

Meeting	NOTTINGHAMSHIRE PENSION FUND COMMITTEE
Date	Thursday 4 November 2021 at 10.30 am

membership

Persons absent are marked with `A`

COUNCILLORS

Eric Kerry (Chairman)
André Camilleri (Vice Chairman)

Stephen Garner
Mike Introna
Sheila Place
Mike Pringle

Sam Smith
Lee Waters
Gordon Wheeler

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

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

District / Borough Council Representatives

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

Trades Unions

Mr A Woodward – **A**
Mr C King

Scheduled Bodies

Mrs Sue Reader – **A**

Pensioners' Representatives

Vacancy x 2

Independent Adviser

William Bourne

Officers in Attendance

Nigel Stevenson	(Chief Executive's Department)
Jon Clewes	(Chief Executive's Department)
Tamsin Rabbitts	(Chief Executive's Department)
Sarah Stevenson	(Chief Executive's Department)
Ciaran Guilfoyle	(Chief Executive's Department)
Jo Toomey	(Chief Executive's Department)

As the Chairman was not present at the start of the meeting, the Vice-Chairman assumed the Chair.

1. MINUTES OF THE LAST MEETING HELD ON 9 SEPTEMBER 2021

The minutes of the last meeting held on 9 September 2021 were confirmed as a correct record for signing by the Chair subject to an amendment to the narrative under minute 6 to state that an item be added to the work programme to review the Fund's investment in tobacco. As the proposed addition to the work programme was not about a specific investment, it was not affected by a later announcement that the Fund's complete holding in British and American Tobacco had been sold, as had been indicated in the draft minute. The corresponding update also needed making to the Committee's work programme.

2. TO NOTE THE CHANGE IN NOTTINGHAM CITY COUNCIL REPRESENTATION, WITH THE REPLACEMENT OF COUNCILLOR SAM WEBSTER WITH COUNCILLOR ZAFRAN KHAN

The Committee noted the change in Nottingham City Council's representation on the Committee.

10:36am – Councillor Kerry entered the meeting

3. APOLOGIES FOR ABSENCE

- Sue Reader, Scheduled Bodies Representative
- Councillor David Lloyd, Newark & Sherwood District Council
- Alan Woodward, Union Representative
- Councillor Anne Peach, Nottingham City Council
- Councillor Zafran Khan, Nottingham City Council

4. DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS

No interests were disclosed.

5. LOCAL GOVERNMENT PENSION SCHEME – BREACHES LOG

The report informed the Committee of the policy and processes being used by Nottinghamshire Pension Fund to identify, record and report statutory breaches of the Local Government Pension Scheme and related Regulations.

During discussion Members:

- Asked about arrangements for briefing scheme employers about actions that would be taken in the event of a breach
- Were advised that the terminology used within the Policy was that of the Pensions Regulator
- Noted that changes were being made to Pensions administration processes which would replace the current year end process with monthly returns; it was hoped this would help reduce the risk of breaches occurring
- Clarified the arrangements in place for report occurrences classified as amber or red back to the Committee

RESOLVED 2021/040

That the procedure outlined in the Breaches Policy document to record and report statutory breaches of the Local Government Pension Scheme Regulations be adopted.

Councillor Kerry assumed the Chair

6. LOCAL GOVERNMENT PENSION SCHEME – TRANSFORMING PENSION ADMINISTRATION UPDATE

The report updated members on the data audit and improvement workstream within the “transforming pension administration through digital development and new ways of working programme”. It also sought approval to recharge to the Pension Fund the costs for the final stages of phase three of the project.

During discussion, Members:

- Sought reassurance about ensuring funds committed to the project were achieving value for money
- Requested ongoing updates on the impact of the project and information on how different employers sat over four quartiles in respect of the data quality they have to the fund and any improvements in their performance
- Noted that the Pension Fund was required by the Pensions Regulator to have a data improvement programme

RESOLVED 2021/041

- 1) That the recharge of the costs of £264,300 for the final stages of phase 3 of the data improvement workstream of the transformation programme to the Pension Fund be approved.
- 2) That ongoing update reports on the progress of the programme be made to the Committee, including performance of scheme employers.

7. PENSION FUND TREASURY MANAGEMENT MID-YEAR REPORT 2021-22

The report outlined the mid-year position of the Pension Fund's treasury management activities in 2021/22 for the 6 months to 30 September 2021.

During discussion, Members:

- Asked whether making medium term investments could provide greater returns than the short-term investments that were being made and whether this would be in line with the Fund's Treasury Management Strategy
- Noted that information on investments was provided to the Committee through the quarterly investment position report
- Asked about the balance between security and return that was acceptable under the Treasury Management Strategy and the types of investments that provided the greatest security with the best return

RESOLVED 2021/042

That the Committee endorsed the actions taken by the Section 151 Officer to date, as set out in the report.

8. PROXY VOTING

The report informed members of the voting on equity holdings in the second quarter of 2021 (calendar year) as part of the Fund's ongoing commitment to supporting best practice in corporate governance.

During discussion, the Committee:

- Commented about the lack of detail around votes cast by Hermes on the Fund's behalf, requesting dialogue between officers and LGPS Central and Hermes about providing snapshot examples with additional narrative
- Noted that greater detail was available within the quarterly engagement reports
- Was informed about voting tactics and when Hermes may abstain, or vote against a board member, as part of the engagement process, for example as a warning to companies who have not made sufficient progress against commitments
- Asked about the voting principles that guided Hermes' voting on behalf of LGPS Central and Nottinghamshire Pension Fund and when they were next due before committee

RESOLVED 2021/043

That, having considered the report, the Committee requires the following actions:

- 1) That members be provided with a copy of the voting principles and that these be included in a future training session.

- 2) That officers continue to work with LGPS Central to push for improvements in reporting arrangements and to make the votes cast and their rationale more transparent

9. LOCAL AUTHORITY PENSION FUND FORUM BUSINESS MEETING

The report updated Committee members on the Local Authority Pension Fund Forum business meetings that were held on 14 July and 6 October 2021.

During discussion, Members:

- Members noted that recent meetings had been held using Zoom; recognising the climate benefits of this they asked whether it was the intention for this to continue

RESOLVED 2021/044

- 1) That no further actions are required in relation to the issues contained within the report.

10. CLIMATE RISK ACTION PLAN

11:44am to 11:57am - the meeting adjourned as a result of disturbance arising both within public gallery and outside the Council Chamber. When the meeting reconvened, the venue had changed to the Rufford Suite.

The report updated the Committee on progress against the Climate Action Plan and considered additional items.

During discussion, Members:

- Asked about arrangements for peer review to assess other schemes' commitments and targets for achieving net zero carbon
- Expectations around net zero carbon and the impact of 'greenwashing'
- Referred to the progress that had been made by certain companies to reduce their carbon impact

RESOLVED 2021/045

That the progress that has been made against the Nottinghamshire County Council Pension Fund Climate Action Plan be recognised, together with the fluidity of the proposed actions and the need to act in response to changes that occur.

11. CLIMATE RISK ANALYSIS AND TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

The report presented the Climate Risk Analysis from LGPS Central Ltd and this year's Task Force on Climate-related Financial Disclosures report to Members.

During discussion, Members:

- Exchanged views on the effectiveness of engagement and disinvestment
- Were advised of modelling produced by DNV that forecasted the future energy mix at specific points
- Considered the possibility of advocating investment in technology and research and development in the upcoming review of the Fund's Investment Strategy

RESOLVED 2021/046

- 1) That the new actions set out in the Climate Action report be added to the Action Plan.
- 2) That no further actions are required in relation to the issues contained within the report.

12. WORK PROGRAMME

The Committee noted the following changes that needed making to the work programme for December 2021:

- Removal of the listing for the Taskforce on Climate-Related Financial Disclosures, as they had been dealt with during this meeting
- Removal of the Review of the Investment Strategy as Members had agreed during a recent climate workshop that this could be dealt with at a working group in January 2022; this would also include a review of the Fund's investment in tobacco
- The addition of a Department of Work and Pensions consultation on climate and investment reporting

RESOLVED 2021/047

That the work programme be agreed.

13. EXCLUSION OF THE PUBLIC

RESOLVED 2021/48

That the public be excluded for the remainder of the meeting on the grounds that the discussions were likely to involve disclosure of exempt information described in Schedule 12A of the Local Government Act 1972 and the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

12:35pm – the press and public were excluded from the meeting

14. CLIMATE RISK ANALYSIS AND TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES – EXEMPT APPENDIX

The Committee noted the exempt appendix of the climate risk analysis and Task Force on Climate-related Financial Disclosures.

The meeting concluded at 12.36pm

CHAIR