Planting doesn't bring net zero, it helps. Conifers grow quicker than broad leaf. Timber construction vs steel/concrete. Biomass (Drax) bordering on greenwashing, but better than coal/oil. PIRC – There is no quick fix. Not enough land to replace fossil fuels with tree carbon capture?

17. *Where has COVID taken us? Can we build back better? (Moderator: Tom Powdrill, PIRC Limited)*

Covid 'disruption' impacted on traditional supply chains and services.

Statutory and Policy Implications

18. 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 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 consider if there are any actions they require in relation to the issues contained within the report

Keith Palframan

Group Manager – Financial Services

For any enquiries about this report please contact: Keith Palframan
Constitutional Comments (CEH 14/01/2022)

19. The report falls within the remit of Nottinghamshire Pension Fund Committee.

Financial Comments (KP 06/01/2022)

20. 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.

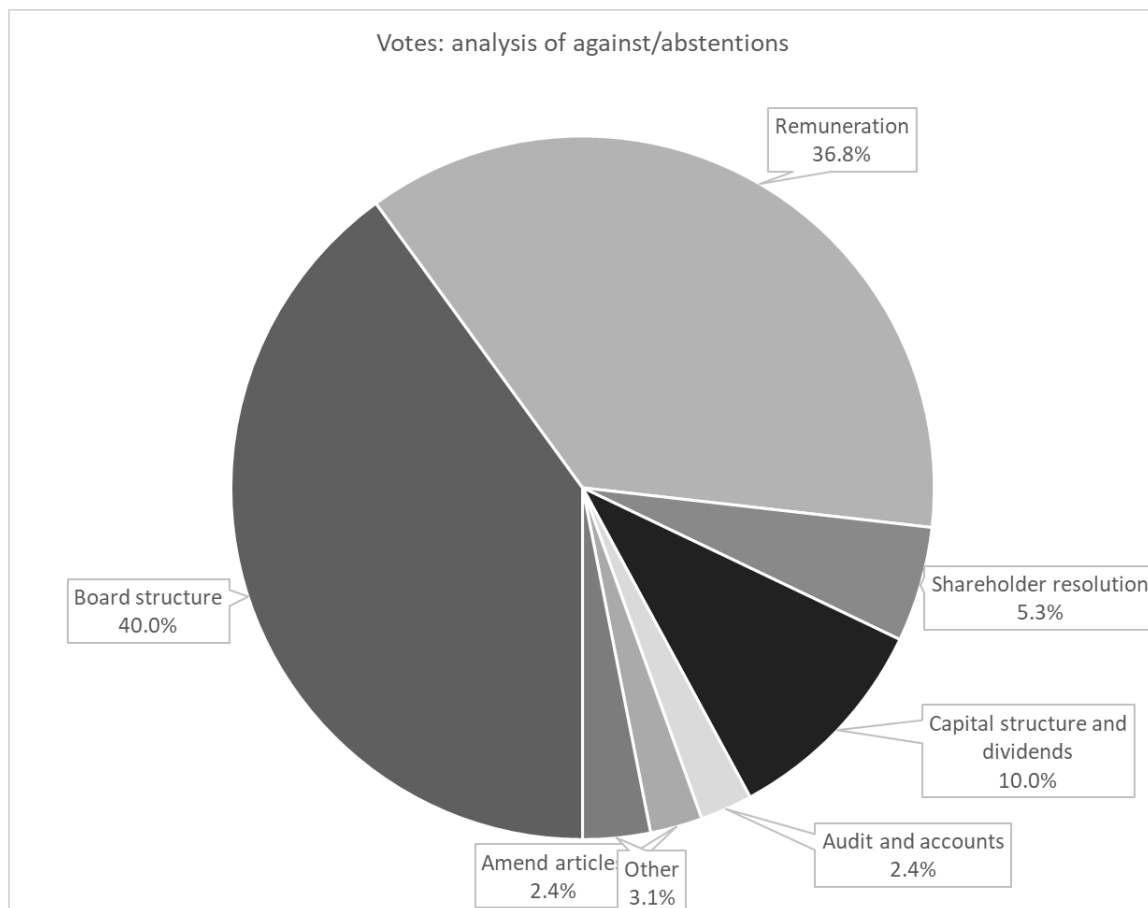
None

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 third quarter of 2021 (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 1 January 2020 voting has been undertaken by Hermes EOS in line with the voting principles of LGPS Central.
5. Over the quarter to September 2021 Hermes EOS voted Nottinghamshire Pension Fund shares at 293 meetings (a total of 3,311 resolutions). Hermes opposed one or more resolutions at 120 meetings, and voted with management by exception at 13 meetings, abstaining at no meetings. Hermes supported management on all resolutions at the remaining 160 meetings.
6. Hermes recommended voting against or abstaining on 340 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 will 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. It should also be noted that some of the votes relating to board structure may indirectly relate to an important engagement issue. For instance, the detailed analysis shows that Hermes voted against management at the COSMOS Pharmaceutical Corp AGM held on 24th August, due to 'Lack of independent representation at board committees'.

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

Report Author:
Ciaran Guilfoyle
Investments Officer

For any enquiries about this report please contact Ciaran Guilfoyle

Constitutional Comments (KK 13/12/2021)

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

Financial Comments (TMR 30/12/2021)

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, Q3 2021](#)
- [LGPS Central – Voting Principles \(March 2019\)](#)
- [Financial Reporting Council, *The UK Stewardship Code*, January 2020](#)

**REPORT OF SERVICE DIRECTOR – FINANCE, INFRASTRUCTURE &
IMPROVEMENT****PENSION FUND TREASURY MANAGEMENT STRATEGY STATEMENT
2022/23****Purpose of the Report**

1. Responsibility for the Treasury Management Strategy of the Pension Fund was delegated to the Pension Fund Committee at Full Council in February 2020. The purpose of this was to improve the clarity of the governance of the Pension Fund Committee and enable the Strategy, reviewed annually, to be amended more quickly in response to changes to the Fund's Investment Strategy or to any long-term changes in the money markets. This report lays out the Strategy to be approved for 2022/23.
2. In addition to an annual Strategy Report, the Pension Fund Committee will receive a Treasury Management Mid-year report in the autumn and a year-end Treasury Management report after accounts closure.

Information

3. Nottinghamshire County Council, in line with the 2017 CIPFA Code of Practice on Treasury Management, defines treasury management activities as:
The management of investments and cash flows, banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
4. The Council is an administering authority in the Local Government Pension Scheme and is required, under the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009, to invest any fund money that is not needed immediately to make payments.
5. Pension Fund cash is separately identified from the Council's cash. With regard to cash investments and cashflows relating to the Pension Fund, the Council has delegated responsibility for identifying, monitoring and controlling such risk to the Pension Fund Committee. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Pension Fund.
6. The Pension Fund Committee acknowledges that effective treasury management will provide support towards achieving its objectives. It is therefore committed to the principles of achieving value for money in treasury management within the context of effective risk management.

7. The Pension Fund Committee delegates responsibility for the implementation, scrutiny and monitoring of its treasury management policies and practices to the *Treasury Management Group*, comprising:
- Service Director (Finance, Infrastructure & Improvement)
 - Group Manager (Financial Services)
 - Senior Accountant (Financial Strategy & Accounting)
 - Senior Accountant (Pensions & Treasury Management)
 - Investments Officer
8. The Pension Fund Treasury Management Strategy will be implemented through the following Treasury Management Practices (TMPs). The responsible officer for the execution and administration of treasury management decisions is the Senior Accountant (Pensions & Treasury Management), who will act in accordance with the strategy statement and TMPs.

TMP1 - Risk management

9. The Senior Accountant (Pensions & Treasury Management) will design, implement and monitor all arrangements for the identification, management and control of treasury management risk. Reports will be made on these arrangements in accordance with the procedures set out in *TMP6 Reporting requirements and management information arrangements*. The arrangements will seek to cover each of the following risks.

Credit and counterparty risk

10. This is the risk of failure by a counterparty to meet its contractual obligations to the Pension Fund, particularly as a result of the counterparty's diminished creditworthiness, and the resulting detrimental effect on the Pension Fund's resources.
11. The Pension Fund regards a key objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that its counterparties and lending limits reflect a prudent attitude towards organisations with which monies may be deposited, and will limit its investment activities to the instruments, methods and techniques referred to in the following paragraphs.
12. The Local Government Act 2003 gives a local authority power to invest for any purpose relevant to its functions or for the purposes of the prudent management of its financial affairs. In exercising this power, the local authority must have regard to guidance issued by the Secretary of State.
13. The guidance classifies investments between "specified" and "non-specified". Specified investments are those offering high security and high liquidity. All such investments should be in sterling and with a maturity of no more than a year. Such short-term investments made with the UK Government or a local authority will automatically count as specified investments. In addition, short-term sterling investments with bodies or investment schemes of "high credit quality" will count as specified investments. The Fund's policy is to invest cash surpluses prudently, giving priority to security and liquidity rather than yield and investing in sterling instruments only. The majority of these will be specified investments.

14. The Pension Fund will operate an approved list of counterparties for lending. The approved lending list will comprise institutions with high credit ratings based on minimum ratings from at least 2 rating agencies together with Fitch support rating for longer term lending. The list reflects a prudent attitude to lending and uses a combination of ratings issued by the 3 main ratings agencies: Fitch, Moody's and Standard & Poor's. Banks will be assessed for inclusion on the basis of long-term, short-term and support ratings; money market funds (MMFs) on the basis of MMF ratings.
15. Short-term ratings assess the capacity of an entity to meet financial obligations with maturity of up to and including 12 months and are based on the short-term vulnerability to default. The long-term ratings cover a period in excess of 12 months. They are useful as a key indicator as they reflect the ability of the financial institution to obtain funds at reasonable cost to maintain their own liquidity.
16. MMFs are mutual funds that invest in cash and short-term money market instruments such as government bonds and commercial paper. They allow investors to participate in a more diverse portfolio than direct investment by spreading capital across a variety of institutions. The highest AAA rating reflects an extremely strong capacity to achieve the 'investment objective of preserving principal and providing shareholder liquidity through limiting credit, market, and liquidity risk'.
17. The Pension Fund will monitor ratings from the main agencies along with general market data. The Fund will also monitor developments in the financial markets including policy announcements by the Government, Bank of England, regulatory bodies and other international bodies. It will use this information to determine if any changes are required to the above methodology.
18. Bail-in legislation, which aims to ensure that large investors (including local authorities) will rescue failing banks instead of taxpayers, has now been fully implemented in the UK, USA and Germany. This has had an impact on credit ratings, particularly Fitch support ratings. The criteria below take account of these changes.
19. The approved list will include institutions that meet the following criteria from at least 2 rating agencies:

	Long Term	Short Term	Sterling MMFs
Fitch	A-	F1	AAAmmf
Moodys	A3	P-1	Aaamf
Standard & Poors	A-	A-1	AAAm

Sovereign Rating	AA
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Within the approved list the following minimum criteria will apply, dependent on the terms of the deposit, from at least 2 ratings agencies:

	Fitch Long term	Fitch Support	Moodys Long term	S&P Long term
Instant access	A-	-	A3	A-
Up to 3 months	A-	-	A3	A-
Up to 364 days	AA-	-	AA3	AA-
365 days and over	A	1 or 2	A2	A

20. All investments (up to 365 days duration) with the counterparties in the approved list are considered specified investments.
21. Exceptions (to be determined by the *Treasury Management Group*) to rating criteria may be made in respect of the following:
 - 1) UK government
 - 2) UK local authorities
 - 3) The Council's bank (currently Barclays Bank)
 - 4) the Pension Fund's custodian (currently State Street)
22. The lending list will be approved by the *Treasury Management Group* and monitored by the Senior Accountant (Pensions & Treasury Management) in the light of rating changes and market conditions. Individual institutions or countries may be suspended from the list if felt appropriate. The *Treasury Management Group* may add or remove organisations from the approved list subject to maintaining consistency with the approved criteria.
23. The maximum amount to be lent by the Pension Fund to any organisation on the approved list is subject to individual institution limits of £20m. A separate limit of £40m applies to investments in Money Market Funds and the Fund's custodian bank. Only two institutions within the same group may be used at any one time. The *Treasury Management Group* may increase the limit for specific institutions by £10 million for investments in call accounts and MMFs with same day liquidity.
24. Investments with the UK government will have no upper limit but in practice limits will be dependent on the liquidity of those investments and may fall within the definition of specified or non-specified investments. Amounts invested in non-specified investments will be limited to £20 million or 15% of the total invested at the time of the investment, whichever is the higher.
25. The Pension Fund's current account, through which all treasury management activity operates, is held at Barclays Bank.
26. As a result of the second Markets in Financial Instruments Directive (MiFID II), from January 2018 LGPS pension funds have been treated as 'retail' clients by investment counterparties by default unless they chose to opt up to 'professional' client status. The Pension Fund has chosen to do so with all of its counterparties where required.

Liquidity risk

27. Liquidity risk is the risk that cash will not be available when it is needed, that ineffective management of liquidity creates additional costs, and that the Pension Fund's objectives will be thereby compromised. This is of especial concern regarding the Pension Fund as the majority of its cash is either allocated or committed to individual investment managers and may be called by them at short notice.
28. The Pension Fund will ensure it has adequate though not excessive cash resources to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives and its investment strategy.
29. Summarised cash flow forecasts will be provided on a quarterly basis to the *Treasury Management Group*. Daily cash flow forecasts will be maintained by the Loans Officer. These forecasts will be used as the basis for ensuring adequate cash resources are available in order to support the payment of pensions, the cash allocations and commitments to investment managers, and other such outflows.
30. The Senior Accountant (Pensions & Treasury Management) or Investments Officer may approve fixed term investments up to 365 days. Longer periods require permission from either the Service Director (Finance & Procurement), the Group Manager (Financial Strategy & Compliance) or the Group Manager (Financial Management) and must comply with the relevant treasury management limits.

Exchange rate risk

31. This is the risk that fluctuations in foreign exchange rates create an unexpected burden on the Fund's finances, against which it has failed to protect itself adequately.
32. The Fund will manage its exposure to fluctuations in exchange rates so as to minimise any detrimental impact on its income levels. Treasury Management exposure will be minimal as the Fund's cash investments are all in sterling.

Legal and regulatory risk

33. The risk that the Pension Fund, or a counterparty with which it is dealing in its treasury management activities, fails to act in accordance with its legal powers or regulatory requirements, and that the Fund suffers losses accordingly.
34. The Pension Fund Committee will ensure that all of the Pension Fund's treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. In framing its credit and counterparty policy under *TMP1(1) credit and counterparty risk management*, it will ensure that there is evidence of counterparties' powers, authority and compliance in respect of the transactions they may affect with the Fund, particularly with regard to duty of care and fees charged.
35. The Pension Fund Committee recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the Fund.

Fraud, error and corruption, and contingency management

36. This is the risk that the Pension Fund fails to identify the circumstances in which it may be exposed to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings, and fails to employ suitable systems and procedures and maintain effective contingency management arrangements to these ends. It includes the area of risk commonly referred to as operational risk.
37. The Fund will ensure that it has identified the circumstances which may expose it to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings. Accordingly, it will employ suitable systems and procedures, and will maintain effective contingency management arrangements, to these ends.

Market risk

38. The risk that, through adverse market fluctuations in the value of the principal sums the Fund invests, its stated treasury management policies and objectives are compromised, against which effects it has failed to protect itself adequately.
39. The Fund will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests and will accordingly seek to protect itself from the effects of such fluctuations. Decisions on investment in tradeable securities, which risk loss of capital due to market fluctuations, will only be authorised by the *Treasury Management Group*.

TMP2 Performance measurement

40. Cash investment returns will be benchmarked against the average Sterling Overnight Index Average (SONIA) rate each year.

TMP3 Decision-making and analysis

41. The Fund will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions, both for the purposes of learning from the past, and for demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were considered at the time.
42. Treasury management processes and practices are documented. Full records are maintained of all treasury management decisions. Where appropriate, decisions are reported to the *Treasury Management Group*.

TMP4 Approved instruments, methods and techniques

43. The Fund will undertake its treasury management activities within the limits and parameters defined in *TMP1 Risk management*. For investing purposes, the Fund may use the following financial instruments:
- a) call or notice accounts
 - b) fixed term deposits
 - c) callable deposits
 - d) structured deposits
 - e) certificates of deposits
 - f) money market funds
 - g) UK Treasury Bills

h) UK government bonds

44. For money market funds the Fund will limit their use to those with minimum total assets of £5 billion. For surplus cash invested in UK Treasury bills and UK government bonds the objective will be to hold until maturity, but their tradeability gives the flexibility to realize these instruments earlier for liquidity purposes or in the event of significant capital gains. The Fund will use forward dealing for investing where market conditions indicate this approach to offer better value for money.

TMP5 Organisation, clarity and segregation of responsibilities and dealing arrangements

45. The Pension Fund Committee considers it essential, for the purposes of the effective control and monitoring of its treasury management activities, for the reduction of the risk of fraud or error, and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner, and that there is at all times a clarity of treasury management responsibilities.
46. The principle on which this will be based is a clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decisions, and the audit and review of the treasury management function.
47. If the Committee intends, as a result of lack of resources or other circumstances, to depart from these principles, the Senior Accountant (Pensions & Treasury Management) will ensure that the reasons are properly reported in accordance with *TMP6 Reporting requirements and management information arrangements*, and the implications properly considered and evaluated.
48. The Senior Accountant (Pensions & Treasury Management) will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management, and the arrangements for absence cover. The Senior Accountant (Pensions & Treasury Management) will also ensure that at all times those engaged in treasury management shall follow the policies and procedures set out.
49. The Senior Accountant (Pensions & Treasury Management) will ensure that there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds.
50. The current responsibilities are outlined below.
- Treasury management policies and practices are set by the Pension Fund Committee.
 - Responsibility for the implementation, scrutiny and regular monitoring of the treasury management policies and practices is delegated to the *Treasury Management Group*.
 - The responsible officer for the execution and administration of treasury management decisions is the Senior Accountant (Pensions & Treasury Management), who will act within the parameters set by the Treasury Management Policy Statement and TMPs and decisions of the *Treasury Management Group*. The Investments Officer will act as deputy to the Senior Accountant (Pensions & Treasury Management) in his or her absence.

51. The current procedures are outlined below:

1. Daily cash flow forecasts will be maintained by the Loans Officer. Annual cash flow forecasts will be provided to the *Treasury Management Group* on a quarterly basis.
2. The daily procedures for cash flow monitoring, placing deals, transmission of funds and documentation are set out in the Investments Procedure Manual. These procedures are usually carried out by the Loans Officer with absences covered by another officer under the responsibility of the Senior Accountant (Pensions & Treasury Management).
3. The officer dealing on the money market each day must prepare a cash flow forecast for that day based on the most up-to-date information available and this must be checked by the Senior Accountant (Pensions & Treasury Management), or another officer under the responsibility of the Senior Accountant (Pensions & Treasury Management), before that day's deals are carried out. Before conducting a deal, the officer will confirm that the credit ratings of the counterparty are in line with the approved policy.
4. Deals must be within the limits set out in *TMP1 Risk management*. Dealing staff must be aware of the principles set out in UK Money Markets Code 2017 published by the Bank of England. Documentation must be kept in accordance with the Investments Procedure Manual.
5. The transfer of funds will normally be actioned by CHAPS transfer through the banking system. Separate authorisation is normally required by a senior officer of the Council in order to release such a payment.

52. Individual deal limits specified in *TMP1 Risk management* apply to all staff placing deals. Any lending for periods greater than 365 days may only be actioned on the authority of the Senior Accountant (Pensions & Treasury Management) and either the Service Director (Finance, Infrastructure and Improvement) or the Group Manager (Financial Services). Money may only be lent to institutions or funds on the *Approved List*.

TMP6 Reporting requirements and management information arrangements

53. The Service Director (Finance, Infrastructure and Improvement) will ensure that regular reports are prepared and considered on the implementation of the Pension Fund's treasury management policies.

54. The *Treasury Management Group* will receive regular monitoring reports on treasury management activities and risks and on compliance with and suggested revisions to policy. Members of the *Treasury Management Group* will be informed of any breach of the principles contained in TMP5.

TMP7 Accounting and audit arrangements

55. The Pension Fund accounts for its treasury management activities, for decisions made and transactions executed, in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements in force for the time being.

56. Systems and procedures are subject to both internal and external audit and all necessary information and documentation shall be provided on request.

TMP8 Cash and cash flow management

57. Unless statutory or regulatory requirements demand otherwise, all monies in the Pension Fund will be under the control of the Service Director (Finance, Infrastructure & Improvement), and will be aggregated for cash flow and investment management purposes. Cash flow projections will be prepared on a regular and timely basis, and the Service Director (Finance, Infrastructure & Improvement) will ensure that these are adequate for the purposes of monitoring compliance with *TMP1(2) liquidity risk management*.
58. As outlined in TMP5, daily cash flow forecasts are to be prepared in accordance with the Investments Procedure Manual, and summarised weekly and annual forecasts are regularly provided to the *Treasury Management Group*.

TMP9 Money laundering

59. The Pension Fund Committee is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, it will maintain procedures for verifying and recording the identity of counterparties and reporting suspicions, and will ensure that staff involved in this are properly trained.
60. All treasury management activity with banks other than the Fund's own bank is actioned through CHAPS transfers to/from nominated accounts. Suspicions that a third party is attempting to involve the Pension Fund in money laundering will be reported to the Service Director (Finance, Infrastructure & Improvement).

TMP10 Training and qualifications

61. The Pension Fund Committee recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills.
62. The person specifications for the Senior Accountant (Pensions & Treasury Management) and the Investments Officer require a CCAB qualification and other members of the treasury team have the option to be supported to attain professional qualifications from the Association of Accounting Technicians, the Chartered Institute of Public Finance and Accountancy or the Association of Corporate Treasurers. The members of the *Treasury Management Group* are also required to be CCAB or ACT qualified.
63. Professional qualifications will be supplemented by relevant training courses, attendance at seminars and conferences and access to CIPFA's Treasury Management Network and Technical Information Service for all team members. The Senior Accountant (Pensions & Treasury Management) will recommend and implement the necessary arrangements. Requests and suggestions for training may be discussed at any time with the Senior Accountant (Pensions & Treasury Management) and also feature as part of the EPDR process.
64. The *Treasury Management Group* will ensure that Committee members tasked with treasury management responsibilities have access to training relevant to their needs and those

responsibilities. Those charged with governance recognise their individual responsibility to ensure that they have the necessary skills to undertake their role effectively.

TMP11 Use of external service providers

65. The Pension Fund Committee recognises that ultimate responsibility for treasury management decisions cannot be outsourced. It also recognises that there may occasionally be potential value in employing external providers of treasury management services, in order to acquire access to specialist skills and resources. However, it does not currently employ the services of any specialist treasury management advisers.
66. In the employment of such service providers, the Committee will ensure it does so for reasons which have been submitted to a full evaluation of the costs and benefits. It will also ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review. It will also ensure, where feasible and necessary, that a spread of service providers is used, to avoid over-reliance on one or a small number of companies. Where services are subject to formal tender or re-tender arrangements, legislative requirements will be observed. The monitoring of such arrangements rests with the responsible officer.
67. The Fund makes use of broking companies to act as intermediaries in lending activity although it will also carry out this activity directly with counterparties when opportunities arise and when settlement details can be adequately verified.

TMP12 Corporate governance

68. The Pension Fund Committee is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.
69. As part of the Council, the Committee has adopted and implemented the key provisions of the CIPFA Treasury Management in the Public Services Code (2011 edition) and reports are made in accordance with the approved policy. The Council's constitution includes schemes of delegation covering treasury management activities.
70. These measures are considered vital to the achievement of proper corporate governance in treasury management, and the responsible officer will monitor and, if necessary, report upon the effectiveness of these arrangements.

Statutory and Policy Implications

71. 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 Pension Fund Committee members approve the Strategy Statement as set out in the report.

Nigel Stevenson

Service Director for Finance, Infrastructure & Improvement and Section 151 Officer

For any enquiries about this report please contact: Ciaran Guilfoyle

Constitutional Comments (KK 13/12/2021)

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

Financial Comments (TMR 30/12/2021)

73. 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.

- 2017 CIPFA Code of Practice on Treasury Management

2 February 2022**Agenda Item: 9****REPORT OF SERVICE DIRECTOR – FINANCE, INFRASTRUCTURE &
IMPROVEMENT****CONFERENCES AND TRAINING****Purpose of the Report**

1. To seek approval for attendance at conferences and training in 2022/23.

Information and Advice

2. The Fund is committed to ensuring those charged with decision-making and financial management have effective knowledge and skills and this is achieved through attendance at key conferences and the provision of specific training and information for Members. The Good Governance in the LGPS report has recommended new Statutory Guidance to contain an enhanced requirement for key individuals within the LGPS, including Pension Committee Members to have knowledge and understanding to carry out their roles effectively and this may formalise training requirements in the near future.
3. Assets are continuing to be transferred to LGPS Central, which will take place on a phased basis over a number of years. After transition asset allocation decisions will remain with the fund so it will be essential that Committee Members continue to receive appropriate up to date information on investment opportunities to enable them to hold LGPS Central to account and to ensure the funds allocation decisions represent the best option for the fund.
4. It is proposed to continue to attend key pension conferences and to ensure training is available.
5. The LGA's LGPS Fundamentals course is well regarded and it is proposed to continue to offer this course to new members of the Committees or those wishing to refresh existing knowledge.
6. In addition to the specific events listed below members are encouraged to attend the free trainings and briefings offered by industry bodies at no charge, and any other internal training provided during the year covering both general pensions matters and any changes in legislation which impact on the work of the Committee. Members are encouraged to inform the Senior Accountant – Pensions when they attend training sessions so the training record can be updated.

7. Approval is sought for attendance at the following conferences and training in 2022/23.

Conference	Location	Date	Attendance
External training/events			
PLSA Local Authority Conference	Gloucestershire	13-15 June 22	2 Members 1 Officer
LAPF Strategic Investment Forum	Hertfordshire	4-6 July 22	2 Members 1 Officer
LAPFF Annual Conference	Probably Bournemouth	December 22	1 Member 1 Officer
LAPFF Business Meetings	Online/London	Quarterly	2 Members 1 Officer
LGA LGPS Fundamentals Course	Various	October to December	New Members and Members requiring refresher training
LGPS Governance Conference	Unknown	January 23	2 Members, 1 Board Member, 1 Officer
Internal training/events			
Climate Risk training from LGPS Central	Working Party	January 22	Available to all members of Pension Committee
Responsible investment training from LGPS Central	Working Party	Summer 22	Available to all members of Pension Committee
Property Training/visits	Various	October 2022	Available to all members of Pension Committee
Investment portfolio training	After PFC	March 23	Available to all members of Pension Committee
LGPS Central trainings such as the Responsible Investment Day	Online/ Birmingham	Various	Available to all members of Pension Committee

8. Officers attend training courses where these are required to ensure they are properly skilled and qualified to fulfil their responsibilities.

Other Options Considered

9. Members and Officers could attend other conferences in addition to or instead of those suggested. The conferences suggested have proved useful and interesting in previous years. Not attending any such events was not considered due to the importance of ensuring that those charged with decision-making and financial management have effective knowledge and skills.

Reason/s for Recommendation/s

10. Under the terms of the Council's constitution, the Nottinghamshire Pension Fund Committee is responsible for the administration of the Nottinghamshire Pension Fund and it is best practice to ensure that those charged with decision-making and financial management have effective knowledge and skills.

Statutory and Policy Implications

11. 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.

RECOMMENDATION/S

- 1) That attendance at conferences and training as set out in the report be approved.

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 (CEH 05/01/2022)

12. The Nottinghamshire Pension Fund Committee is responsible for approving all Councillor attendance at conferences, seminars and training events within the UK within the remit of this Committee. The proposals insofar as they relate to Councillors are within the remit of this Committee. Approval for officer attendance is a departmental matter.

Financial Comments (TMR 30/12/2021)

13. Costs associated with attending conferences and other training events are a legitimate charge to the Fund in accordance with governing regulations.

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

**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.
4. As part of the transparency introduced by the revised committee arrangements from 2012, committees are expected to review day to day operational decisions made by officers using their delegated powers. It is anticipated that the committee will wish to commission periodic reports on such decisions. The committee is therefore requested to identify activities on which it would like to receive reports for inclusion in the work programme.

Other Options Considered

5. None.

Reason/s for Recommendation/s

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

Statutory and Policy Implications

7. 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@nottsc.gov.uk

Tel: 0115 977 4506

Constitutional Comments (HD)

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

Financial Comments (NS)

9. 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 25 January 2022)

<u>Report Title</u>	<u>Brief summary of agenda item</u>	<u>Report Author</u>
10 March 2022		
Fund Valuation & Performance – Qtr 3	Summary of quarterly performance	Tamsin Rabbitts
Independent Adviser's Report	Independent Adviser's review of performance	Independent Adviser
Fund Valuation & Performance	Detailed review of quarterly performance (exempt)	Tamsin Rabbitts
Managers Presentations	Presentations by Fund Managers (exempt)	Schroder & Aberdeen
Strategic Asset Allocation Working party report	Report on the discussions and any decisions arising from the January working party meeting on our Strategic Asset Allocation and Investment Strategy and any other issues discussed	Tamsin Rabbitts
Investment in tobacco		
28 April 2022		
Pensions Administration – Tracing Service	Report detailing activities and services that the Fund is already using and plans to use as part of its support and prevention of fraud, such as checking members' addresses, death notification and validation, life certificates to check ongoing eligibility, identity and verification for overseas based pensioners	Sarah Stevenson / Jon Clewes
Review of progress on the Climate Risk Action plan	6 monthly report	Tamsin Rabbitts
Proxy Voting	Summary of voting activity	Ciaran Guilfoyle
LAPFF Business Meeting	Report from LAPFF Business Meeting	Ciaran Guilfoyle
9 June 2022		
Fund Valuation & Performance – Qtr 4	Summary of quarterly performance	Tamsin Rabbitts

Independent Adviser's Report	Independent Adviser's review of performance	Independent Adviser
Fund Valuation & Performance	Detailed review of quarterly performance (exempt)	Tamsin Rabbitts
Managers Presentations	Presentations by Fund Managers (exempt)	LGPS Central and guest manager
14 July 2022		
Proxy Voting	Summary of voting activity	Ciaran Guilfoyle
LAPFF Business Meeting	Report from LAPFF Business Meeting	Ciaran Guilfoyle
Treasury Management outturn 21/22	Summary of TM activity for year ended 31 March 2022	Ciaran Guilfoyle
Update on LGPS Central Ltd	Presentation from LGPS Central Ltd on developments in pooling and in the company	Keith Palframan
Annual Administration Performance Report		Jon Clewes
Pension Administration and transformation update report		Sarah Stevenson
To be placed		
Monitoring of the Fund Membership Death Process	Update report	Jon Clewes
Review of Work of the Pension Fund Committee and Pension Board		Marjorie Toward
Good governance project		Jon Clewes / Keith Palframan
McCloud Judgment update report		Jon Clewes
Results of GMP reconciliation		Jon Clewes
Pension Fund Review of Cyber Security – Pension Regulator Requirement		Sarah Stevenson / Jon Clewes