

Meeting	NOTTINGHAMSHIRE PENSION FUND COMMITTEE
Date	Thursday 2 March 2023 at 10.30 am

membership

COUNCILLORS

Eric Kerry (Chairman)
Mike Introna (Vice Chairman)

André Camilleri	Sheila Place
John Clarke MBE - Apologies	Francis Purdue-Horan
Bethan Eddy	Tom Smith
Stephen Garner	Lee Waters
Roger Jackson	

Substitute Members present

Councillor Errol Henry JP

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

Councillor Graham Chapman
Councillor Sally Longford - **Apologies**
Councillor Zafran Khan - **Absent**

District / Borough Council Representatives

Councillor David Lloyd, Newark and Sherwood District Council - **Absent**
Councillor Gordon Moore, Rushcliffe Borough Council - **Apologies**

Trades Unions

Yvonne Davidson – **Apologies**
Chris King - **Apologies**

Scheduled Bodies

Sue Reader - **Apologies**

Pensioners' Representatives

Vacancy x 2

Independent Adviser

William Bourne

Officers in Attendance

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

1. MINUTES OF THE LAST MEETING HELD ON 8 DECEMBER 2022

The minutes of the last meeting held on 8 December 2022 were confirmed as a correct record for signing by the Chair.

2. CHANGES IN MEMBERSHIP

The Committee noted the replacement of Councillor Chris Barnfather with Councillor Roger Jackson as a member of the Committee, and of Alan Woodward with Yvonne Davidson as a Trade Union representative.

3. APOLOGIES FOR ABSENCE

- Councillor John Clarke MBE (other County Council Business) substituted by Councillor Errol Henry
- Councillor Sally Longford (Nottingham City Council)
- Councillor Gordon Moore (Rushcliffe Borough Council)
- Yvonne Davidson (Trade Union representative)
- Sue Reader (Scheduled Bodies representative)

4. DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS

None were disclosed.

5. MCCLOUD UPDATE AND EXTENSION OF PROJECT MANAGER ROLE

The Pensions Manager presented the report which provided members with a progress update on the McCloud project. It also sought additional funding to extend the tenure of the temporary project manager.

10:42am – Councillor Garner entered the meeting

During discussions, Members:

- Explored the other activity that the project manager would be engaged in should the Committee agree to extend funding for the role
- Discussed the challenges in recruiting experienced personnel, together with opportunities for different local government pension schemes to support one another and revisions to processes and systems to mitigate recruitment challenges

RESOLVED 2023/001

1. That the progress of the project and the implications of the McCloud case to date be noted.
2. That the funding for the Temporary Project Manager role be extended until 31 March 2025.
3. That further update reports on the progression of the project and implementation of national proposals be provided to Committee.

6. STRATEGIC ASSET ALLOCATION PARTY

The Senior Accountant, Pensions and Treasury Management summarised the matters considered by the Strategic Asset Allocation Party and the presented the recommendations that it had made. In doing so, members attention was drawn to a correction to the inflation projection range shown in table 2, which should read 18-35% rather than 15-30%.

During discussions:

- Members referred to the session as a constructive discussion forum.
- One member outlined those recommendations from the working party about which they had concerns; there was also wider recognition that the working party's recommendations were produced based on consensus.
- Were given information about how Index Linked Gilts would protect the Fund from inflation.

RESOLVED 2023/002

1. That the wording of the fund's investment beliefs be amended to those shown in Appendix C.
2. That the new wording about the Fund's investment beliefs be reflected in the Investment Strategy Statement at its next review.
3. That Index Linked Gilts be included as an investment option within the inflation allocation currently met by the Aegon Sustainable Diversified Growth Fund.
4. That the current Gilts mandate be renamed Government Bonds and that consideration be given to the extension of the universe to include overseas Government Bonds.
5. That the Strategic Asset Allocation credit category subclass allocations as shown in Table 1 in the report be formalised.

7. PENSION FUND TREASURY MANAGEMENT STRATEGY STATEMENT 2023/24

The Investments Officer presented the report on the Pension Fund's Treasury Management Strategy Statement for 2023/24

During discussions, Members:

- Asked questions about asset allocation and the amounts held in cash balances
- Noted that short bonds held by the Fund were coming to term, which meant that the number was reducing over time
- Requested use of performance indicators and comparator data in performance reports to assess the effectiveness of the strategy

RESOLVED 2023/003

1. That the Pension Fund Treasury Management Strategy Statement 2023/24 as set out in the report be approved

8. CONFERENCES AND TRAINING

The Senior Accountant (Pensions and Treasury Management) presented the report to the Committee which sought approval for attendance at conferences and training taking place during 2023/24.

RESOLVED 2023/004

1. That attendance at conferences and training as set out in the report be approved.

9. INDEPENDENT ADVISER'S REPORT

The Independent Advisor to the Committee presented his report and provided an update on changes that had taken place since both his last report to the Committee and the Strategic Asset Allocation working party meeting.

During discussions, Members:

- Asked about the relationship between the US economy and indicators of possible recession with the markets in Europe and the UK
- Explored the choices that were being made between quantitative easing and tightening
- Sought assurance that the Fund's asset allocation provided protection against different economic risks

RESOLVED 2023/005

That the report of the Independent Adviser to the Committee be noted.

10. WORK PROGRAMME

In considering the work programme, a question was raised about the review of the Nottinghamshire Pension Fund Committee and the Local Pensions Board. Members were advised that work had begun on the review but timelines had been affected by the delayed publication by Government of the good governance consultation.

RESOLVED 2023/006

That the work programme be agreed.

11. FUND VALUATION AND PERFORMANCE

The Fund valuation and performance report, which set out the total value and performance of the Pension Fund to 31 December 2022, was presented.

During discussions, Members:

- Asked whether the Fund should be divesting from fossil fuels in anticipation of a reduction in the price of energy stocks
- Requested qualitative information about the proxy votes cast by Hermes, including the reasons any votes against a particular board were cast
- Explored whether the increased percentage in fossil fuel holdings was the result of increased asset valuation rather than an increase in stocks held

RESOLVED 2023/007

That no other actions were required in relation to the issues contained within the report.

12. EXCLUSION OF THE PUBLIC

RESOLVED 2023/008

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.

13. FUND VALUATION AND PERFORMANCE – EXEMPT APPENDIX

RESOLVED 2023/009

That the contents of the exempt appendix be noted.

14. FUND MANAGERS' PRESENTATIONS

14a. Abrdn

Jon Holguin and James McLean were present in the Chamber with Caroline Casson joining the meeting remotely. They provided a report updating the Committee on the activities of Abrdn.

11:48am – Councillor Smith left the meeting

11:53am – Councillor Garner left the meeting

11:54am – Councillor Smith returned to the meeting

12:01pm – Councillor Garner returned to the meeting

12:11pm – Councillor Waters left the meeting

12:13pm – Councillor Waters returned to the meeting

12:40pm-12:47pm – the meeting adjourned. Councillor Garner left the meeting and did not return. Councillor Henry was not present at the resumption of the meeting.

14b. Schroders

Olivia Docker and Alex Tedder provided a report updating the Committee on the activities of Schroders.

12:50pm – Councillor Henry returned to the meeting

12:57pm – Councillor Purdue-Horan left the meeting and did not return

1.06pm – Councillor Camilleri left the meeting and did not return

The meeting concluded at 1:29pm

CHAIR