

Nottinghamshire Pension Fund Committee

Thursday, 19 July 2018 at 10:30

County Hall, West Bridgford, Nottingham, NG2 7QP

AGENDA

- | | | |
|----|--|---------|
| 1 | Minutes of the last meeting 7 June 2018 | 5 - 8 |
| 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 | LGPS - Guaranteed Minimum Pension Reconciliation Exercise with HMRC | 9 - 14 |
| 5 | The LGPS (Amendment) Regulations 2018 | 15 - 18 |
| 6 | Local Authority Pension Fund Forum Business Meeting | 19 - 22 |
| 7 | Proxy Voting | 23 - 24 |
| 8 | Revision of Fund Risk Strategy and Risk Register | 25 - 44 |
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13	Nottingham Regeneration Limited	71 - 74

14 EXCLUSION OF THE PUBLIC

The Committee will be invited to resolve:-

“That the public be excluded for the remainder of the meeting on the grounds that the discussions are 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 outweighs the public interest in disclosing the information.”

Note

If this is agreed, the public will have to leave the meeting during consideration of the following item.

15 Nottingham Regeneration Limited EXEMPT

- Information relating to the financial or business affairs of any particular person (including the authority holding that information);

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 Peter Barker (Tel. 0115 977 4416) 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>

minutes

Meeting NOTTINGHAMSHIRE PENSIONS FUND COMMITTEE

Date Thursday 7 June 2018 at 10.30 am

membership

Persons absent are marked with 'A'

COUNCILLORS

Eric Kerry (Chairman)
Stephen Garner (Vice Chairman)

Reg Adair	Francis Purdue-Horan
Chris Barnfather	Helen-Ann Smith
Sheila Place	Parry Tsimbiridis
A Mike Pringle	

Nottingham City Council

A Councillor Graham Chapman
Councillor Anne Peach
A Councillor Sam Webster

Nottinghamshire Local Authorities' Association

A Councillor Richard Jackson – Broxtowe Borough Council
A Kate Allsop – Executive Mayor Mansfield District Council

Trades Unions

A Mr A Woodward
Mr C King

Scheduled Bodies

A Mrs Sue Reader

Pensioners

Vacancy
Mr T Needham

Independent Adviser

William Bourne

Officers in Attendance

Pete Barker	(Resources)
Jon Clewes	(Resources)
Tamsin Rabbitts	(Resources)
Nigel Stevenson	(Resources)
Sarah Stevenson	(Resources)

1. APPOINTMENT OF CHAIRMAN AND VICE-CHAIRMAN

RESOLVED 2018/027

That the appointment of Councillor Eric Kerry as Chairman and Councillor Stephen Garner as Vice-Chairman of the Nottinghamshire Pensions Fund Committee be noted.

2. COMMITTEE MEMBERSHIP AND TERMS OF REFERENCE

Resolved 2018/028

That the membership of the Committee and Terms of Reference be noted.

3. MINUTES

The minutes of the last meeting held on 19 April 2018, having been circulated to all Members, were taken as read and were confirmed and signed by the Chair.

4. APOLOGIES FOR ABSENCE

Apologies for absence were received from Mayor Allsop, Councillor Chapman, Councillor Pringle, Councillor Webster, Mrs Reader and Mr Woodward.

5. DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS

None.

6. LOCAL GOVERNMENT PENSION SCHEME – PENSION ADMINISTRATION PERFORMANCE REPORT AND DATA QUALITY

Mr Clewes introduced the report and on a motion by the Chairman, duly seconded it was:

RESOLVED 2018/029

1. That the Pension Committee consider the performance of the administration of the pension fund, and approve the continued development of systems and processes that will improve the service to members of the fund.
2. That the Pension Committee continue to support the recharging of non-compliant Scheme Employers for the additional work incurred by the Pension Office, as laid down in the Administration Strategy.

7. WORK PROGRAMME

Mrs Rabbitts introduced the report and on a motion by the chairman, duly seconded it was:

RESOLVED 2018/030

That a report on the Risk Register and Risk Strategy be brought to a future meeting of the Committee.

8. FUND VALUATION AND PERFORMANCE

Mrs Rabbitts introduced the report and on a motion by the Chairman, duly seconded it was:-

RESOLVED 2018/031

That no further actions are required as a result of the contents of the report.

9. FUTURE OF THE IN-HOUSE EQUITY PORTFOLIO

Mrs Rabbitts introduced the report and on a motion by the chairman, duly seconded it was:

RESOLVED 2018/032

- 1) That the passive equity portfolio be transferred to LGIM except for £20 million which will be invested in LGPS Central (£10 million in the UK Fund and £10 million in the Global ex UK Fund).
- 2) That the geographic split of overseas investments will be changed to the suggested LGIM allocation described in the exempt appendix.
- 3) That holdings within the current portfolio which are more specialist in nature will be transferred to the Specialist Portfolio.
- 4) That the portfolio will be referred to as the Core Index portfolio after transfer.
- 5) That the following guiding principles will be used in the assessment of the transfer of future portfolios:-
 - Ongoing management costs
 - Transition costs
 - Quality and performance of the service
 - Risk to service delivery

10. EXCLUSION OF THE PUBLIC

RESOLVED: 2018/033

That the public be excluded for the remainder of the meeting on the grounds that the discussions are 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 outweighs the public interest in disclosing the information.

And that Mr William Bourne, the Independent Adviser, be permitted to stay in the meeting during the exempt items.

EXEMPT INFORMATION ITEMS

11. FUTURE OF THE IN-HOUSE EQUITY PORTFOLIO

Mrs Rabbitts introduced the report and on a motion by the chairman, duly seconded it was:

RESOLVED 2018/034

That no further actions are required as a direct result of the contents of the report.

12. FUND VALUATION AND PERFORMANCE

Mrs Rabbitts introduced the report and on a motion by the chairman, duly seconded it was:

RESOLVED 2018/035

That no further actions are required as a direct result of the contents of the report.

13. REPORT OF THE INDEPENDENT ADVISER

Mr Bourne gave an update on issues that affect the pensions investments of Nottinghamshire. On a motion by the chairman, duly seconded it was:

RESOLVED: 2018/036

That no further actions are required as a direct result of the contents of the report.

14. FUND MANAGERS' REPORTS

Graham Hardie of Aberdeen Standard Investments was attending his last meeting of the Committee and the Chairman thanked Graham for all his support and hard work over the years.

On a motion by the chairman, duly seconded it was:

RESOLVED: 2018/037

That no further actions are required as a direct result of the contents of the fund managers' reports received from Aberdeen Standard Investments, Kames Capital and Schroders Investment Management.

The meeting concluded at 12.57pm

**REPORT OF SERVICE DIRECTOR – CUSTOMERS, GOVERNANCE AND
EMPLOYEES****LOCAL GOVERNMENT PENSION SCHEME - GUARANTEED MINIMUM
PENSION (GMP) RECONCILIATION EXERCISE WITH HMRC****Purpose of the Report**

1. The purpose of the report is to update the Pension Committee of the progress of the GMP Reconciliation Project.
2. That members consider whether there are any actions they require in relation to the issues contained within the report.

Information**Background**

3. Members will remember the decision in relation to the development and implementation of a project in order to ensure that the Pension Fund is able to complete its requirement to reconcile Pension Fund Data with HMRC Data. This is a national requirement initiated by HMRC, which will affect all Public and Private sector Pensions Funds who were contracted out of the additional state pension.
4. Up until April 2016 contributing members of the Local Government Pension Scheme (LGPS) paid lower rate National Insurance contributions as they were “contracted out” of the Additional State Pension, which has previously been known as S2P, the state second pension or the State Earnings-Related Pension (SERPS). LGPS employers also paid reduced rate National Insurance contributions in respect of their employees who were in the LGPS. Contracting out ended from 6 April 2016 as part of the Government’s introduction of a single-tier basic state pension.
5. Between 1978 and 1997, contracting out of the Additional State Pension was undertaken on a Guaranteed Minimum Pension (GMP) basis. This required contracted out pension schemes to offer pension benefits for the period of contracting out that were worth at least as much as the benefits the additional state pension would have provided. Contracted out pension schemes had to record the relevant contracted out earnings for that period and supply HMRC with details of these. HMRC retained a record of contracted out earnings and GMP entitlement for each individual and then advised pension schemes of GMP entitlements when the individuals reach state pension age.

6. There are complex regulations regarding annual inflationary increases to the GMP element of an individual's pension and the dates at which it becomes payable to the scheme member. The Government decided that with effect from 6 April 2016 contracting-out would be abolished, coinciding with the introduction of the new single tier pension, and as a result HMRC are providing a one off service to enable schemes to reconcile the GMP figures they hold with those held by HMRC – this service is due to cease in December 2018.
7. It is 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.
8. HMRC has made data available to all pension schemes from February 2017 for reconciling GMP information for active members. HMRC will also be writing to all individuals with a GMP liability after December 2018 informing them, which pension scheme holds their liability.

Reason to carry out a Guaranteed Minimum Pension reconciliation

9. The application of incorrect GMP's have an impact on pensions in payment and future pension payments along with having an impact on the liabilities of the Pension Fund .The financial implications of failing to undertake this exercise can therefore be extremely significant.
10. To clarify the main reasons funds are required to carry out the GMP reconciliation are to ensure that GMP benefits are accurate, and that liabilities are correctly recorded, along with compliance with the Pension regulator's data quality checking guidance, as well as provide for more accurate actuarial valuations.
11. There are significant risks to the Pension Fund if reconciliation activity is not carried out, these include:
 - The GMP amounts held by HMRC will automatically apply and this could have material implications on the Pension Fund's liabilities
 - Individuals for which the Fund does not hold a record, may request their GMP entitlement after 2018
 - GMP amounts the Fund is unaware of will lead to incorrect valuations of the Fund's scheme liabilities
 - Incorrect pension amounts being paid to members (including under and over payments)

Update on Project Activities

12. Following the agreement of a project budget at the 8 March, Pensions Committee a project Manager was appointed in April 2018 to coordinate the work of Civica and the Fund in undertaking the reconciliation of pension member's data with HMRC. A Project Board has been established and a project plan has been drawn up and agreed.
13. In order to monitor progress of the project plan the project team have a bi weekly telephone conference with the CIVICA Project Manager where he updates the project team on progress

of the activities. The meeting also reviews the risks and issues that have been identified over the previous weeks and what actions have been taken to mitigate the risks identified.

14. In terms of actual progress, the reconciliation of the data is well underway, with data having been submitted to HMRC for 97% (49327) members who have initially been identified as requiring their data to be queried with HMRC.
15. The reconciliation activity has been undertaken using the HMRC automation schedules, which have been allocated to pension funds for particular dates up until October, using this methodology HMRC, are automating the matching of data as much as possible.
16. Civica have reported positive response rates to the data submitted to HMRC.
17. The manual investigation into member records where issues with data have been identified as potential queries has commenced. The methodology being employed is that a sample 15% of cases are being reviewed initially per data category. The project team will then need to make a decision based on appetite for risk and on a cost benefit analysis on the total numbers within each category to investigate.
18. Given the activities currently undertaken and the responses received from HMRC at present, the Project is on target to meet the HMRC deadline of 31 October for the submission of all queries with HMRC.

Next Steps

19. Following a project Board meeting with Civica to discuss the outcome of the initial 15% investigations, the project Board have accepted the recommendation to undertake a further 991 investigations in order to prove the Pension Fund does not hold the liability for these members.
20. It was also agreed that a sample of 141 investigations be completed to determine that the members do not have a GMP with the fund.
21. Once the Project Board have the results of the 141 investigations consideration will need to be given on a cost benefit analysis of increasing the sample to obtain more confidence if felt necessary in the expected results.
22. Once HMRC have responded to all the data already provided to them, further analysis will be carried out by Civica to determine whether a further query is necessary with HMRC, if not required the agreed GMP liability will be loaded onto the pension fund administration system. This will then enable the necessary calculations to be undertaken to determine the correct GMP is in payment, and whether any over or under payments have occurred.

Other Options considered

23. Other options were considered as part of the Committee Report of 8 March Pensions Committee, and this is an update report on the progress of the GMP reconciliation Project.

Reasons for Recommendation

24. That the project is currently on track to complete the data investigation stage of the project by 31 October 2018.

Statutory and Policy Implications

25. 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

26. The project, by its very nature, involves the reconciliation, sharing and processing of personal and sensitive data. This is covered by existing arrangements and agreements with HMRC and Civica, the software provider. However, a separate Data Protection Impact Assessment is being undertaken for the project overall to reflect this and ensure mitigation of any risks arising directly from the project activity itself.

Financial Implications

27. The estimated costs for the second stage of the project are currently as follows:

- The indicative cost for Civica to undertake reconciling and resolving HMRC data with Fund data will be £310 K. This is based on the discrepancies identified in the delivery phase and cost estimate provided by Civica.
- The current spend to date is within budget.

RECOMMENDATION

It is recommended that the Committee:

- 1) That the Pension Fund Committee members consider whether there are any actions they require in relation to the issues contained in the report.
- 2) Agree to receive a further update at the October committee meeting.

Marjorie Toward

Service Director – Customers, Governance and Employees

For any enquiries about this report please contact:

Jonathan Clewes, Pension Manager on 0115 977 3434 or Jon.Clewes@nottscc.gov.uk

Constitutional Comments (KK 26.06.2018)

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

Financial Comments (KP 04.07.2018)

29. The financial implications are set out in the report.

Background Papers and Published Documents

None

Electoral Division(s) and Member(s) Affected

All

**REPORT OF THE SERVICE DIRECTOR FOR CUSTOMERS, GOVERNANCE
AND EMPLOYEES****THE LOCAL GOVERNMENT PENSION SCHEME (AMENDMENT)
REGULATIONS 2018****Purpose of the Report**

1. To inform members of the recent publication of the Local Government Pension Scheme (Amendment) Regulations 2018, and the potential implications on the administration of the pension Fund.

Information

2. The LGPS (Amendment) Regulations 2018 came into force in May 2018. The majority of the amendment regulations are to correct complex issues with the current regulations, and have little or no operational impact.
3. Assumed Pensionable Pay - Scheme employers may now use longer averaging periods where they deem appropriate. This provision assists scheme employers in addressing inequities where members assumed pensionable pay in the normal averaging period of 3 months does not fairly reflect their pensionable earnings.
4. Scheme Employer surpluses on termination – makes provision for employers to receive credit for surplus assets in a fund upon ceasing to be a scheme employer. This provision addresses the inequity of the previous position whereby the fund may recover deficits but not return surpluses.
5. Backdating of new admission agreements (w.e.f 1/4/2014) – clarifies that a new admission agreement may be backdated. The Nottinghamshire Fund have been allowing backdating to address difficulties resultant from delays in processing admission agreements. This provision provides reassurance that Nottinghamshire have been acting appropriately in this area.
6. Earliest voluntary retirement age for pre 1/4/2014 leaver deferred beneficiaries. – these regulations move the earliest voluntary retirement age, for this category of member, from 60 to 55, to bring the provisions into line with post 31/3/2014 leavers. It has been identified that the fund has approximately 9,500 members between the ages of 54 and 60 who left with deferred benefits prior to 1/4/2014. The Pensions Office will be

posting notices on its website to inform members of the change and will include such notation on its annual deferred benefit statements to members. A pension's software update to administration system is expected at the end of August to allow the processing of such cases. The pension administration team is expecting a significant number of enquiries for estimates following the issue of the deferred benefit statements, but will not know the true impact on resources until such time. To date 20 deferred members have contacted the Pensions Office requesting an estimate of benefits.

7. Pre 1/4/2014 & post 31/3/2014 in house AVC contracts – changes have been made to align the rules for both contributions and payments. The provisions now allow deferred members the option to purchase an LGPS annuity with their AVC fund. The additional work resultant from these cases is expected to be low.

Implications

8. The implications to the Pension Fund are:-

- a. There will be more queries into the Pension Office mainly in relation to the deferred benefit changes as deferred members request estimates of benefit and subsequent release of their Pension Benefits.
- b. The early taking of benefits will have some financial impact however; they should be cost neutral as there is an actuarial reduction.
- c. The pension fund will need to ensure the appropriate communications are implemented as well as being able to respond to the increased number of queries appropriately. This is being discussed across other funds on how to manage this work to ensure consistency.

Other Options Considered

9. There are no other options than operating these regulations.

Reason/s for Recommendation/s

10. This report has been compiled to inform Pensions Committee of a change in the Scheme's regulations.

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

It is recommended that:

- 1) The Pensions Committee approves any actions needed to be taken by the Pension Fund to comply with the changes in the regulations.

Marjorie Toward
Service Director – Customers, Governance and Employees

For any enquiries about this report please contact:

Jon Clewes, Pension Manager on 01159773434 or Jon.Clewes@nottsc.gov.uk

Constitutional Comments (KK 26/06/2018)

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

Financial Comments (KP 04/07/2018)

13. There are no financial implications identified within the 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

Electoral Division(s) and Member(s) Affected

All

REPORT OF SERVICE DIRECTOR – FINANCE, PROCUREMENT & IMPROVEMENT**LOCAL AUTHORITY PENSION FUND FORUM BUSINESS MEETING****Purpose of the Report**

1. To report on the Local Authority Pension Fund Forum (LAPFF) business meeting and AGM held in London on 28 March 2018.

Information and Advice

2. The Local Authority Pension Fund Forum was formed in 1990 to provide an opportunity for the UK's local authority pension funds to discuss investment and shareholder engagement issues. LAPFF currently has 75 members (shown at Appendix A) with combined assets of well over £100 billion and is consequently able to exert significant influence over companies in which funds are invested.
3. LAPFF exists 'to promote the long-term investment interests of UK local authority pension funds, and in particular to maximise their influence as investors to promote corporate social responsibility and high standards of corporate governance amongst the companies in which they invest'. It also:
 - a. Provides a forum for information exchange and discussion about investment issues.
 - b. Facilitates the commissioning of research and policy analysis of issues in a more effective manner than individual members could achieve.
 - c. Provides a forum for consultation on shareholder initiatives.
 - d. Provides a forum to consider issues of common interest to all pension fund administrators and councillors.
4. The business meeting (combined with the AGM) was attended on behalf of Nottinghamshire Pension Fund by an officer representative.
5. A revised Constitution was taken to the AGM which in future should allow local authority pension pools to join LAPFF alongside existing LGPS funds.
6. A verbal update on LAPFF's engagement work was provided, but the full report was not available since the quarter to March had not yet ended. However, a copy of the engagement report is now attached as background. For information, all LAPFF engagement reports can be found here:
<http://www.lapfforum.org/publications/qrtly-engagement-reports/>

7. Paul Hunter of PIRC presented a paper on 'disruptive technology', that is, technological developments that have the potential to reshape markets in the long-term. For example, self-driving cars have the potential to upset the entire public transport and motor vehicle sectors, which in turn could severely impact the profitability of companies invested in these sectors. The meeting agreed that it is important for LAPFF to include questions relating to disruptive technologies when engaging with companies.

Statutory and Policy Implications

8. 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 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

9. This is an updating information report and Pension Fund Committee is the correct body for considering that information and any further action which members may wish to take in light of that information.

Financial Comments (TMR 09/04/2018)

10. There are no direct financial implications arising from this report.

Background Papers

- LAPFF constitution
- LAPFF Quarterly Engagement Report January to March 2018

Membership of LAPFF as at March 2018

- 1) Avon Pension Fund
- 2) Barking and Dagenham LB
- 3) Bedfordshire Pension Fund
- 4) Cambridgeshire Pension Fund
- 5) Camden LB
- 6) Cardiff and Vale of Glamorgan Pension Fund
- 7) Cheshire Pension Fund
- 8) City of London Corporation
- 9) Clwyd Pension Fund
- 10) Cornwall Pension Fund
- 11) Croydon LB
- 12) Cumbria Pension Scheme
- 13) Derbyshire CC
- 14) Devon CC
- 15) Dorset County Pension Fund
- 16) Dyfed Pension Fund
- 17) Ealing LB
- 18) East Riding of Yorkshire Council
- 19) East Sussex Pension Fund
- 20) Enfield LB
- 21) Falkirk Council
- 22) Gloucestershire Pension Fund
- 23) Greater Gwent Fund
- 24) Greater Manchester Pension Fund
- 25) Greenwich Pension Fund RB
- 26) Gwynedd Pension Fund
- 27) Hackney LB
- 28) Hammersmith & Fulham LB
- 29) Haringey LB
- 30) Harrow LB
- 31) Hertfordshire County Council Pension Fund
- 32) Hounslow LB
- 33) Islington LB
- 34) Lambeth LB
- 35) Lancashire County Pension Fund
- 36) Lewisham LB
- 37) Lincolnshire CC
- 38) London Pension Fund Authority
- 39) Lothian Pension Fund
- 40) Merseyside Pension Fund
- 41) Merton LB
- 42) Newham LB
- 43) Norfolk Pension Fund
- 44) North East Scotland Pension Fund
- 45) North Yorkshire CC Pension Fund
- 46) Northamptonshire CC
- 47) Northern Ireland Local Government Officers Superannuation Committee
- 48) Northumberland Pension Fund
- 49) **Nottinghamshire CC**
- 50) Powys County Council Pension Fund
- 51) Redbridge LB

- 52) Rhondda Cynon Taf
- 53) Sheffield City Region Combined Authority
- 54) Shropshire County Council
- 55) Somerset CC
- 56) South Yorkshire Pensions Authority
- 57) Southwark LB
- 58) Staffordshire Pension Fund
- 59) Strathclyde Pension Fund
- 60) Suffolk County Council Pension Fund
- 61) Surrey CC
- 62) Sutton LB
- 63) Teesside Pension Fund
- 64) The City and County of Swansea Pension Fund
- 65) The Environment Agency Pension Fund
- 66) Tower Hamlets LB
- 67) Tyne and Wear Pension Fund
- 68) Waltham Forest LB
- 69) Wandsworth LB
- 70) Warwickshire Pension Fund
- 71) West Midlands ITA Pension Fund
- 72) West Midlands Pension Fund
- 73) West Yorkshire Pension Fund
- 74) Wiltshire CC
- 75) Worcestershire CC

**REPORT OF SERVICE DIRECTOR – FINANCE, PROCUREMENT &
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 first quarter of 2018 (calendar year) as part of this ongoing commitment.

Information and Advice

2. The *UK Stewardship Code*, issued in September 2012 by the Financial Reporting Council, highlights the responsibilities that institutional investors have with regard to the 'long-term success of companies in such a way that the ultimate providers of capital [in this case, the Nottinghamshire Pension Fund] also prosper'. These responsibilities include, among other things, having a clear policy on voting and on the disclosure of voting activity. The *Code* states that investors "should not automatically support the board".
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 Statement of Investment Principles 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 (rather than delegating to its investment managers) and votes the majority of its equity holdings in the UK, Europe, US and Japan. Voting is implemented by Pensions Investment Research Consultants (PIRC). PIRC issue Shareholder Voting Guidelines each year and these are the basis of the voting implemented on behalf of the Fund.
5. An overview of the voting activity and analysis of the key issues during the quarters will be 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>

Statutory and Policy Implications

6. 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 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

7. This is an updating information report and Pension Committee is the correct body for considering that information and any further action which members may wish to take in light of that information.

Financial Comments (TMR 19/04/2018)

8. There are no direct 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.

- PIRC – Nottinghamshire CC Pension Fund, Proxy Voting Review, 1 January 2018 to 31 March 2018
- Financial Reporting Council, *The UK Stewardship Code*, September 2012.

**REPORT OF REPORT OF SERVICE DIRECTOR – FINANCE,
INFRASTRUCTURE & IMPROVEMENT****REVISION OF FUND RISK STRATEGY AND RISK REGISTER****Purpose of the Report**

1. To propose revised versions of the Risk Strategy and Risk Register.

Information

2. It is considered best practice for the Fund to have a Risk Management Strategy and Risk Register and to review these on a regular basis. The revised documents are attached as Appendices A and B.

Other Options Considered

3. It is best practice that these documents are reviewed, so no other options were considered.

Reason/s for Recommendation/s

4. The revised documents reflect the current current risks, controls and required actions to manage risks to the Pension Fund.

Statutory and Policy Implications

5. 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 the revised Risk Management Strategy and Risk Register be approved by the Nottinghamshire Pensions Fund Committee.

Nigel Stevenson**Service Director – Finance, Infrastructure & Improvement**

For any enquiries about this report please contact: Tamsin Rabbitts

Constitutional Comments

6. Nottinghamshire Pension Fund Committee is the appropriate body to consider the content of this report.

Financial Comments (TMR 20/06/2018)

7. There are no direct 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

Electoral Division(s) and Member(s) Affected

- All

RISK MANAGEMENT STRATEGY

Introduction

1. This is the Risk Management Strategy for the Nottinghamshire County Council Pension Fund. Risk Management is a key element in the Fund's overall framework of internal control and its approach to sound governance. However, it is not an end in itself, but a means of minimising the costs and disruption to the Fund caused by undesirable or unexpected events. The aim is to eliminate or reduce the frequency of risk events occurring (where possible and practicable) and minimise the severity of the consequences if they do occur.
2. Risk can be defined as any event or action which could adversely affect the Fund's ability to achieve its purpose and objectives. Risk management is the process by which:
 - risks are systematically identified
 - the potential consequences are evaluated
 - the element of risk is reduced where reasonably practicable
 - actions are taken to control the likelihood of the risk arising and reducing the impact if it does

Purpose and Objectives of the Fund

3. The purpose of the Fund is to:
 - Pay pensions, lump sums and other benefits provided under the LGPS Regulations
 - Meet the costs associated in administering the Fund
 - Receive contributions, transfer values and investment income
 - Invest any Fund money not needed immediately to make payments.
4. The funding objectives are to:
 - Set levels of employer contribution that will build up a fund of assets that will be sufficient to meet all future benefit payments from the Fund
 - Build up the required assets in such a way that employer contribution rates are kept as low and stable as possible.
5. The following principles underpin the Fund's investment activity:
 - The Fund will aim to maintain sufficient assets to meet all its obligations on a continuing basis.
 - The Fund will be invested in a diversified range of assets.
 - Proper advice on the suitability of types of investment will be obtained and considered at reasonable intervals.

- The Fund will aim to conduct its business and to use its influence in a long term responsible way.

Key Parties

6. The key parties involved in the Fund and their responsibilities are as follows.

The Administering Authority

7. The Administering Authority for the Pension Fund is Nottinghamshire County Council. The main responsibilities of the Administering Authority are to:

- Collect employee and employer contributions
- Invest the Fund's assets
- Pay the benefits due to Scheme members
- Manage the actuarial valuation process in conjunction with the Fund Actuary
- Prepare and maintain the Funding Strategy Statement (FSS) and Investment Strategy Statement (ISS) after consultation with other interested parties as appropriate
- Monitor all aspects of the Fund's performance.

Scheme Employers

8. In addition to the Administering Authority, a number of other Scheme Employers, including Admission Bodies, participate in the Fund. The responsibilities of each Scheme Employer that participates in the Fund, including the Administering Authority, are to:

- Collect employee contributions and pay these together with their own employer contributions as certified by the Fund Actuary to the Administering Authority within the statutory timescales
- Notify the Administering Authority of any new Scheme members and any other membership changes promptly
- Exercise any discretions permitted under the Regulations
- Meet the costs of any augmentations or other additional costs in accordance with agreed policies and procedures
- Notify the Administering Authority of significant changes in the employer's structure or membership.

Trustees

9. The members of the Nottinghamshire Pension Fund Committee act in a quasi-trustee capacity and are hereafter referred to as "Trustees". The main responsibilities of the Trustees are to:

- Determine the overall investment strategy, and what restrictions, if any, are to be placed on particular types and market locations of investments
- Determine the type of investment management to be used and appoint and dismiss fund managers
- Receive quarterly reports on performance from the main fund managers and question them regularly on their performance
- Receive independent reports on the performance of fund managers on a regular basis
- Be encouraged to receive suitable training to help them discharge their responsibilities and attend such training courses, conferences and meetings that deliver value for money to the Fund.

Fund Actuary

10. The Fund Actuary for the Pension Fund is Barnett Waddingham LLP. The main responsibilities of the Fund Actuary are to:

- Advise interested parties on funding strategy and completion of actuarial valuations in accordance with the FSS and the Regulations
- Advise on other actuarial matters affecting the financial position of the Fund.

Chief Finance Officer

11. Under the Council's constitution, the Service Director Finance, Infrastructure & Improvement is designated the Council's Chief Finance Officer (also known as the Section 151 Officer). The Group Manager (Financial Management) is the deputy Section 151 Officer. Financial Regulations specify that the Section 151 Officer 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).

12. Representatives of the Service Director Finance, Infrastructure & Improvement provide advice to the Trustees on investment matters and attend meetings of the Pension Fund Committees as required.

Service Director Customers, Governance and Employees

13. The Service Director Customers, Governance and Employees is responsible for the Pensions Administration function, operated by the Pensions Office within the Business Support Centre. This function covers:

- Pensions administration and employers support
- Pensions administration systems
- Communications
- Technical/performance support

14. Representatives of the Service Director Customers, Governance and Employees provide advice to the Trustees on pension administration matters and attend meetings of the Pension Fund Committees as required.

Independent Adviser

15. The Fund has an Independent Adviser who attends meetings of the Pension Fund Committee and Pensions Working Party as required.

16. The Independent Adviser is engaged to provide advice on:

- the objectives and policies of the fund
- investment strategy and asset allocation
- the fund's approach to responsible investment
- choice of benchmarks
- investment management methods and structures
- choice of managers and external specialists
- activity and performance of investment managers and the fund
- the risks involved with existing or proposed investments
- the fund's current property portfolio and any proposals for purchases, sales, improvement or development
- new developments and opportunities in investment theory and practice.

Risk Management Strategy

17. The risk tolerance of the Fund is agreed with the Pension Fund committee, the investment team and independent adviser through the setting of the investment beliefs, funding and investment objectives. The Fund will only take sufficient risk in order to achieve its long term funding objectives set out in paragraph 4.
18. The Pension Fund's Risk Management Strategy is to:
- a) identify key risks to the achievement of the Fund's aims
 - b) assess the risks for likelihood and impact
 - c) identify mitigating controls
 - d) allocate responsibility for the mitigating controls
 - e) maintain a risk register detailing the risk features in a)-d) above
 - f) review and update the risk register on an annual basis
 - g) report the outcome of the review to the Nottinghamshire Pension Fund Committee.
19. The Risk Register is a key part of the Risk Management Strategy as it identifies the main risks to the operation of the Fund, prioritising the risks identified and detailing the actions required to further reduce the risks involved.
20. All staff involved in the Pension Fund and Members of the Nottinghamshire Pension Fund Committee need to have an appropriate level of understanding of risk and how risks affect the performance of the Fund. To consolidate the risk management process, the Pension Fund Committee will be asked to:-
- agree the Risk Management Strategy
 - approve the Risk Register and agreed actions
 - receive and approve the Annual Governance Statement, which will comment upon the Fund's risk management process.
21. By adopting this approach, the Pension Fund will be able to demonstrate a clear commitment, at a strategic level, to the effective management of Pension Fund risks. The Risk Management Strategy and Risk Register will be kept under review and will be revised following any material changes in policy.

Objectives

1. The objectives of the Risk Register are to:
 - identify key risks to the achievement of the Fund's objectives
 - assess the significance of the risks
 - consider existing controls to mitigate the risks identified
 - Identify additional action required.

Risk Assessment

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

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

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

4. Having scored each risk for likelihood and impact, the risk ratings can be plotted onto the following matrix to enable risks to be categorised into Low, Medium, High and Very High Risk.

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

5. This initial assessment gives the inherent risk level. Existing controls are then identified and each risk is re-assessed to determine if the controls are effective at reducing the risk rating. This gives the current (or residual) risk level. The current risk rating scores and categories are then used to prioritise the risks shown in the register in order to determine where additional action is required in accordance with the following order of priority:

Red = Very High Priority

Take urgent action to mitigate the risk.

Orange = High Priority

Take action to mitigate the risk.

Yellow = Medium Priority

Check current controls and consider if others are required.

Green = Low Priority

No immediate action other than to set a review date to re-consider your assessment.

**NOTTINGHAMSHIRE PENSION FUND
RISK REGISTER - SUMMARY**

Key to risk rating change since previous version of Risk Register:

↑ Increase

↓ Decrease

↔ No Change

★ New

Risk	Inherent Risk			Current Risk		
	Rating	Change		Rating	Change	
Risk Gov4 Inadequate resources are available to manage the pension fund.	20	VERY HIGH	↑	12	HIGH	↑
Risk Inv3 Fund assets are assessed as insufficient to meet long term liabilities.	16	VERY HIGH	↔	9	HIGH	↔
Risk Adm1 Standing data & permanent records are not accurate.	16	VERY HIGH	↔	9	HIGH	↔
Risk Adm2 Inadequate controls to safeguard pension fund records	15	VERY HIGH	↑	6	MEDIUM	↔
Risk Inv4 Significant variations from assumptions used in the actuarial valuation	12	HIGH	↔	9	HIGH	↔
Risk Inv1 Inappropriate investment strategy is adopted.	12	VERY HIGH	↔	6	MEDIUM	↔
Risk Inv5b Custody arrangements	12	VERY HIGH	↔	6	MEDIUM	↔
Risk Inv6 LGPS Central incurs net costs or decreases investment returns	12	VERY HIGH	★	9	HIGH	★
Risk Gov5 Failure to adhere to relevant legislation and guidance.	12	HIGH	↔	6	MEDIUM	↑
Risk Gov3 An effective performance management framework is not in place.	9	HIGH	↓	6	MEDIUM	↔
Risk Gov1 Pension Fund governance arrangements are not effective	9	HIGH	↔	6	MEDIUM	↔
Risk Gov2 Pension Fund objectives are not defined and agreed.	9	HIGH	↔	6	MEDIUM	↔
Risk Inv2 Fund cash is insufficient to meet its current obligations.	9	HIGH	↔	6	MEDIUM	↔
Risk Inv5a Fund manager mandates	9	HIGH	↔	6	MEDIUM	↔
Risk Inv5d Financial Administration	9	HIGH	↔	6	MEDIUM	↔
Risk Adm3 Failure to communicate adequately with all relevant stakeholders.	9	HIGH	↔	6	MEDIUM	↔
Risk Inv5c Accounting arrangements	6	MEDIUM	↔	4	LOW	↔
Risk Inv5e Stewardship	6	MEDIUM	↔	4	LOW	↔

Governance					
Risk: Gov1 - Pension Fund governance arrangements are not effective					
	Likelihood:	Impact:	Risk Rating:		
Inherent Risk:	3	3	9	HIGH	↔
Current Risk:	2	3	6	MEDIUM	↔
Current Controls:	<ul style="list-style-type: none"> The Council's constitution clearly delegates the functions of administering authority of the pension fund to the Nottinghamshire Pension Fund Committee (NPF Committee). 				
	<ul style="list-style-type: none"> Under the LGPS Regulations the Administering Authority has established a Pension Board 				
	<ul style="list-style-type: none"> The terms of reference of the Pension Committee are agreed. The terms of reference of the Pension Board are agreed. 				
	<ul style="list-style-type: none"> The Fund publishes a Governance Compliance Statement which details the governance arrangements of the Fund and assesses compliance with best practice. This is kept regularly under review. 				
	<ul style="list-style-type: none"> A training policy is in place which requires Members to receive continuing training and encourages all new Members to attend the Local Government Pension Scheme Fundamentals training course. Pension Board Members are also required to undertake training 				
	<ul style="list-style-type: none"> Officers of the Council attend meetings of the NPF Committee and the Pension Board. 				
	<ul style="list-style-type: none"> The Fund has a formal contract for an independent adviser to give advice on investment matters. They are contracted to attend each NPF Committee meeting. 				
	<ul style="list-style-type: none"> The Administering Authority has a formal contract for an independent adviser to give advice on LGPS regulations to the Pension Board 				
Action Required:	<ul style="list-style-type: none"> Continue to monitor via existing processes. 				
Responsibility:	Group Manager (Financial Strategy & Accounting) Group Manager (BSC) Group Manager (Legal Services) Pension Manager Senior Accountant - Pensions & TM		Timescale:	On-going	

Governance					
Risk: Gov2 - Pension Fund objectives are not defined and agreed					
	Likelihood:	Impact:	Risk Rating:		
Inherent Risk:	3	3	9	HIGH	↔
Current Risk:	2	3	6	MEDIUM	↔
Current Controls:	<ul style="list-style-type: none"> Purpose and objectives are outlined in the Funding Strategy Statement (FSS) and Investment Strategy Statement (ISS). Both documents are 				

	approved by the NPF Committee and reviewed on a regular basis.		
Action Required:	• Continue to monitor via existing processes.		
Responsibility:	NPF Committee; Group Manager (Financial Strategy & Accounting)	Timescale:	On-going

Governance				
Risk: Gov3 - An effective performance management framework is not in place.				
	Likelihood:	Impact:	Risk Rating:	
Inherent Risk:	3	3	12	HIGH ↓
Current Risk:	2	3	6	MEDIUM ↔
Current Controls:	<ul style="list-style-type: none"> Investment performance is reported quarterly to the Pension Fund Committee. The Fund's main investment managers attend each quarter and officers receive regular updates from the Fund's other investment managers. Poor investment performance is considered by the Pension Fund Committee. The Pension Fund Committee's actions are monitored by the Pension Board A Fund strategic benchmark has been implemented to improve monitoring of decisions regarding asset allocation and investment management arrangements. 			
	• Performance of the administration function is managed through an Administration Strategy			
Action Required:	• Consider performance monitoring framework for Fund Administration.			
Responsibility:	NPF Committee Group Manager (Financial Strategy & Accounting); Group Manager (BSC) Pension Manager Senior Accountant - Pensions & TM	Timescale:	On-going	

Governance				
Risk: Gov4 - Inadequate resources are available to manage the pension fund.				
	Likelihood:	Impact:	Risk Rating:	
Inherent Risk:	5	4	20	VERY HIGH ↑
Current Risk:	4	3	12	HIGH ↑
Current Controls:	<ul style="list-style-type: none"> The pension fund investments are managed by the Pensions & Treasury Management team. Pension administration is managed by the Pension Team Manager within the BSC 			

	<ul style="list-style-type: none"> • Operating costs are recharged to the pension fund in accordance with regulations. • Staffing levels and structures are kept under regular review. • Pension Costs and resources monitored against the CIPFA Benchmarking club 		
Action Required:	• Continue to monitor via existing processes.		
Responsibility:	Group Manager (Financial Strategy & Accounting); Group Manager (BSC) Pension Manager Senior Accountant - Pensions & TM	Timescale:	On-going

Governance					
Risk: Gov5 - Failure to adhere to relevant legislation and guidance.					
	Likelihood:	Impact:	Risk Rating:		
Inherent Risk:	4	3	12	HIGH	↔
Current Risk:	3	2	6	MEDIUM	↑
Current Controls:	• An established process exists to inform members and officers of statutory requirements and any changes to these.				
	• An Administration Strategy was introduced in 2017 to monitor the Administration of the Fund, along with monitoring Employer compliance.				
	• Sufficient resources are put in place to implement LGPS changes while continuing to administer the scheme.				
	• Membership of relevant professional groups ensures changes in statutory and other requirements are registered before the implementation dates.				
	• Any breaches in statutory regulations must be reported to the Pension Regulator.				
Action Required:	• Review Resources against statutory requirements • Continue to monitor requirements via appropriate sources. • Continue to monitor resources to ensure adherence to legislation and guidance.				
Responsibility:	Group Manager (Financial Strategy & Accounting); Group Manager (BSC); Senior Accountant - Pensions & TM Pension Manager		Timescale:	On-going	
Investments					
Risk: Inv1 - Inappropriate investment strategy is adopted.					

	Likelihood:	Impact:	Risk Rating:	
Inherent Risk:	3	4	12	VERY HIGH ↔
Current Risk:	2	3	6	MEDIUM ↔
Current Controls:	<ul style="list-style-type: none"> • The Investment Strategy is in accordance with LGPS investment regulations and is documented, reviewed and approved by the NPF Committee. • The Strategy takes into account the expected returns assumed by the actuary at the triennial valuation. • Investment performance is monitored against the Fund's strategic benchmark. • A regular review takes place of the Fund's asset allocation strategy by the Pension Fund Working Party. • An external adviser provides specialist guidance to the Pension Fund Committee on the investment strategy. 			
Action Required:	• Continue to monitor via existing processes.			
Responsibility:	Group Manager (Financial Strategy & Accounting); Senior Accountant - Pensions & TM		Timescale:	On-going

Investments					
Risk: Inv2 - Fund cash is insufficient to meet its current obligations.					
	Likelihood:	Impact:	Risk Rating:		
Inherent Risk:	3	3	9	HIGH	↔
Current Risk:	2	3	6	MEDIUM	↔
Current Controls	• Fund cash flow is monitored daily and a summary fund account is reported to Pension Fund Committee each quarter				
	• Annual accounts are produced for the pension fund and these show the movements in net cash inflow				
	• Regular assessment of Fund assets and liabilities is carried out through actuarial valuations.				
	• The Fund's Investment and Funding Strategies are regularly reviewed				
Action Required:	• Continue to monitor via existing processes.				
Responsibility:	Pension Committee; Group Manager (Financial Strategy & Accounting); Senior Accountant - Pensions & TM			Timescale:	On-going
Investments					
Risk: Inv3 - Fund assets are assessed as insufficient to meet long term liabilities.					

	Likelihood:	Impact:	Risk Rating:		
Inherent Risk:	4	4	16	VERY HIGH	↔
Current Risk:	3	3	9	HIGH	↔
Current Controls:	<ul style="list-style-type: none"> Fund assets are kept under review as part of the Fund's performance management framework. Regular assessment of Fund assets and liabilities is carried out through Actuarial valuations. The Fund's Investment and Funding Strategies are regularly reviewed. An external adviser provides specialist guidance to the Pension Fund Committee on the investment strategy. 				
Action Required:	<ul style="list-style-type: none"> Continue to monitor via existing processes. Review cash flow projections prepared by actuaries on a regular basis. 				
Responsibility:	Pension Committee Group Manager (Financial Strategy & Accounting); Senior Accountant - Pensions & TM		Timescale:	On-going	

Investments					
Risk: Inv4 - Significant variations from assumptions used in the actuarial valuation occur					
	Likelihood:	Impact:	Risk Rating:		
Inherent Risk:	4	3	12	HIGH	↔
Current Risk:	3	3	9	HIGH	↔
Current Controls:	<ul style="list-style-type: none"> Actuarial assumptions are reviewed by officers and discussed with the actuaries Sensitivity analysis is undertaken on assumptions to measure impact Valuation are undertaken every 3 years Monitoring of cash flow position and preparation of medium term business plan. Contributions made by employers vary according to their member profile. 				
Action Required:	<ul style="list-style-type: none"> Continue to monitor via existing processes. Review cash flow projections prepared by actuaries on a regular basis. 				
Responsibility:	Group Manager (Financial Strategy & Accounting); Senior Accountant - Pensions & TM		Timescale:	On-going	

Investments	
Risk: Inv5 - Inadequate controls to safeguard pension fund assets.	

Inv5a - Investment managers					
	Likelihood:	Impact:	Risk Rating:		
Inherent Risk:	3	3	9	HIGH	↔
Current Risk:	2	3	6	MEDIUM	↔
Current Controls:	• Complete and authorised client agreements are in place. This includes requirement for fund managers to report regularly on their performance. Mandate managers attend Pension Fund Committee on a quarterly basis.				
	• Investment objectives are set, and portfolios must be managed in accordance with these				
	• AAF 01/06 (or equivalent) reports on internal controls of service organisations are reviewed for mandate managers.				
	• In-House Fund has a robust framework in place which is regularly tested by internal audit				
	• Fund Managers maintain an appropriate risk management framework to minimise the level of risk to Pension Fund assets.				
Action Required:	• Continue to monitor via existing processes.				
Responsibility:	Group Manager (Financial Strategy & Accounting); Senior Accountant - Pensions & TM		Timescale:	On-going	
Inv5b - Custody arrangements					
	Likelihood:	Impact:	Risk Rating:		
Inherent Risk:	3	4	12	VERY HIGH	↔
Current Risk:	2	3	6	MEDIUM	↔
Current Controls:	• Complete and authorised agreements are in place with the external custodian.				
	• AAF 01/06 (or equivalent) report on internal controls is reviewed for external custodian.				
	• Regular reconciliations carried out to check external custodian records.				
	• Where assets are custodied in-house, physical stock certificates are held in a secure cabinet to which access is limited.				
Action Required:	• Continue to monitor via existing processes.				
Responsibility:	Group Manager (Financial Strategy & Accounting); Senior Accountant - Pensions & TM		Timescale:	On-going	
Inv5c - Accounting arrangements					
	Likelihood:	Impact:	Risk Rating:		
Inherent Risk:	3	2	6	MEDIUM	↔
Current Risk:	2	2	4	LOW	↔
Current Controls:	• Pension Fund accounting arrangements conform to the Local Authority Accounting Code, relevant IFRS/IAS and the Pensions' SORP.				
	• The Pension Fund subscribes to the CIPFA Pensions Network and				

	Technical Information Service and officers attend courses as appropriate.		
	<ul style="list-style-type: none"> Regular reconciliations are carried out between in-house records and those maintained by the external custodian and investment managers. 		
	<ul style="list-style-type: none"> Internal Audits are carried out regularly. 		
	<ul style="list-style-type: none"> External Audit review the Pension Fund's accounts annually. 		
Action Required:	<ul style="list-style-type: none"> Continue to monitor via existing processes. 		
Responsibility:	Group Manager (Financial Strategy & Accounting); Senior Accountant - Pensions & TM	Timescale:	On-going

Inv5d - Financial Administration				
	Likelihood:	Impact:	Risk Rating:	
Inherent Risk:	3	3	9	HIGH ↔
Current Risk:	2	3	6	MEDIUM ↔
Current Controls:	<ul style="list-style-type: none"> The pension fund adheres to the County Council's financial regulations with appropriate separation of duties and authorisation limits for transactions. Daily cash settlements are made with the external custodian to maximise returns on cash. Investment transactions are properly authorised, executed and monitored. Contributions due to the fund are governed by Scheme rules which are implemented by the Pensions Manager The Pension fund maintains a bank account which is operated within regulatory guidelines. 			
Action Required:	<ul style="list-style-type: none"> Continue to monitor via existing processes. 			
Responsibility:	Group Manager (Financial Strategy & Accounting); Senior Accountant - Pensions & TM	Timescale:	On-going	

Inv5e – Stewardship -				
	Likelihood:	Impact:	Risk Rating:	
Inherent Risk:	3	2	6	MEDIUM ↔
Current Risk:	2	2	4	LOW ↔
Current Controls:	<ul style="list-style-type: none"> The pension fund aims to be a long term responsible investor and plans to adopt the FRC's Stewardship code. The Fund is a member of Local Authority Pension Fund Forum (LAPFF) and National Association of Pension Funds (NAPF), and supports their work on shareholder engagement. The pension fund has a contract in place for a proxy voting services. Voting is reported to the Pension Fund Committee each quarter and 			

	published on the Fund website.		
Action Required:	• Continue to monitor via existing processes.		
Responsibility:	Group Manager (Financial Strategy & Accounting); Senior Accountant - Pensions & TM	Timescale:	On-going

Investments				
Risk: Inv6 - LGPS Central incurs net costs or decreases investment returns				
	Likelihood:	Impact:	Risk Rating:	
Inherent Risk:	3	4	12	VERY HIGH ★
Current Risk:	3	3	9	HIGH ★
Current Controls:	<ul style="list-style-type: none"> • We are shareholders in LGPS Central and have significant influence on them through involvement in Shareholders Forum, Joint Committee and PAF 			
	<ul style="list-style-type: none"> • Costs and performance will be monitored 			
Action Required:	<ul style="list-style-type: none"> • Continue to attend meetings relevant meetings • Continue to monitor via existing processes. 			
Responsibility:	Pension Fund Committee Group Manager (Financial Strategy & Accounting); Senior Accountant - Pensions & TM	Timescale:	On-going	

Administration				
Risk: Adm1 - Standing data and permanent records are not accurate.				
	Likelihood:	Impact:	Risk Rating:	
Inherent Risk:	4	4	16	VERY HIGH ↔
Current Risk:	3	3	9	HIGH ↔
Current Controls:	<ul style="list-style-type: none"> • Business processes are in place to identify changes to standing data. 			
	<ul style="list-style-type: none"> • Records are supported by appropriate documentation; input and output checks are undertaken; reconciliation occurs to source records once input. 			
	<ul style="list-style-type: none"> • Documentation is maintained in line with agreed policies. 			
	<ul style="list-style-type: none"> • The Administration Strategy supports the monitoring of employer compliance. 			
	<ul style="list-style-type: none"> • A change of details form is sent out to members alongside their annual statement. 			
	<ul style="list-style-type: none"> • Data matching exercises (National Fraud Initiative) help to identify 			

	discrepancies.
	<ul style="list-style-type: none"> • Mortality Screening is being performed • The Data Improvement Plan presented to Pension Fund Committee is being implemented.
	<ul style="list-style-type: none"> • The GMP Reconciliation Project including Payroll and Pensions Data matching exercise with HMRC has commenced
Action Required:	<ul style="list-style-type: none"> • Continue to monitor via existing processes. • Improve monitoring of returns from major fund employers • Implementation of Data Improvement plan and GDPR Action Plan
Responsibility:	Group Manager (BSC) Pension Manager
Timescale:	On-going

Administration				
Risk: Adm2 - Inadequate controls to safeguard pension fund records.				
	Likelihood:	Impact:	Risk Rating:	
Inherent Risk:	3	5	15	VERY HIGH ↑
Current Risk:	2	3	6	MEDIUM ↔
Current Controls:	<ul style="list-style-type: none"> • ICT Disaster Recovery Plan and Security Plan are agreed and in place • New back up arrangements are in place • Software is regularly updated to meet LGPS requirements. • Audit trails and reconciliations are in place. • GDPR plan is in place • Documentation is maintained in line with agreed policies. • Physical records are held securely. • Pensions and other related administration staff undertake data management training as required. 			
Action Required:	<ul style="list-style-type: none"> • Continue to monitor via existing processes. 			
Responsibility:	Group Manager (BSC) Pension Manager	Timescale:	On-going	

Administration				
Risk: Adm3 - Failure to communicate adequately with all relevant stakeholders.				
	Likelihood:	Impact:	Risk Rating:	
Inherent Risk:	3	3	9	HIGH ↔
Current Risk:	2	3	6	MEDIUM ↔
Current Controls:	<ul style="list-style-type: none"> • A communications strategy is in place and is regularly reviewed. • The Fund website is periodically updated. 			

	• Member information guides are reviewed.		
	• The Fund has an annual meeting aimed at all participating employers.		
	• The Pension Fund Committee has representatives of the County Council, City Council, Nottinghamshire Local Authorities, Trade Unions, Scheduled and Admitted Bodies.		
	• Meetings are held regularly with employers within the Fund. • District and City Council employers and other adhoc employer meetings take place as required • A briefing for employers takes place in February or March each year in preparation for year end		
	• Benefit Illustrations are sent annually to contributing and deferred Fund members.		
	• Annual report, prepared in accordance with statutory guidelines, is published on the website.		
Action Required:	• Consider employer risk analyses to safeguard contributions to the Fund.		
Responsibility:	Group Manager (BSC) Pension Manager	Timescale:	On-going

**REPORT OF SERVICE DIRECTOR – FINANCE, INFRASTRUCTURE &
IMPROVEMENT****WORKING PARTY****Purpose of the Report**

1. The Pension Fund Working Party meets twice a year and is open to all Pension Committee Members to attend. The purpose of the Working Party is to discuss key issues in more detail and to make recommendations to Pension Fund Committee. This report sets out details of the items discussed at the most recent meeting on 6 June 2018 and makes recommendations as follows.
 - a. To support stock lending as part of the management of the external passive portfolio.
 - b. To confirm the current approach to local investments and that no changes are required to the Investment Strategy Statement in this respect.
 - c. To confirm the current approach to training and conferences.

Information

2. The Working Party considered a number of items and agreed appropriate actions and follow up. Details of the discussions and recommendations for each item are set out below.

Stock Lending Training

3. The Working Party received a presentation from Chris Lyons and Adam Willis from Legal & General Investment Managers (LGIM).
4. The presentation provided an overview of the work LGIM currently undertake for the Nottinghamshire Pension Fund as our external passive portfolio holder. The presentation then went on to cover the process of stock lending and its use as part of a passive portfolio to generate an additional return, albeit at a very slightly increased risk.
5. The Working Party questioned LGIM on their approach, their views on stock lending, both in the UK and abroad, and the controls they put in place to protect fund assets subject to stock lending.

Future Management of the in-house passive portfolio

6. The Working Party reviewed in detail the report going to Pension Fund Committee on 7 June 2018 and took the opportunity to ask questions around the proposals.

Local Investments

7. The Working Party considered a report providing details of the current local investments. The report highlighted that the top priority for investments is to drive investment returns.
8. The Working Party confirmed the Fund's position that return is essential and there should be no 'preferential treatment' for local investment. The Working Party supported the view that the fund should work with LGPS Central on impact investments which might include a local element.
9. The Working Party considered if any changes were required to the Investment Strategy Statement in respect of local investment and, after discussion, decided that the current ISS accurately reflected the funds views.

Pension Fund Committee Training Policy / Strategy

10. The Working Party considered the following
 - Additional (or mandatory?) training
 - Additional or changed conference attendance
 - Format of quarterly investment meetings, e.g. combining meetings with training, is the time allowed for individual managers sufficient?
 - Confirmation of annual visit to Investment Manager
 - Property visit / training
 - Any other training needs
 - Impact of the move of assets to LGPS Central Ltd
11. After discussion no changes were proposed to the current training policy and strategy of the fund.

Other Options Considered

12. The Working Party meets twice a year to review aspects of the work of the Committee and make recommendations. No other options were considered.

Reasons for Recommendations

13. The recommendations reflect the views of the Working Party and Committee are asked to approve these.

Statutory and Policy Implications

14. 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

It is recommended that Committee

1. Support stock lending as part of the management of the external passive portfolio
2. Confirm the current approach to local investment and that no changes are required to the ISS.
3. Confirm the current approach to training and conferences.

Report Author:

Keith Palframan – Group Manager Financial Strategy & Compliance

For any enquiries about this report please contact: Keith Palframan

Constitutional Comments (SLB 09/07/2018)

15. The proposals set out in this report fall within the remit of this Committee.

Financial Comments (KRP 09/07/2018)

16. There are no financial implications arising from the contents of the 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**LGPS CENTRAL LIMITED UPDATE****Purpose of the Report**

1. To provide information on the latest position in respect of LGPS Central Ltd.

Background

2. A number of reports have previously been presented setting out progress on the pooling arrangements required to meet the criteria set out by the government. In particular a detailed report to Full Council on 12 January 2017 set out the approach being taken by the constituent funds of LGPS Central. The report also set out the proposed governance arrangements required to ensure this Committee continues to have the oversight required to be responsible for monitoring the overall management, performance and administration of the fund, and for setting investment strategy, including the overall allocation of assets, which is the critical factor in determining investment performance.

Information

3. As part of the ongoing Central Government overview of the pooling process and of LGPS Central Ltd in particular a Spring Progress Report has been submitted to the Ministry for Housing, Communities and Local Government (MHCLG)
4. A copy of this report is attached as Appendix A. This has been produced by the 8 partner funds in consultation with staff from LGPS Central Ltd and provides an up to date summary of the current position.

Other Options Considered

5. None.

Statutory and Policy Implications

6. 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.

Financial Implications

7. There are no direct financial implications arising from the report.

RECOMMENDATION/S

- 1) It is recommended that Members consider the report and comment on the information presented.

Report Author:

Keith Palframan, Group Manager – Financial Strategy & Compliance

For any enquiries about this report please contact: Keith Palframan

Constitutional Comments (SLB 09/07/2018)

8. Nottinghamshire Pension Fund Committee is the appropriate body to consider the content of this report.

Financial Comments (KRP 09/07/2018)

9. The financial implications are as set out in the 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.

- LGPS Central Asset Pooling - Report to Full Council, 12 January 2017.

Electoral Division(s) and Member(s) Affected

- All

Local Government Pension Scheme Pooling: Spring Progress Report

Pool: LGPS Central

Date: 4th May 2018

INTRODUCTION

This report has been produced by the 8 Partner Funds in collaboration with LGPS Central Ltd. We believe it shows significant progress in the development of our Asset Management Vehicle and the ability to deliver on the aspiration of the original business case.

It highlights significant savings made by Partner Funds, the establishment and regulatory authorisation of LGPS Central Limited and of its pooling vehicle, an Authorised Contractual Scheme (ACS), by the Financial Conduct Authority (FCA), implementation of effective governance, the creation of several ACS sub-funds and an initial transfer of assets.

All parties continue to work together in partnership to ensure the collaboration is a success through the development of investment offerings that represent value to the Administering Authorities as the ultimate Asset owners.

Criterion A: Scale

The Partner Funds of the LGPS Central Pool (the Pool) are responsible for the management of £45bn of pension fund assets. The Partner Funds are Cheshire Pension Fund, Derbyshire Pension Fund, Leicestershire Pension Fund, Nottinghamshire Pension Fund, Shropshire Pension Fund, Staffordshire Pension Fund, West Midlands Pension Fund, the West Midlands Integrated Transport Fund and Worcestershire Pension Fund.

The Pool has created LGPS Central Limited (LGPSC, the Operator or the Company) as the Pool's asset management company and it is ultimately expected to manage the majority of these assets on behalf of the Partner Funds.

LGPSC is authorised by the FCA to provide investment offerings in three key areas:

1. An the operator of an Authorised Contractual Scheme (the "ACS");
2. Other Collective Investment Vehicles (e.g. Limited Partnerships); and
3. Discretionary, advisory and execution only mandates covering certain legacy assets of the Partner Funds managed under Client Services Agreements.

LGPSC is responsible for the oversight and management of the three key elements noted above. The first two elements will be used to manage the pooled assets of the Partner Funds, with the third element covering certain legacy assets from individual Partner Funds. The ACS has been authorised by the Financial Conduct Authority, and the first three ACS sub-funds were launched on 1 April 2018. The Other Collective Investment Vehicles will be used to manage more illiquid assets, e.g. private equity and infrastructure.

Based on asset values at 31 December 2017, the total value of assets owned by the Partner Funds was £45.2bn. It is anticipated that the investment management of all assets, except Bulk Annuity Buy-Ins, LDIs, Life Policies and Cash, will be transitioned into LGPSC over time, with all transitions subject to value for money appraisals. Based on asset values at 31 December 2017, the assets which are currently expected to be ultimately managed by LGPSC will be in the region of £32bn.

Since the last update, the Partner Funds have decided to retain the management of the Life Policies within the Partner Funds utilising a previous collaborative procurement undertaken prior to the establishment of LGPS Central whilst the company develops an offer that compares on value for money grounds. This will be kept under review as the company develops its offer in this area.

Building on the launch of the first three ACS sub-funds, the transition plan includes the launch of a further fifteen sub-funds over the next three years, covering equities, fixed income and direct property (subject to the satisfactory resolution of several tax issues). The provisional timing of the launch of the ACS sub-funds is set out below.

Month	ACS Sub-Fund	Estimated Assets Under Management £m
Launched	UK Equities Passive (Internal)	1,271
	Global Equities Passive (Internal)	4,126
	Dividend Growth Fund (Internal)	268
September 2018	Global Equities Active (External)	2,853
	Global Equities Active (Internal)	500
December 2018	Emerging Market Active (External)	2,414
	UK Equities Active (Internal)	1,246
	2018/19 Total	12,678
April 2019	UK Conventional Active (Internal)	391
	Index Linked Active (Internal)	558
	Corporate Bonds Active (External)	2,249
	MAC Active (External) (60%)	759
	Emerging Market Debt Active (External)	465
September 2019	Property Direct (External)	2,248
	2019/20 Total	6,670

April 2020	UK Equities Active (External)	1,460
	US Equities Active (External)	783
	MAC Active (External) (40%)	506
September 2020	Japanese Equities Active (External)	721
	Asia Pacific Equities Active (External)	462
	European Equities Active (External)	318
	2020/21 Total	4,250
	Total	23,598

This timetable is currently being reviewed by LGPSC in collaboration with the Partner Funds following the recruitment of the majority of the company Investment Directors, with demand, sustainability and value for money being key considerations for the development of a sub-fund. Based on asset values at 31 December 2017, the total value of assets expected to be transitioned into ACS sub-funds is approximately £24bn. Prior to the launch of further ACS sub-funds, the legacy assets destined for these sub-funds will either be managed by the Partner Funds or by LGPSC under either discretionary or advisory client services agreements.

Alternative legacy assets (e.g. infrastructure, private equity, private debt, etc.) will be either managed by the Partner Funds or by LGPSC under an advisory client services agreement. As the legacy assets unwind, a process which is expected to take more than ten years, the assets will be transitioned into a series of Other Collective Investment Vehicles created by the company. The timetable for the launch of these Other Collective Investment Vehicles is being developed by LGPSC in collaboration with the Partner Funds, with demand, sustainability, value for money and the suitability of the structure being key considerations. The aspiration remains for all Assets within the original business case to be managed by LGPSC, subject of course to the development of appropriate product offerings.

The assets which will be managed outside the LGPS Central Pool are:

1. Bulk Annuity Buy-In contracts held in relation to the pensioners' liabilities within the West Midlands Integrated Transport Authority (WMITA) Pension Fund (£255m at 31 March 2017); these assets are only valued once a year at the year-end. The WMITA Pension Fund will hold the Bulk Annuity Buy-In outside the LGPS Central Pool indefinitely because it is a liability matching asset, specific to the members of the WMITA Pension Fund.
2. Any existing or future investments in LDIs held by Partner Funds will be managed outside of the LGPS Central Pool (£72m at 31 December 2017).
3. The management of the Life Policies will remain with the Partner Funds (£11.9bn at 31 December 2017) on value for money considerations. This will be kept under review and it should be noted that the current fees payable for the management of the majority of the Life Policies assets were negotiated as part of the "Seven Shires" collaboration which involved six of Central's Partner Funds.
4. Cash held by the Partner Funds for operational purposes £1.2bn at 31 December

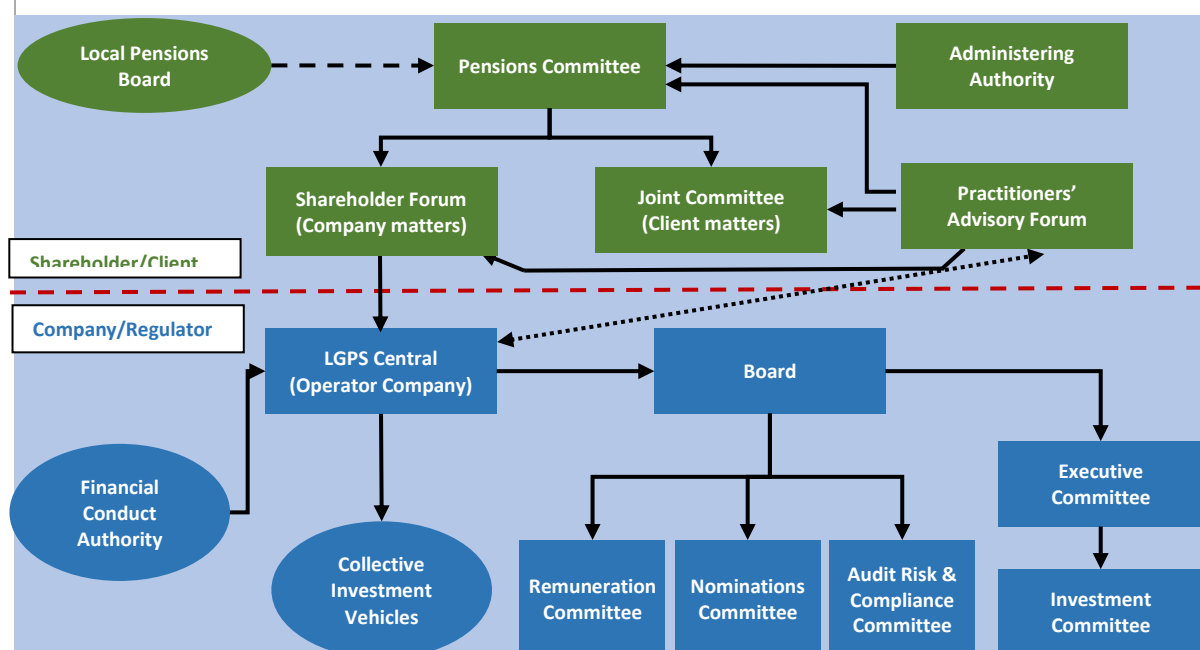
2017).

Based on the asset values at 31 December 2017, the total value of assets which are currently expected to be managed outside of LGPSC will be £13.5bn.

Progress against the transition timetable will be reported transparently to LGPS Central's Joint Committee which is a public forum.

Criterion B: Governance

The governance arrangements currently in operation for the LGPS Central Pool, are set out in the diagram below, are now well established,



The **LGPS Central Joint Committee** has been set up in accordance with provisions of the Local Government Act 1972 to provide oversight of the delivery of the objectives of the Pool, the delivery of client service, the delivery against the LGPS Central business case and to deal with common investor issues. The membership of the Joint Committee consists of one elected member from each Council within the LGPS Central Pool. The first meeting of the Joint Committee took place on 23 March 2018 and at that meeting it was agreed that a Trade Union representative would be appointed as a non-voting member of the Joint Committee to represent the scheme members across the Councils' pension funds.

The primary role of the **Shareholders' Forum** is to oversee the operation and performance of LGPS Central Ltd and to represent the ownership rights and interests of the Shareholding Councils within the LGPS Central Pool. The Shareholders' Forum is independent of the Company and its meetings are distinct from Company meetings, however, members of the Shareholders' Forum represent the Councils at Company Meetings. The Councils as individual investors in the Company have in place local arrangements to enable their Shareholder representatives to vote at Company meetings.

The Shareholders' Forum held its first formal meeting on 20th February 2018, having operated in shadow form during 2017.

The **Practitioners' Advisory Forum (PAF)** is a working group of officers appointed by the Shareholding Councils within the LGPS Central Pool to support the delivery of the objectives of the Pool and to provide support for the Pool's Joint Committee and Shareholders' Forum. PAF seeks to manage the Pool's conflicting demands and interests, either between the participating Councils or between the Councils (collectively) and the Company, recognising that speaking with "one voice" reduces the duplication of costs and resources and maximises the benefits of scale.

Terms of Reference have been approved for the Joint Committee, the Shareholders' Forum and the Practitioners' Advisory Forum. These are "live" documents which are likely to evolve as the practical day to day experience of working within the Pool evolves.

LGPSC is authorised as the operator of the ACS and to provide services to the Partner Funds by the FCA. The company is therefore subject to the regulator's conduct of business rules and has established its internal governance framework to ensure strict adherence both to its regulatory obligations to the FCA and with the Companies' Acts.

The Company Board comprises a non-executive Chair and two further non-executive directors. The Chief Executive Officer (CEO) and the Chief Operating and Financial Director (COFO) are executive Board members.

To support its work, the Board has established three sub-committees:

1. Remuneration Committee. Its core purpose is to provide oversight of the Company's regulatory compliance in respect of "Code Staff", to keep under review the Company's pay and benefits framework to ensure that it remains competitive, and to recommend any significant changes in the pay and benefits framework to Shareholders for their approval. The Committee will meet at least twice during the year.

2. Audit, Risk and Compliance Committee. Its core purpose is to ensure the integrity of the Company's financial statements and the financial reporting process, oversight of the Company's compliance with legal and regulatory requirements, performance of the internal audit function, checking the effectiveness of the Company's systems of internal controls and policies, and the effectiveness of the Company's procedures for risk assessment and risk management. It will meet at least four times during the year.

3. Nominations Committee. Its core purpose is the evaluation of the board of directors, examining the skills and characteristics that are needed in board candidates, and reviewing corporate governance policies. It will meet at least twice during the year.

The Board has created an **Executive Committee (ExCo)** which is chaired by the CEO. In addition to the COFO, ExCo members are the Chief Investment Officer (CIO), Chief Compliance and Risk Officer (CCRO) and General Counsel (GC). The ExCo has primary authority and responsibility for the day-to-day management of the Company's asset

management business, all operational and financial functions, the risk, compliance and legal functions, and for the formulation and implementation of the Company's strategy and budget, subject to the strategy, budget, policies and delegations approved by the Board from time to time.

The Board has also created an **Investment Committee** (IC) which is subordinate to ExCo and is chaired by the CIO. In addition to the CIO, IC members will be the Interim DCIO, six Investment Directors, the Director of Responsible Investment and Engagement and the CCRO. The IC has primary authority for the day-to-day management of the Company's investment management function, and for the formulation and implementation of the Company's investment strategy and product development, under the direction and oversight of the ExCo, and subject to the investment strategy and products approved by the Board from time to time.

Assets allocation decisions remain with the Partner Funds. Manager selection for assets transitioned into the ACS and for assets managed under discretionary agreements by the Operator is the responsibility of LGPS Central Limited. Manager selection for the remainder of the Pool's assets currently remains with the Partner Funds. The Operator is responsible for selecting the custodian for the assets in the ACS; the Partner Funds are responsible for selecting the custodian for the remaining assets.

A suite of reports has been designed in order to meet the regulatory requirements for the ACS unitholders and for the segregated mandates. For the ACS unitholders this includes transactional based reporting, provided through the transfer agent, and periodic performance reports. For the segregated mandates this includes both transactional and performance reports provided on a periodic basis.

Discussions have been held with Partner Funds to identify the type and style of reporting that will be required and the Operator is designing appropriate reports. For ACS funds these reports will be issued monthly and initially follow a standard 'fund fact sheet' format. They will disclose performance returns against benchmark, sector and attribution analysis. Discretionary funds managed by the Operator will contain the same information plus detailed transaction and portfolio holding data. Both styles of report will contain an investment commentary.

Development of the product offer is a collaborative process between the Company and the Partner Funds to ensure that the Operator's products will enable each pension fund to deliver its respective investment strategy. An Investment Working Group has been set-up as a sub-group of the Practitioners Advisory Forum to collectively establish the needs of the Partner Funds and to collaborate with the Operator on the development of appropriate products. This is very much a two-way process. LGPSC will bring suggested product ideas and innovative solutions for the delivery of strategies to the Partner Funds.

A Compliance Monitoring Plan has been approved by the Board of the Company and monitoring is taking place in line with this plan. A Risk Manager has been recruited and is developing an appropriate dashboard for monitoring and controlling risks on the portfolios under management. A Risk Management Framework has been implemented to

identify risks and to implement mitigating controls so that the residual risk is within the risk appetite. KPMG have been engaged to provide Internal Audit services and discussions have taken place as to the scope and delivery of the audit plan.

A Business Continuity Plan has been established. A Counterparty Risk Committee has reviewed and approved the relationships with all brokers and counterparties utilised. The Audit, Risk & Compliance Committee has held several meetings during which the compliance and risk frameworks have been discussed and agreed. Professional Indemnity Insurance is in place.

The Partner Funds are currently developing a Pool Risk Register to follow on from the project implementation Risk Register. This will include items from the Company's Risk Register, risks surrounding overall Pool governance and Partner Fund pooling risks.

The proposal for cost benchmarking by the Partner Funds is covered in the following section. Governance and performance benchmarking for the Pool will be developed by the Partner Funds and will take into consideration developments at the other Pools on benchmarking.

Criterion C: Reduced Costs and Value for Money

Implementation costs for the establishment of the Operator are forecast at £4.0m, £0.3m lower than those forecast in the Autumn 2017 Progress Report, reflecting an agreement with HMRC on the VAT treatment of the implementation costs which has resulted in no irrecoverable VAT being incurred on these costs. The operating cost budget for the first year of trading, 2018/19, has been approved at £9.1m (£10.5m after taking into account irrecoverable VAT and company profits), of which £5.1m relates to governance and operator running costs, and £4.0m relates to the cost of the internal investment team. These costs are higher than anticipated at the time of the Autumn 2017 progress report, and those reflected in the Pool's initial Cost Savings Model.

More clarity on the necessary costs of building a regulatory compliant asset management company together with the "lived experience" of the LGPS Central Ltd senior management team identified additional costs. Also, the MiFID II regulations requiring the unbundling of investment research costs were responsible for a £0.7m increase in the operating budget; it should be noted that Partner Funds will benefit from a commensurate reduction in investment transaction costs. The Partner Funds undertook a rigorous due diligence exercise on the proposed operating budget, which involved the comprehensive analysis of the Operator's proposed items of expenditure and a series of robust negotiations with the Company's senior management team.

LGPS Central Ltd will put in place strong financial controls to ensure that all expenditure is necessary and that value-for-money is achieved. Budgets and forecasts will be under particularly close review during the first year as the Operator seeks to build out services and infrastructure to deliver appropriate solutions to the Partner Funds.

The Partner Funds collectively achieved significant cost savings between 2014/15 and

2016/17. Total Investment Management Expenses fell from £196m in 2014/15 to £181m in 2016/17, an absolute reduction of £15m. The Total Expense Ratio (TER) fell from 58.0 basis points (bps) to 43.7bps, a reduction of 14.3bps. On a Quantitative Change basis (i.e. applying the 2014/15 TERs to total assets at 31st March 2017 and comparing the resulting number to the actual level of fees paid), Total Investment Management Expenses fell by approximately £47m, partly reflecting the strong growth in assets under management.

Total Investment Management Expenses for 2017/18 have yet to be finalised. As part of the process of quantifying the Total Investment Management Expenses for 2017/18, an external service provider will be appointed to work with LGPSC and the Partner Funds to ensure that the information provided by the Partner Funds' investment managers is complete, transparent and in line with the Scheme Advisory Board's Code of Transparency. When the Total Investment Management Expenses for 2017/18 have been finalised, the Partner Funds will quantify, and report, the level of cost savings achieved between 31st March 2015 and 31st March 2018 in line with the methodology agreed by the CIPFA Working Group on Post Pool Reporting.

The Pool's initial Cost Savings Model (the Model) was based on assets under management at 31st March 2016 and the opening TERs forecast for March 18 were based on 2015/16 TERs. Total forecast cumulative cost savings between 1st April 2018 (i.e. the date LGPSC was scheduled to launch its first ACS sub-funds) and 31st March 2034 based on this model are summarised below:

Forecast Cumulative Cost Savings	£m
Investment Management Cost Savings	436.2
Implementation Costs	(4.3)
Transition Costs	(49.2)
Service Provider Fees	(61.3)
Operator Running Costs	(101.2)
Other Costs / Savings	27.6
Total Cumulative Cost Savings	247.8

The principle driver of savings within the Model is greater purchasing power from increased scale and manager rationalisation. The Model also assumes savings from the transition of less liquid assets into the Other Collective Investment Vehicles.

The Model forecasts that the LGPS Central Pool will break even in 2024/25. It should be noted that there is a wide dispersion of forecast cost savings between the Partner Funds, with marginal savings forecast for several Funds within the Pool.

The Partner Funds and LGPSC plan to update the Model in Q2 2018/19 to reflect:

1. Actual Assets Under Management at 31 March 2018;
2. Actual TERs for 2017/18;
3. The most up-to-date estimate of LGPSC product offering, transition timetable and expected TERs; and

4. Updated Operator budgets in respect of governance and running costs.

All other things being equal, the increase in the operating cost budget noted earlier would reduce the initial assessment of the cumulative cost savings between 2018/19 and 2033/34 by approximately £32m. LGPSC are seeking to identify measures to mitigate this impact on the cost savings and these will be reflected in the updated Model.

As part of the update, the Partner Funds and LGPSC are developing a framework for quantifying the actual cost savings achieved by LGPSC against the forecast savings. The quantification of the cost savings will be in line with the methodology agreed by the CIPFA Working Group on Post Pool Reporting. The framework will also include an assessment of LGPSC's performance against its wider objectives, and any other identified benefits of pooling (e.g. providing a range of asset classes to support the asset allocation strategy of Partner Funds; the sustainability of a larger internal investment team; enhanced levels of corporate governance; responsible investment and engagement, etc.). Whilst these objectives and other benefits are more qualitative and intangible in nature than actual quantifiable cost savings, they are nevertheless important to both Partner Funds and LGPSC.

The Partner Funds and LGPSC plan to be fully transparent in respect of reporting transition costs, the fees and net performance of each asset class and the delivery of cost savings and other benefits against those forecast.

The transition of Partner Fund assets into the pooled products offered by LGPSC will, to the extent necessary, be managed by external specialist transition managers to minimise the overall cost of transition wherever possible. These managers will be selected from the LGPS Transition Framework Agreement. The external transition managers will be required to report the transition costs on a fully transparent basis, and these will be reported to, and be monitored by, the Partner Funds, the Practitioners' Advisory Forum and the Joint Committee.

LGPSC will be fully transparent in respect of all costs in line with the Scheme Advisory Board's Code of Transparency, and will expect the same high standards from external investment managers. LGPSC also plans to share data with the relevant independent cost benchmarking surveys, and actively participate in, and promote the cost transparency agenda.

In due course, LGPSC will publish details of its gross and net performance in each asset class on its website, with comparison against an appropriate benchmark for the listed asset classes; subject to appropriate consideration of commercial confidentiality and FCA compliance requirements. There will also be a link from the websites of the Partner Funds to the LGPSC website once developed. In addition to monitoring by the respective Partner Funds, the gross and net performance in each asset class will be reported to, and be monitored by, the Practitioners' Advisory Forum and the Joint Committee. This monitoring process will be supported, where required, by independent performance and cost benchmarking reviews commissioned by the Partner Funds.

Criterion D: Infrastructure

The Partner Funds had a collective committed allocation to infrastructure of £1.5bn or 3.2% of total assets at 31 December 2017. The Partner Funds have committed a further £330m to infrastructure assets in Q1 2018, and the collective ambition of the Partner Funds is to increase the target allocation to at least 5% over the next few years.

The values noted above only relate to the Partner Funds formal allocation to infrastructure. Partner Funds have other investments in infrastructure assets outside of these allocations in areas such as equities, bonds, property, private equity and private debt.

LGPSC has appointed an Investment Director for Infrastructure and Property and is looking to build the team out further in this area to support the ambitions of the Partner Funds to increase strategic exposure to the area of infrastructure in particular. The Investment Director is already in dialogue with the individual Partner Funds to assess their requirements in order to develop appropriate pooling vehicles for infrastructure and property. This remains the preferred investment vehicle for partner funds who are working with the company to develop the offer.

In the meantime, Partner Funds are continuing with their individual investment programmes and will continue to invest where they identify investments that meet their strategic and financial return objectives. The Partner Funds' Investment Working Group will also ensure that within the Pool there is wider discussion on potential infrastructure investments and that all Funds are aware of potential opportunities. Consideration is being given to whether there is an opportunity to explore local opportunities in both infrastructure and housing, within the wider LGPS Central region where there are financial and economic benefits from doing so, but only if these meet the same stringent financial objectives as other investment opportunities.

Some collaborative working has already taken place within the Pool on a residential housing related investment, where four of the LGPS Central Partner Funds, together with another LGPS Fund, collaborated on due diligence resulting in a co-ordinated investment across Central's Partner Funds of £90m.

The Investment Director, Infrastructure and Property is part of the wider LGPS Cross Pools Infrastructure Working Group and at least one Partner Fund representative also attends this group to ensure there is full coverage of opportunities to collaborate across the LGPS Pools. Opportunities for wider collaboration between investment pools are also being explored to maximise the benefits from collaboration and economies of scale.



REPORT OF SERVICE DIRECTOR – FINANCE, INFRASTRUCTURE & IMPROVEMENT

PENSIONS AND LIFETIME SAVINGS ASSOCIATION (PLSA) LOCAL AUTHORITY CONFERENCE 2018

Purpose of the Report

1. To report on the PLSA Local Authority Conference 2018.

Information

2. The PLSA Conference 2018 was held on 21st to 23rd May 2018 in Gloucestershire. 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 Councillor Francis Purdue-Horan and Keith Palframan (Group Manager, Financial Strategy & Compliance). The theme for this year's conference was LGPS: Leading, Growing, Changing.
3. ***Chair's Welcome and Introduction***
Richard Butler, Chair, PLSA welcomed everyone to the conference and highlighted the challenges facing the LGPS including pooling, data rules, increasing number of employers, cost transparency and the resource requirements for funds and pools.
4. ***View from Government***
Rishi Sunak MP, Minister for Local Government, introduced himself to the conference and discussed his previous experience as an Investment Manager. He acknowledged the large start-up costs funds are experiencing with the introduction of pooling, but felt this was a price worth paying. He said one of his key objectives was making a success of pooling, and in this area he did not feel there would be any benefit in making further changes to the pools until they had delivered the expected savings. He also highlighted the expectation that pooling would enable funds to increase their investment in infrastructure. He wants to see concerted action to improve data quality although he acknowledged this was ultimately down to employers.
5. ***Ensuring Value for Money in Investment Management Fees***
Tim Giles, Aon, Jeff Houston, LGA and Andrien Myers, Lambeth BC gave their views on the increased calls for disclosure of management fees following the launch of the Code of Transparency. An Institutional Disclosure Working Group (IDWG) has been created by the FCA and is working to encourage fund managers to sign up to the Code of Transparency. To date 65 managers covering £164bn of LGPS assets have signed up. Pools are encouraged to sign up to the code, with 2 having signed up to date.

6. **Concurrent Sessions**

A number of concurrent sessions were delivered:

- a) Data & Governance – Solving the data challenge: The key to a better future
Sean Collins, Oxfordshire; Catherine McFadyen, Hymans Robertson
Sean shared his experiences of the data challenges faced by his fund, like many others, in recent years and the engagement he has made with the Pensions' Regulator to tackle the challenges. Catherine provided an overview of how technology can be used to help improve the data handling and processing challenges.
- b) Investment – How investing together today helps create a better tomorrow
Matt Christensen, AXA; Dawn Turner, Brunel
Biggest challenge is to “make the case”. Select the right partner/model, manage the transition risk and make implementation work. The 5 C's of success? Collaboration, consensus building, compromise, common purpose/interest, and communication with full understanding amongst all parties.
- c) New Horizons – Should local authority schemes share more services?
Nigel Keogh, National LGPS Framework; Neil Mason, Surrey
Interesting ESG related discussion from an asset owner and asset manager perspective which highlighted the importance of Sustainable Development Goals, and how they should be considered as part of strategic and stock selection decisions.

7. **Economic Scenario for the UK**

Karen Ward, JP Morgan

Karen was very positive that there would be a 'good' Brexit and that this would lead to a lift in sterling and lower inflation leading to more capital investment and less pressure on public finances. However she highlighted the longer term problems facing the UK due to an aging population and reduced migrant numbers which are likely to lead to big tax hikes and higher retirement ages. She said this should lead pension fund investors to look at emerging markets with higher returns and that cash should start to generate a return as interest rates rise.

8. **Concurrent Sessions**

A number of concurrent sessions were delivered.

- a) Data & Governance – The sum of our parts – 2017 scheme annual report
Teresa Clay, MHCLG; Cllr Roger Philips, SAB
Roger covered the 5th annual LGPS report available on the SAB website and highlighted a neutral cash flow position and low admin costs as evidence of the good work of funds. Teresa said although costs per member were low there should be scope for admin related savings due to joining up of admin and investment policies, improved data quality and more shared services.
- b) Investment – Accountability in the LGPS investment pools
Chris Hitchen, Border to Coast; Abigail Leech, Lancashire
Ongoing communication between funds and polls is key and fund performance should not be the only measure of pools success.
- c) New Horizons – Investing in social real estate
Hugo James and James Murray, Alpha Real Capital; Chris Rule LPP

Social real estate can offer a win win of improved housing provision and CPI linked investment returns.

9. ***The Three R's – Resourcing, Recruitment and Retention***

Yunus Gaira, West Yorkshire; Philip Latham, Clwyd; Clare Scott, Lothian

Funds face ongoing and increasing difficulties in recruiting and retaining suitable staff, with pools also looking to recruit staff with LGPS experience.

10. ***Using Change as the Catalyst to Grow Stronger***

Steve Bull, former Team GB and England Cricket Psychologist

Practical guidance on empowering staff and teams to perform their best in highly pressurised situations.

11. ***Getting Governance Right***

Lesley Titcomb, The Pensions Regulator

Going forward TPR will be 'clearer, quicker and tougher'. They have reinforced staffing and are embedding a new regulatory culture having sought stronger powers. Lesley highlighted that LGPS funds invest less than private sector funds in back-office and data quality.

12. ***Cost Caps and the Government Actuary's Department***

Martin Clarke, GAD; Denise Le Gal, Brunel

A complex presentation looking at 2 cost cap mechanisms. These are notional calculations only for the purpose of setting LGPS benefit and contribution structures. Actual employer rates are determined via local fund valuations.

13. ***Understanding the Council Funding Revolution***

David Phillips, Institute for Fiscal Studies

A sobering presentation on the state of local government funding. Funding cuts in place for 8/9 years with core spending power reduced by 28%, or higher if allowing for population growth. Cuts bigger in more deprived areas due to greater dependence on grants. More cuts to come – increases to protected areas like health mean bigger cuts on local government. Upper tier councils finding it tougher – 80% now drawing on reserves and 10% may run out by 2021. David suggested trade-offs and solutions will be required. Squeeze suppliers, higher fees and charges, cut services, pay freezes, shift pension costs to employees, more money from Government, and integrate health and adult social care.

14. ***UK Current Affairs Overview***

Cathy Newman, journalist and Channel 4 broadcaster, shared her views on current political affairs.

Other Options Considered

15. To not send any delegates to the event but this would mean the Committee missing out on a valuable opportunity to share best practice and utilise valuable networking opportunities.

Reason for Recommendation

16. To allow Committee Members to receive feedback on the conference.

Statutory and Policy Implications

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

Report author:

Keith Palframan

Group Manager – Financial Strategy & Compliance

For any enquiries about this report please contact: Keith Palframan

Constitutional Comments (SLB 09/07/2018)

18. Nottinghamshire Pension Fund Committee is the appropriate body to consider the content of this report. If Committee resolves that any actions are required it must be satisfied that such actions are within the Committee's terms of reference.

Financial Comments (KRP 22/06/2018)

19. There are no direct financial implications arising from this report.

Background Papers

None

**REPORT OF THE SERVICE DIRECTOR – CUSTOMERS, GOVERNANCE
AND EMPLOYEES****WORK PROGRAMME****Purpose of the Report**

1. To consider the Committee's work programme for 2018-19.

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

- 1) 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: Pete Barker, x74416

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

Report Title	Brief summary of agenda item	Report Author
13 September 2018		
Fund Valuation & Performance – Qtr 2	Summary of quarterly performance	Tamsin Rabbitts
Fund Valuation & Performance	Details review of quarterly performance (exempt)	Tamsin Rabbitts
Independent Adviser's Report	Independent Adviser's review of performance and managers reports (exempt)	William Bourne
Managers Reports	Quarterly reports from Kames, Schroders and ASI (exempt)	Relevant fund managers
4 October 2018		
Annual General Meeting		
15 November 2018		
Proxy Voting	Summary of voting activity during quarter 2 of 2018	Ciaran Guilfoyle
LAPFF Business Meeting	Report from LAPFF Business Meeting	Ciaran Guilfoyle
10 January 2019		
Fund Valuation & Performance – Qtr2	Summary of quarterly performance	Tamsin Rabbitts
Fund Valuation & Performance	Details review of quarterly performance (exempt)	Tamsin Rabbitts
Independent Adviser's Report	Independent Adviser's review of performance and managers reports (exempt)	William Bourne
Managers Reports	Quarterly reports from Kames, Schroders and ASI (exempt)	Relevant fund managers
Admission Body Status Update	Details of organisation who satisfy the criteria to be admitted to the LGPS (as required)	Andy Durrant

7 March 2019		
Fund Valuation & Performance – Qtr 3	Summary of quarterly performance	Tamsin Rabbitts
Fund Valuation & Performance	Details review of quarterly performance (exempt)	Tamsin Rabbitts
Independent Adviser's Report	Independent Adviser's review of performance and managers reports (exempt)	William Bourne
Managers Reports	Quarterly reports from Kames, Schroders and ASI (exempt)	Relevant fund managers
25 April 2019		
Proxy Voting	Summary of voting activity during quarters 3 & 4 of 2018	Ciaran Guilfoyle
LAPFF Business Meeting	Report from LAPFF Business Meeting	Ciaran Guilfoyle
LAPFF Conference	Report from the LAPFF conference	Tamsin Rabbitts
<i>LGPS Scheme Advisory Board Update</i>	<i>6 monthly report updating members on the work of the SAB if anything of note</i>	<i>Jon Clewes/Ciaran Guilfoyle</i>
Admission Body Status Update	Details of organisation who satisfy the criteria to be admitted to the LGPS (as required)	Andy Durrant

6 June 2019		
Fund Valuation & Performance – Qtr 4	Summary of quarterly performance	Tamsin Rabbitts
Fund Valuation & Performance	Details review of quarterly performance (exempt)	Tamsin Rabbitts
Independent Adviser's Report	Independent Adviser's review of performance and managers reports (exempt)	William Bourne
Managers Reports	Quarterly reports from Kames, Schroders and ASI (exempt)	Relevant fund managers
Pension Administration Annual Performance & Strategy Review	Report detailing the Administering Authority and Scheme Employers performance against the Admin Strategy including any data breaches	Jon Clewes
18 July 2019		
Proxy Voting	Summary of voting activity during quarter 1 of 2016	Ciaran Guilfoyle
LAPFF Business Meeting	Report from LAPFF Business Meeting	Ciaran Guilfoyle
<i>Update on LGPS Asset Pooling</i>	<i>(If required)</i>	<i>Keith Palframan</i>
PLSA conference	Report from PLSA conference	Nigel Stevenson

REPORT OF SERVICE DIRECTOR – FINANCE, INFRASTRUCTURE & IMPROVEMENT**NOTTINGHAM REGENERATION LIMITED****Purpose of the Report**

1. To ask Committee to determine the Fund's approach to settlement of the ongoing pension liability for staff of Nottingham Regeneration Limited

Information

2. Nottingham Regeneration Ltd (NRL) is a small company spun out of Nottingham City Council some time ago to manage specific regeneration projects in Nottingham and Nottinghamshire. The company has been winding down for some time and currently only has one project and one employee.
3. The company is an admitted body of the Nottinghamshire LGPS and has been investigating options available to it at the point that the company ceases to trade.
4. NRL have asked if there was any one-off lump sum that the Pension Fund could accept which would reduce the risk to the fund and also allow NRL to pass on some residual funding to NCF. They have indicated that any remaining cash at the cessation of the company would be used by NCF for the benefit of Nottinghamshire residents.

Other Options Considered

5. The fund could wait until NRL ceases to trade, undertake a full cessation calculation, and claim whatever funds are available from the person appointed to wind the company up.

Reason/s for Recommendation/s

6. Accepting a known amount now minimises this risk, but may result in a smaller amount being received. A decision on the way forward is required.

Statutory and Policy Implications

7. 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

That the Nottinghamshire Pension Fund decide to either accept a lump sum payment now, or wait until the company is fully wound up and accept the residual amount available at that time as the cessation payment.

Keith Palframan
Group Manager – Financial Strategy & Compliance

For any enquiries about this report please contact: Keith Palframan

Constitutional Comments

8. Comments will be reported orally at the meeting.

Financial Comments (KRP 9/7/18)

9. The financial implications are set out in the 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

Electoral Division(s) and Member(s) Affected

- All

Addendum to Agenda Item 13, Nottingham Regeneration Limited:

Constitutional Comments (SLB 12/07/2018)

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

Some information relating to this report is not for publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972. Having regard to the circumstances, on balance the public interest in disclosing the information does not outweigh the reason for exemption because divulging the information would significantly damage the Council's commercial position in relation to the Pension Fund. The exempt information is set out in the exempt appendix.

