

**NOTES OF THE PENSION FUND ANNUAL EMPLOYERS AND TRADE UNIONS
MEETING HELD ON THURSDAY 11 JANUARY 2024 AT 10:30 AM.**

COUNTY HALL, WEST BRIDGFORD, NOTTINGHAM, NG2 7QP

Present

Members of the County Council's Pensions Committee

Councillor Eric Kerry (Chair)
Councillor Sue Saddington (Vice Chair)
Councillor André Camilleri
Councillor John Clarke MBE
Councillor Bethan Eddy (**Apologies**)
Councillor Stephen Garner
Councillor Roger Jackson (**Apologies**)
Councillor Sheila Place (**Apologies**)
Councillor Francis Purdue-Horan
Councillor Tom Smith
Councillor Lee Waters

Substitute members

Councillor Pauline Allan for Councillor Sheila Place
Councillor Richard Butler for Councillor Bethan Eddy

Representatives of Members, Employers and Trade Unions

Councillor Graham Chapman	Nottingham City Council
Councillor AJ Matsiko	Nottingham City Council
Chris King	Trade Union representative

Representatives of the Chief Executive's Department

Keith Palframan
Tamsin Rabbitts
Nigel Stevenson
Sarah Stevenson
Jo Toomey

Other Attendees

William Bourne – Adviser to the Committee
Barry McKay – Barnett Waddingham (in remote attendance)

1. **WELCOME AND INTRODUCTION**

Councillor Eric Kerry opened the meeting. He welcomed those present and introduced the new apprentices in the Pensions Administration Team, who were present.

2. **APOLOGIES FOR ABSENCE**

Apologies for absence were received from:

- Councillor Bethan Eddy (other reasons) substituted by Councillor Richard Butler
- Councillor Sheila Place (other reasons) substituted by Councillor Pauline Allan
- Councillor Roger Jackson (other reasons)
- Sue Reader

3. **DECLARATIONS OF INTEREST**

No interests were disclosed.

4. **NOTES OF THE ANNUAL MEETING HELD ON 12 JANUARY 2023**

The notes of the Annual General Meeting held on 12 January 2023, having been circulated with the papers for the meeting, were noted.

5. **ACTUARIAL ISSUES – BARNETT WADDINGHAM LLP PRESENTATION**

Barry McKay from Barnett Waddingham gave a brief presentation updating members on the 2024 actuarial valuation. The presentation included:

- The position for the Fund following the 2022 revaluation (100% funded and holding a small surplus)
- National and international events that affected the economy and had an impact on the Fund's assets and liabilities
- The funding level on 31 December 2023, which had reduced from 100% to 91%
- A summary of the reasons for the decreased funding level since 2022
- Projections around mortality and life expectancy
- The anticipated position for 2025 and the longer-term view

A summary of the Committee's questions, their answers and comments are set out below:

- Inflation assumptions were lower than actual inflation in the shorter term, however calculations for inflation were made 20 years ahead
- The tracked funding level was going down
- By the 2025 valuation, data was expected that would show any post-pandemic changes to mortality
- Financial pressures on employers and whether there were opportunities to lower employer contributions; there were no opportunities to change employer contributions between valuations

- A key objective of revaluation was keeping employer contributions stable and affordable
- Before making any change to employer contributions, the actuary needed to protect the fund and make sure that there was enough money to pay current and future pensioners
- Clarification was sought about whether calculations included government-led changes that would see increased investment in private equity and higher risk investments and balancing fiduciary duty
- The asset mix differed across LGPS funds; the performance of Nottinghamshire Pension Fund was broadly comparable
- Barnett Waddingham used a budgeting model to complete its work; this provided a more stable position than the matching model which was used by other actuaries

6. **MANAGEMENT & FINANCIAL PERFORMANCE – FINANCIAL MANAGEMENT PRESENTATION**

The Group Manager, Financial Services gave a presentation on the management and financial performance of the Fund. Members noted:

- Key figures from the accounts
- Net additions from members would be increasingly moving towards withdrawals
- During 2020-21 a number of employers made large deficit payments
- Contributions no longer covered benefit payments but the fund benefitted from investment income, which supported cashflow
- Investment income received over the last five years separated by asset class
- Currently there was no requirement for assets to be sold to fund contributions
- Interest rates had impacted valuations
- Stability of arrangements help keep investment costs low
- Working with LGPS Central has helped offset the cost of the Fund moving into more expensive asset classes

Before concluding the item, members thanked the Group Manager, Financial Services for his support in managing the Fund and wished him well in his retirement.

7. **INVESTMENT PERFORMANCE – PENSIONS AND TREASURY MANGEMENT PRESENTATION**

The Senior Accountant, Pensions and Treasury Management delivered a presentation that discussed the Fund's investment performance. Members noted:

- Performance of the main managers was reviewed on a quarterly basis
- The figures included represented the Fund's allocations through most of the 2022/23 financial year
- The included graphs showed the volatility that existed in the markets

- The Abrdn portfolio recovered from the impact of COVID restrictions during 2021/22 but performance was impacted in 2022/23 by the discount rate changes
- Asset allocation was the most important factor in driving long-term investment returns

It was noted that the conditions in the financial markets had affected the returns of all funds but this was put into the context of the long-term nature of investments.

8. **PENSIONS ADMINISTRATION – PENSIONS ADMINISTRATION TEAM PRESENTATION**

The Group Manager, Business Services Centre gave a brief presentation that summarised the work of the Pensions Administration team throughout the year. Members noted:

- Membership of the scheme continued to grow
- The Pensions Administration Team continued to work on significant national projects, about which regular updates were provided to committee
- The Fund had seen an increase in the number of members seeking the early release of their pension
- The Pensions Regulator was increasing its scrutiny across all pension schemes
- Significant work had been undertaken to improve data quality
- The Pensions Regulator was also increasing its scrutiny of cybersecurity and risk management
- Pensions Administration transformation work, which was approved in 2019, has been affected by the COVID-19 pandemic, national projects, turnover of experienced staff, an increase in requests around deferred benefits and the release of pensions
- Officers were reviewing what the new Pension Regulator General Code of Practice would mean for the Fund

A summary of the Committee's questions, their answers and comments are set out below:

- The administration team had been affected by the telephony system, which was making it difficult for people to contact them; it was hoped a new telephony arrangement would give better management information and provide more opportunities for people to contact the team
- Employers would be required to submit their returns through a hub; where payroll is carried out by third-party providers the team would be working with the provider
- Whilst the current system used for pensions administration did not offer any elements that used AI, it was developing a model
- A full strategic review on staffing, key performance indicators and identified strengths and weaknesses was being undertaken

9. **QUESTIONS**

No questions had been submitted.

The meeting closed at 12:05pm

CHAIRMAN

Notes of AGM – 11 January 2024