

REPORT OF THE SERVICE DIRECTOR – FINANCE, INFRASTRUCTURE & IMPROVEMENT**REVISION OF FUND STRATEGY DOCUMENTS****Purpose of the Report**

1. To propose revised versions of the Administration Strategy, Climate Strategy, Communications Strategy, Funding Strategy Statement, Governance Compliance Statement, Investment Strategy Statement and the Risk Management Strategy and Risk Register documents.

Information

2. Under governing regulations, the Fund is required to 'prepare, maintain and publish' a number of strategy statements. These statements must then be kept under review and, if necessary, revised. Other strategies are produced by the Fund as best practice to confirm and clarify operations and to enable clear communication with employers and members in the scheme.
3. The Administration Strategy is seen as one of the tools which can help in delivering a high quality administration service to the scheme member and other interested parties. This strategy has been reviewed and no significant changes were required. The updated statement is attached as Appendix A.
4. The Climate Strategy was created in March this year. There are no changes. The strategy is attached as Appendix B.
5. The Communication Strategy provides an overview of how the Fund will communicate with its customers (members and employers) and stakeholders. An effective communication strategy is vital for the Fund to meet its objective of providing a high quality and consistent service. In addition to some minor updates for accuracy and consistency the Strategy now includes a reference to communications with the general public, especially around climate risk and responsible investment. The strategy is attached as Appendix C together with an updated Communications Plan.
6. According to Regulation 58 of the Local Government Pension Scheme Regulations 2013, an administering authority must publish a Funding Strategy Statement (FSS). This requires revision following the results of each triennial actuarial valuation. This statement is based on a version prepared by the Fund Actuary. The key changes relate to the inclusion of a policy for contribution review and the DSA (Debt Spreading Agreement) and DDA (Deferred Debt Agreement) policies explained at the last committee meeting. No changes to these were

required following the consultation process. The strategy is attached as Appendix D together with the new policies which are also unchanged since the previous committee meeting.

7. The Local Government Pension Scheme (Administration) Regulations 2013 require publication of a governance compliance statement. This statement has been reviewed and updated to explain how climate risks are governed as recommended in the Climate Risk Action Plan. The updated statement is attached as Appendix E.
8. The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (the "Investment Regulations") govern the management of the pension fund and the investment of fund money. According to Regulation 7 of the Investment Regulations an administering authority must formulate an investment strategy which must be in accordance with guidance issued from time to time by the Secretary of State. It must publish a statement of its investment strategy and must review and if necessary revise its investment strategy at least every 3 years.
9. The main update relates to the changes to asset allocation which were discussed at the January Working Party and approved at the March committee meeting and to the strategic benchmark, discussed at the August Working Party and brought to this committee meeting for approval. Also of note is the reference to our new Climate Strategy. The updated Investment Strategy Statement is attached as Appendix F.
10. 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 documents last went to Committee in October 2020. No new risks have been added to the risk register, but the risk of LGPS Central incurring net costs or decreased investment returns has decreased slightly reflecting lower anticipated cost growth and improved returns. The documents have been revised to reflect recent and planned work, including work done to manage climate risk as recommended in the Climate Risk Action Plan. The updated Risk Strategy and Risk Register are attached as Appendix G.

Other Options Considered

11. It is a requirement that strategy statements are reviewed, so no other options were considered.

Reason/s for Recommendation/s

12. The revised documents reflect the current governance of the Pension Fund and agreed amendments.

Statutory and Policy Implications

13. 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 Administration Strategy, Climate Strategy, Communications Strategy, Funding Strategy Statement, Governance Compliance Statement, Investment Strategy Statement and the Risk Management Strategy and Risk Register documents be approved by the Nottinghamshire Pension Fund Committee.

Nigel Stevenson

Service Director for Finance, Infrastructure & Improvement

For any enquiries about this report please contact: Tamsin Rabbitts

Constitutional Comments (KK 12/08/2021)

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

Financial Comments (TMR 09/08/2021)

15. 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