Nottinghamshire County Council

Nottinghamshire Pension Fund Committee

Thursday, 03 October 2019 at 10:30

County Hall, West Bridgford, Nottingham, NG2 7QP

AGENDA

1	Welcome and Introduction	
2	Apologies for absence	
3	Declarations of interest by Councillors and Officers a) Discloseable Pecuniary Interests b) Private Interests (Pecuniary and Non-Pecuniary)	
4	Notes of the AGM held on 4 October 2018	3 - 16
5	Management and Financial Performance - Financial Management Presentation	
6	Investment Performance - Pensions & Treasury Management Presentation	
7	Pensions Administration - Pensions Admin Team Presentation	
8	Questions - these should be submitted in writing 5 days prior to the meeting	

<u>Notes</u>

(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

NOTES OF THE PENSION FUND ANNUAL EMPLOYERS AND TRADE UNIONS MEETING HELD AT COUNTY HALL, WEST BRIDGFORD ON THURSDAY 4 OCTOBER 2018 AT 10:30 AM.

Present

Members of the County Council's Pensions Committee

Councillor Eric Kerry (Chair)
Councillor Stephen Garner (Vice Chair)
Councillor Reg Adair
Councillor Chris Barnfather
Councillor Sheila Place
Councillor Mike Pringle

Representatives of Employers and Trade Unions

Councillor R Jackson	-	Broxtowe District Council
Mr C King	-	UNISON
Councillor A Peach	-	Nottingham City Council
Mr A Woodward	-	GMB

Representatives of the Chief Executive's Department

Mr J Clewes
Mr A Durrant
Ms T Rabbitts
Mr N Stevenson
Ms S Stevenson

Clerk to the Panel

Mr. P Barker - Chief Executive's Department

Other Attendees

Mr W Bourne
Ms J Gorman
Mr P Linfield
Mr C Richardson
Mr D Smith
Mr J Snow
Mr L Towers
Mr N Wilson

NOTE:-

The list of those present was taken from attendance sheets signed on the day of the meeting (we apologise in advance if all the names are not entirely accurate or representatives did not have a chance to sign these sheets and therefore are not shown above).

1. WELCOME AND OPENING REMARKS

Councillor Eric Kerry opened the meeting and welcomed representatives to the Annual Meeting.

2. APOLOGIES FOR ABSENCE

Apologies for absence were received from Executive Mayor Kate Allsopp, Councillor Graham Chapman, Councillor Helen-Ann Smith, Councillor Parry Tsimbiridis, Councillor Samuel Webster and Sue Reader.

3. NOTES OF THE ANNUAL MEETING HELD ON 5 OCTOBER 2017

The notes of the last meeting held on 5 October 2017, having been circulated to all Members, were taken as read and were confirmed, and were signed by the Chair.

4. MANAGEMENT AND FINANCIAL PERFORMANCE

Nigel Stevenson, Service Director – Finance, Infrastructure & Improvement gave a presentation to the meeting on the overview of the management and financial performance of the Fund. In summary he highlighted:-

- The funding level is calculated by the Fund's actuary, Barnett Waddingham, every 3 years
- Funding level will change based on a combination in the movement of asset values and liabilities
- The trend for the net position from dealings with members will increasingly be a withdrawal, though in 2017/18 a number of large employers made significant contributions which gave an exceptional net addition for that year.
- Contributions no longer fully cover benefit payments, though 2017/18 was an exception due to the one-off employers' contributions mentioned above
- Net transfers in/out remain marginal
- In future it will not be possible to rely on member contributions to cover pensions, BUT Fund has significant investment income to support cash flow
- There was a good overall return on investment in 2017/18
- When there is a contribution shortfall this investment income can be used to cover benefit payments, therefore assets do not need to be sold to pay pensions
- Investment income is important as market values can be volatile and events can restrict liquidity
- Periods of volatility can occur over years or even within years, though investment income has been steadily increasing
- Net assets as at 31 March 2018 have slightly increased in the last year
- The stability of the fund's investment arrangements and the use of internal management combine to keep investment costs low
- Investment management expenses have largely increased in line with the Fund size
- It is hoped that these expenses will decrease as more assets are transferred into the LGPS Central pool
- The LGPS Central pool was established on 1 April 2018
- The Pension Fund Committee retains responsibility for asset allocation
- Investment 'buckets' are not yet fully developed

- The in-house portfolio has been transferred to Legal & General
- £20m of passive equities have been transferred to LGPS Central to gauge performance

Summary

- The Fund continues to have a positive net cash flow due to investment income
- Net assets have slightly increased in 2017/18
- LGPS Central not yet fully operational for all asset classes
- The Pension Fund will retain its own assets, or use external managers, until LGPS Central is fully operational and cost-effective

There were no questions.

5. INVESTMENT PERFORMANCE

Tamsin Rabbitts, Senior Accountant, gave a presentation to the meeting on the Investment performance of the Fund over the year to March 2018. Below is a summary of Ms Rabbitts' presentation:-

- Following an exceptional year in 2016/17, returns in 2017/18 were much more moderate, with a drop in the equity market just before year end affecting the returns for the year. However, the effects of this were offset by a reversal in the following quarter.
- The total Fund return over five years is comfortably ahead of the assumed investment returns in the triennial valuation.
- Returns are generally behind the Fund's strategic benchmark. This is mainly because our equities are less exposed to US markets, which have been exceptionally strong, especially when the impact of exchange rates is taken into account. Also, the fund has a larger investment in the UK than the comparative index.

Management Arrangements

- Each quarter the Pension Fund Committee reviewed the performance of the Fund and received reports from each of the main portfolio managers.
- During the year the Fund retained a relatively simple structure of management arrangements with two main equity portfolios (In-house and Schroders), a bond mandate with Kames and mainly direct property managed by Aberdeen. The main managers have very long term relationships with the Fund and this is one of the main reasons for the low investment management costs.
- The specialist portfolio holds a number of pooled equity and property funds as well as private equity and infrastructure. This portfolio is an area of growth as we seek to include additional alternative investments, especially infrastructure, to increase diversity and improve the returns of the fund overall.
- Each of the main managers has an individual benchmark against which their performance is measured. The Fund's overall performance is then compared to its strategic benchmark which helps to inform decisions around the management arrangements.

Strategic Benchmark

- The Strategic Benchmark is built up of high level market indices for different asset classes.
- The benchmark is based on the agreed asset allocation ranges. The Fund's asset allocation is one of the key factors that the Committee determines and this is recognised as the biggest driver of returns.
- The Fund then decides how each asset class should be managed – e.g. internal or external managers, on a passive or active basis. The performance of the main active managers is reported each quarter.
- In implementing the investment management of equities, the Fund has adopted an investment strategy that favours the UK over the US. This is the reason for the divergence in returns of the portfolios from the strategic (global) benchmark. This was reviewed towards the end of the previous financial year, and a small change has been introduced for 2017/18 so that the benchmark is now 45% FTSE allshare and 55% FTSE All World ex UK. Future divergence should be smaller as a result.

Equities / Bonds / Property

- The portfolio is more heavily weighted to the UK and less weighted to North America. The recent strength of the US economy has meant that the Fund has underperformed the benchmark.
- BUT – the portfolio benchmark has been chosen with the aim of reducing the volatility of returns over time – the UK market reduces currency fluctuations and a greater proportion of returns would be expected from income rather than purely market price increases.
- Over 5 years the long term performance of the portfolio (9.2%) is still ahead of the benchmark (9.0%).
- Similarly, the long term performance over 10 years is 8.7% against a benchmark of 8.1%, which equates to 0.5% above the benchmark after fees have been accounted for.
- The Kames Bond portfolio has delivered very stable returns with only 1 of the last 10 years being negative.
- The portfolio has delivered returns of 6.4% over 10 years against a benchmark of 6.2%.
- Since the market recovery in 2010, Aberdeen's returns have been positive each year.
- Aberdeen's strategy is focused on ensuring durable long-term income and this should provide greater protection during market turbulence.
- Over 5 years the portfolio has delivered average annual returns of 12.4%, which is well ahead of the 6.5% target.
- It is widely recognised that asset allocation is the most important factor in driving long term investment returns.

Asset Allocation / Pooling

- Where investments are made through the LGPS Central asset pool, decisions over manager selection will be made by the pool operator.
- BUT deciding on an appropriate investment strategy and asset allocation for the fund will still be done by the Nottinghamshire Pension Fund Committee and this is the most important factor in driving long term investment returns.

- The current strategy still favours growth assets over defensive assets. This strategy will continue to be reviewed.
- From 1st April 2017 LGPS Pension funds were required to be part of a pooled investment arrangement.
- This only relates to investment management – the assets and liabilities and administration of the fund will continue to belong to the fund.
- The Nottinghamshire Pension Fund has become part of the Central Pool in which we are both a shareholder in, and a customer to, the new company.
- Despite the tight timescales LGPS Central Ltd launched on 1st April and has begun to create sub-funds for us to invest in.
- Over time, the Pool is expected to deliver cost savings. These are less pronounced for Nottinghamshire as we are already a very low cost fund.
- In the short term there are significant set up costs, but Investment Managers have reduced costs in anticipation of pooling.
- LGPS Central has already set up sub funds for internally managed passive equities (a UK fund and a Global ex-UK fund) and an investment in each of these was made in August.
- An externally managed Active Equity Global mandate is to be launched by the end of the year, with other sub funds planned to follow.
- In July our in-house equity portfolio was transferred to Legal and General Investment Management as part of the wider Pool. This portfolio will be known as the Core Index portfolio in future.

Summary

- Investment returns were lower in 2017/18, largely to do with a drop in the equity markets just before the end of the year
- Equity returns are behind the Fund's strategic benchmark largely due to the higher weighting to UK equities
- Total returns are ahead of the actuary's assumed return
- Asset allocation is the most important factor in driving long term investment returns

Following the presentation by Ms Rabbitts the following comments and questions were responded to:-

- Specialist investments would be transferred to LGPS Central over time
- Returns from investments made by LGPS Central are expected to be at least as high as those presently achieved
- While there is no alternative to using LGPS Central it will be possible to influence their management

6. PENSIONS ADMINISTRATION – UPDATE ON PENSIONS ADMINISTRATION SYSTEM

Jon Clewes gave a presentation on current Pensions Administration issues covering the following key areas:-

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- A new Pensions System was implemented in November 2014 and the Pensions Team have been working through new developments to achieve stabilisation.
- The 2014 LGPS changes and the multiplicity of other regulation changes have resulted in an Average Salary scheme with a 1/49 accrual rate. This has required changes to how pay information is calculated and the collection of more data.

- Pensions freedoms have increased the requests for individual information, estimates, transfers in and transfers out, all of which require more input from the Pensions Team.
- The number of employers in the LGPS has expanded significantly due to contracting out and academization. Schools are also contracting out which adds to the complexity and workload.

Annual Benefit Statements

- There is a requirement to issue Annual Benefit Statements (ABS) by 31 August each year.
- Administration time has been spent focusing on the year end returns, checking and where necessary returning to employers if the data is incomplete, in the wrong format or has not been balanced.
- While dealing with year-end issues it is not possible to work on other employer requests.
- When employers do not provide the year-end data on time this impacts on the ability to produce the ABS on time.
- Breaches in the regulations must be reported to the Pensions Regulator.
- It has also been Valuation year which has requires additional work relating to employer data.
- 35,383 Active Benefit Statements and 38,294 Deferred Benefit Statements have been issued.
- In 10 cases data from Employers was not sufficient to be able to produce benefit statements.

Pensions Administration Strategy

- The development and implementation of an administration strategy is part of the regulatory framework (LGPS reg 2013)
- Levels of performance must be established which the administering Authority and relevant employing authorities are expected to achieve in carrying out their functions under LGPS by:-
    - Setting performance targets
    - Establishing agreements about levels of performance
    - Any other means that the administering authority considers appropriate
    - Circumstances where the administering body may consider giving written notice to a relevant employer on unsatisfactory performance

Key Objectives

- That fund and scheme employers are aware of and understand their respective roles and responsibilities under the LGPS
- That the fund operates in accordance with the LGPS Regulations and is aligned with the pensions regulator in demonstrating compliance and scheme governance
- That accurate records are maintained for the purpose of calculating pension entitlements and scheme employer responsibilities.
- That fund and scheme employers have appropriate skills and receive appropriate training
- That communication processes are in place to enable both the fund and scheme employers to proactively and responsively engage with each other and other partners

Administration Standards

- Employers need to ensure that all tasks are carried out to agreed quality standards:
    - By complying with all requirements set out in the employer procedural guide
    - By completing work in the required format and using the appropriate forms and templates
    - Information needs to be legible, accurate and in the required format
    - Communications must be easy to read and understand
    - Information provided must be checked for accuracy
    - Appropriate authorisations must be carried out
    - Actions must be completed and information provided within the timescales set out in the strategy document

Compliance

- Compliance is the responsibility of the administering authority and scheme employers
- The Pensions Administration team will work with all scheme employers to ensure compliance with all statutory requirements whether they are referenced in:
    - The LGPS regulations
    - Overriding legislation
    - Or in the administration strategy
- The Pensions Administration Team will work with employers to ensure that overall quality and timeliness is continually improved
- To ensure compliance performance monitoring will be introduced following consultation
- The Pensions Administration team will seek to work with employers in identifying poor performance and provide an opportunity for training and development

Employer Non-Compliance

- The Pensions Administration team will contact and/or meet the employer to discuss areas of poor performance and how they can be addressed.
- Where no improvement has been demonstrated by the employer or where there has been failure to take agreed action, a formal written notice will be issued setting out areas of poor performance, the steps required to resolve those areas and giving notice that the additional costs may now be reclaimed.
- The Team will clearly set out the calculations of any loss or additional costs and these will take into account the time and resources involved.
- The Team will make a claim against a scheme employer, setting out the reasons for doing so, in accordance with the regulations.

Reasons for Rechargeable Costs

- Persistent failure to provide relevant information to the administering authority, scheme member or other interested party in accordance with the specified performance targets
- Failure to pass relevant information to the scheme member or potential members, either due to poor quality or not meeting agreed timescales outlined in the performance targets
- Failure to deduct and pass on the correct employee and employer contributions to the Nottinghamshire fund within the stated timescales

- Instances where the performance of the scheme employer results in fines being levied against the administering authority by the Pensions Regulator, Pensions Ombudsman or regulatory body

Planned Activities – Improving Data

- Bulk Data Load – this enables the electronic loading of new starter data
- Continue to chase employers where there are still queries relating to Pension Data
- Continually review business processes
- Pensions Data Screening – includes mortality screening, tracing pensioners and deferred members
- Guaranteed Minimum Pension - reconciliation with HMRC
- Report scheme data to the Pension Regulator

Annual Report

The Annual Report is available via the following link:

- https://www.nottspf.org.uk/media/1529118/annual-report-2017-18.pdf

Following the presentation by Mr Clewes the following comments and questions were responded to:-

- NCC calculates the size of any fines levied, taking into account such factors as the amount of administration time undertaken.
- Last financial year fines totalling £2.5k were levied. Fines can be substantial but the Team works to avoid such outcomes.
- Fines levied on Employers have always been paid.

7. UPDATE FROM THE ACTUARY – BARNETT WADDINGHAM

Barry McKay and Ross Anderson from Barnett Waddingham gave a presentation on the purpose of valuations, a re-cap of the 2016 valuation, an update on current funding and the 2019 valuation. The main points included:

Purpose of Valuations

- To show cost/liabilities in accounts
- Assumptions are largely prescribed
- The ongoing triennial funding valuation will set future contributions and assumptions will be agreed between the Fund and the actuary

Re-cap of 2016 Valuation

- Assets were 87% of the amount required to cover the cost of accrued benefits
- The average employer cost of benefits accruing in the year after the valuation date is 14.5% of payroll
- Section 13 has resulted in more scrutiny of late. In 2016 the Nottinghamshire Pension Fund was awarded all green flags and the aim is the same for 2019.

Current Funding Update

- Strong asset returns since 2016. This is positive for those who already held assets in 2016 but not so good for those who still need to buy.
- Going forward, returns are expected to be lower, though still above the rate of inflation. This offsets some of the asset over-performance to date.
- There is still a need to buy new assets for new liabilities and as these are more expensive more cash is required.
- For the 2019 valuation there will be a higher cost of future accrual. There will be an improved funding level because of the good asset returns. The aim is to stabilise the level of contributions. BUT - circumstances can change.
- Difficult to provide a strong indication of any particular employer's results at this stage

The 2019 Valuation

- Valuations may start taking place every 4 years rather than every 3 as at present. This throws up the possibility of undertaking valuations in 2019 and then again in 2020 in order to coordinate valuations for funded and unfunded schemes.
- Accurate valuation data is crucial otherwise assumptions will be conservative and predictions inaccurate and this could lead to red flags.
- Key milestones going forward:
    - April 2019 - 'Early Indications' general briefing note published; end of year return due
    - September 2019 – Whole Fund results and assumptions
    - October 2019 – reporting of results for employers
    - November 2019 – results released to employers for consultation
    - February 2020 – employer consultation period ends
    - March 2020 – results finalised and valuation report signed off; contributions start 1 April 2020

Following the presentation the following comments and questions were responded to:-

- There would be an extra cost to carrying out another valuation in 2020 as well as 2019. In the future there would not be a problem with carrying out valuations every 4 years for long standing employers but those employers issuing 3 - 4 year contracts would need to be looked at more often.
- Any formal consultation by the government is likely to be around transition arrangements rather than over the frequency of valuations.
- The Treasury discount rate should not affect the LGPS as it has the Police pension scheme.

7. QUESTIONS

In line with procedures, the following questions were submitted in writing prior to the meeting:

Question 1

Unison agreed at its 2017 conference to campaign for disinvestment from fossil fuels extraction and to "call on local LGPS to invest safely for pension holder’s well-being by disinvesting over 5 yrs and reinvesting into the just transition giving due regard to fiduciary duty"

Will the Notts pension fund agree to meet Unison representatives to discuss the need to protect members funds from the long term risks of fossil reserves becoming "stranded assets" which we will not be able to burn if we want to avoid uncontrolled climate crisis?

Jeannie Thompson

Answer

Members’ pensions are not at risk as this is a defined benefit scheme and members’ pensions are underwritten by employers.

The Pension Fund Committee regularly considers all risks associated with its investments and has produced an Investment Strategy Statement which includes details on its approach in this area.

The Pension Fund Committee includes Nottinghamshire County Councillors, Nottingham City Councillors, Nottingham Local Authorities’ Association representatives, a Scheduled Body representative, Pensioner representatives and 2 Trades Union representatives, one of whom is from Unison.

We take seriously the risks of climate change and to the value of fossil fuel equities and partner both directly and indirectly through LGPS Central with a number of organisations who are actively engaging with companies to ensure they have a sustainable strategy for the future given the likely changes in power generation and fuel use. It is important that responsible investors continue to exert this influence, so we do not agree that disinvesting in all fossil fuel companies is an appropriate response to the issue.

Question 2

There is frequent mention of risk and risk management in the Annual Report. Given that climate change (and here I use terms found in the report) is "almost certain" and that the impact will be "catastrophic" resulting in "very high risk", why is there no analysis of the risks to investments associated with climate crisis to be found in the Annual Report?

Jill Gross

Answer

The Nottinghamshire Pension Fund Annual Report does not state that climate change is “almost certain”, or that the impact will be “catastrophic” resulting in “very high risk”.

What the report does do is provide information in the Risk Register on the risks to the fund (covering governance, investment and administration).

The risks to investments associated with climate change is covered by risk Inv 3 – Fund assets are assessed as insufficient to meet long term liabilities. In terms of total investments this risk was assessed as High. There are a number of controls and ongoing monitoring to mitigate this risk.

In addition the report sets out the Funds Investment Strategy Statement which provides details on the Funds approach to social, environmental and corporate governance factors.

<u>Question 3</u>

a) At the 2015 AGM we were told that 'the use of alternative indexes (which exclude fossil fuel companies) would be considered in future training sessions. This was not discussed until a Working Party in January 2018, and still not considered by the Pension Fund Committee. Why a complete lack of urgency on this subject?

b) The Department of Work and Pensions has just produced revised regulations for trust-based pension funds, requiring a Statement of Principles, to cover financially material considerations, including climate change. Will Notts Pension Fund (which is not Trust-based, so not directly covered by these regulations}, follow a similar approach.

Richard McCance

Answer

The outcome of the January Working Party was discussed at the next available Pension Fund Committee in March 2018.

Local Government Pension Schemes are required to produce an Investment Strategy Statement (ISS) in accordance with the Guidelines set out by the Ministry of Housing, Communities and Local Government (MHCLG) and to keep this updated. The revised ISS following the March meeting includes a section on the Funds Investment Beliefs and is available on the Funds website and in the Annual Report.

<u>Question 4</u>

The Parliamentary Environmental Audit Committee released the following statement on June 4th 2018:

‘The government should make it mandatory for large companies and asset owners-such as pension funds-to report their exposure to climate change risks and opportunities by 2022.’

The Committee also want to see pension savers like myself being given greater opportunities to engage with decisions about where our money is invested.

Given the horrendous consequences of ignoring increases in global warming, brought about by the use of carbon based fuels, will the Committee of Nottinghamshire Pension Fund, listen to myself and other concerned pension savers and introduce an audit of investments, noting the risks to climate change from the activities of Companies that we invest in?

Rosemary Jarrett

Answer

The Local Government Pension Scheme is governed by rules and regulations set out by the Ministry of Housing, Communities and Local Government (MHCLG) and the Nottinghamshire Fund complies with all regulations.

MHCLG have specified that all Funds must prepare an Investment Strategy Statement (ISS) which sets out:

a) A requirement to invest money in a wide variety of investments;

b) The authority's assessment of the suitability of particular investments and types of investments;

c) The authority's approach to risk, including the ways in which risks are to be measured and managed;

d) The authority's approach to pooling investments, including the use of collective investment vehicles and shared services;

e) The authority's policy on how social, environmental or corporate governance considerations are taken into account in the selection, non-selection, retention and realisation of investments; and

f) The authority's policy on the exercise of rights (including voting rights) attaching to investments.

The Nottinghamshire Pension Fund ISS is regularly reviewed and is included in the annual report and available on the Fund's website.

Investments change frequently, so an audit would only ever be on a snapshot in time. We prefer a more robust process of evaluating financially material considerations in the selection, retention and realisation of investments. This includes but is not limited to environmental, social and governance considerations, including climate change.

Question 5

Notts Pension Fund has over £300m invested in fossil fuel company equities, over £200m of this in companies exposed to the fracking bubble. This is a risk to the security of our future pensions because:

- There are warnings from the Bank of England and other respected financial institutions that government-level decisions are likely to be made in the next few years that most known fossil fuel reserves will have to be left in the ground and will become “stranded assets” with big write-downs in value probable.
- There are continued warnings that the major oil companies are increasing debt while reducing capital expenditure.

Sudden collapses in markets in the past have seemed inconceivable until they suddenly happen, but have always been predicted, with the predictions being ignored. This applies to housing bubbles in the past, and to the 2008 financial crash. The collapse in fossil fuel markets are likely be even more disruptive.

How much longer will it take before Nott’s Pension Fund investment managers take heed of the warnings about investments in fossil fuels, and implement a strategy to disinvest in them within a few years?

Cath Sutherland

Answer

I would like to reassure all pension fund members that their pensions are not at risk. The LGPS is a defined benefit scheme and benefits are funded by employers and not dependent on the performance of investments.

Climate change is one of many material financial Responsible Investment (RI) risks that the Fund has identified and actively seeks to manage.

We take seriously the risks of climate change and to the value of fossil fuel equities and partner both directly and indirectly through LGPS Central with a number of organisations who are actively engaging with companies to ensure they have a sustainable strategy for the future given the likely changes in power generation and fuel use. It is important that responsible investors continue to exert this influence, so we do not agree that disinvesting in all fossil fuel companies is an appropriate response to the issue.

<u>Question 6</u>

Notts Pension Fund has over £300m invested in fossil fuel companies - which is the energy of the past and known to be responsible for potentially disastrous climate change. Since the Fund has identified climate change as a financial risk, please can you explain how the management of the portfolio has been changing to reflect this, and in particular indicate how much (%tage and actual amounts) is now invested in renewable energy and/or low carbon infrastructure - the energy of the future? Can you give examples of investment in local low carbon infrastructure?

Peter Jaggar.

Answer

Nottinghamshire Pension Fund currently has a 5% allocation to Infrastructure investments and much of this investment is in renewable energy. As at end June 2018 £201m was invested in infrastructure, with a further £10m invested in Impax

Environmental, amounting to 4% of the fund. The remaining 1% of the allocation has been committed and is awaiting investment.

This is an increasing area of investment (infrastructure investment having increased from £149m a year previously). An increase to this allocation will be discussed at the next Pensions Working Party, a move which will reduce our investment in fossil fuels and increase our investment in renewable energy and low carbon infrastructure.

We do have a very local investment in renewable energy in the Langar Lane Solar Farm.

The Chairman thanked the Fund members for their questions and attending the meeting and reminded those present of the steps made to ensure transparency and engagement, including the option of submitting FOI requests, the fact that the services of an independent advisor are employed who attends all of the meetings of the Working Party, and that the Committee does take on board all comments received, including those from the various representatives on the Committee.

The meeting closed at 11.50am

CHAIRMAN

Notes of AGM – 4 October 2018