

Local Pensions Board

Thursday, 09 January 2025 at 10:30

County Hall, West Bridgford, Nottingham, NG2 7QP

AGENDA

- | | | |
|----|---|--------------|
| 1 | Membership
To note the appointment to the Local Pensions Board of Joanne Mitchell (employer representative) and Kay Thomason-Vardy (member representative) | |
| 2 | Minutes of last meeting held on 31 October 2024 | 5 - 12 |
| 3 | Apologies for Absence | |
| 4 | Declarations of Interests by Members and Officers:- (see note below) | |
| 5 | Work of Employer Support and Compliance Team | 13 - 24 |
| 6 | Nottinghamshire Local Pension Board Advisor - LGPS Update | 25 - 42 |
| 7 | LGPS - Pensions Administration Performance Report | 43 - 56 |
| 8 | Pension Regulator's General Code of Practice - Update and Actions | 57 - 136 |
| 9 | Local Pensions Board Code of Practice | 137 -
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| 10 | Risk Management Strategy and Revised Risk Register | 147 -
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| 11 | Work Programme | 161 -
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12 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 items.

EXEMPT INFORMATION ITEMS

13 EXEMPT APPENDIX - Risk Management Strategy and Pension Fund Risk Register

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

14 EXEMPT APPENDIX A - Risk Management Strategy and Pension Fund Risk Register

- 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 Noel McMenamin (Tel. 0115 993 2670) 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 LOCAL PENSION BOARD

Date Thursday 31 October 2024 at 1:30 pm

membership

Employers

Councillor Reg Adair A	Nottinghamshire County Council
Councillor Dr. Imran Jalil*	Nottingham City Council

Members

Mark Heppenstall	Pension Scheme member
Thulani Molife (Chair)	Pension Scheme member

Also in Attendance

John Raisin – Advisor to the Board

Trevor Castledine	-	LGPS Central Ltd
Mark Davies	-	LGPS Central Ltd
Richard Law-Deeks	-	LGPS Central Ltd
Patrick O'Hara	-	LGPS Central Ltd

Officers in Attendance

Noel McMenamin	Democratic Services Officer
Tyra Quintin	Functional Support officer, pensions
Alison Roberts -	Functional Support Officer, Pensions
Sarah Stevenson	Group Manager, Business Service Centre
Jo Toomey –	Governance Officer, Pensions

Remote Attendees

Maura Mannion	Senior Practitioner, Pensions
Tamsin Rabbitts	Investments Manager
Nick Sandhu	Functional Support Officer, Pensions

The Chairman agreed to re-order the agenda to consider agenda item 4 as the first item.

4. LGPS CENTRAL LTD - UPDATE

The Board considered a report and presentation from LGPS Central Ltd representatives Richard Law-Deeks, Chief Executive, Mark Davies, Head of public Markets, Trevor Castledine Chief Commercial Officer and Patrick O'Hara, Director of Responsible Investment and Engagement, who provided an update on pooling arrangements and its own development to support delivery on behalf of the pool.

The presentation, which was published with the Board agenda, explained that LGPS Central Ltd had been created as a joint-funded company by 8 LGPS funds, provided an overview of current pooling arrangements and LGPS Central Ltd product development and investment opportunities.

The presentation also covered investment performance, how the organisation sought to invest responsibly and the potential implications of recent government pronouncements on pooling.

During discussion, a number of issues were raised and points made:

- It was explained that the passive collaborative investment product managed by legal and General predated formal pooling arrangements and was not currently treated as pooled assets;
- Nottinghamshire had an unusually low level of assets held under pooled arrangements, as captured in its pooling submission to central government. In part, this reflected an historic investment approach where allocation was spread widely across a range of products;
- LGPS Central Ltd was working on a UK Equities Management product which would seek to address the government's stated aim of greater investment in UK infrastructure. The company was mindful that the product would need to be attractive to all partner investors, not just Nottinghamshire;
- The LGPS Central Ltd approach to ethical investing, including addressing human rights, Net Zero and conflict considerations, was explained to the Board's satisfaction;
- In response to a Board member's question about the company's readiness to deliver on 'Canadian Model' pooling arrangements, LGPS Central Ltd representatives expressed the view that in-house expertise and capacity was in place to deliver a better value service than that provided by third party providers.
- While it was acknowledged that more established pension partnerships had greater budget/resources at their disposal, but that the company's emerging Business Plan would seek to target resource appropriately to deliver a competitive offer.

RESOLVED 2024/08

That the update report and presentation be noted.

Having considered agenda item 4, the Board reverted to considering agenda items in the order published on the agenda.

1. MINUTES

The minutes of the last meeting held on 27 June 2024 were agreed and signed by the Chairman.

2. APOLOGIES FOR ABSENCE

Cllr Reg Adair (Other reasons)

Cllr Eric Kerry – invitee as Chairman of Pensions Committee - (Other reasons).

3. DECLARATIONS OF INTERESTS BY MEMBERS AND OFFICERS

None.

5. NOTTINGHAMSHIRE PENSIONS BOARD ADVISOR'S LGPS UPDATE

John Raisin, Advisor to the Board, introduced the report updating the Committee on a number of developments since the Board's June 2024 meeting.

The developments covered within the report were:

- Ministerial Letter of 15 May 2024;
- New Government Ministers;
- New Government, Pensions and the LGPS;
- The Government's Pensions Review;
- The Scheme Advisory Board Statement on Fiduciary Duty and Lobbying; and
- Review of 2022 Actuarial Valuations by the Government Actuary.

As the majority of the issues highlighted within the report were covered at length in a separate Board member development session, Mr Raisin confined his comments to the following:

- The Ministerial Letter of 15 May 2024 from then-Minister Simon Hoare MP requested responses to how funds would complete the process of pension asset pooling to deliver benefits of scale and how to ensure funds were efficiently run, including consideration of governance and benefits of greater scale. Funds have provided that information and it is available to the new Government to inform its Pensions Review;

- The key Government Ministers in respect of pensions policy were Secretary of State at Housing Communities and Local Government Angela Rayner, Minister of State Jim McMahon, Chancellor of the Exchequer Rachel Reeves and a new joint Parliamentary Secretary at the Treasury and Department of Work and Pensions, Emma Reynolds. This joint ministerial appointment would help inform policy co-ordination between the 3 departments with responsibility for pensions.
- The new Government viewed pension funds as a vehicle to deliver investment and growth within the UK economy, and its Pensions Review, announced in August 2024, focussed on defined contribution workplace schemes and the Local Government Pensions Scheme. The initial phase of the Review would focus on driving scale and consolidation of defined workplace schemes, tackling fragmentation and inefficiency in the LGPS, focus on value to deliver better outcomes for pensioners and encourage further investment in UK assets.
- It was expected that an interim report on next steps would be made available by the end of 2024. However, any changes to LGPS structures would be complex and time consuming.
- The Scheme Advisory Board had issued a statement on fiduciary duty and lobbying, in response to lobbying pressure being brought to bear in respect of climate change and conflict in the Middle East. Statement makes clear the Scheme Advisory board's view that those administering the LGPS are obliged to limit themselves to acting in the best interests of Scheme members, and that the view of local residents in respect of environmental, social or governance issues is not relevant.
- The Government Actuary Department had published its review of the 2022 LGPS Actuarial Valuations. This was a positive review, with Fund valuations being compliant with relevant regulations, and there were no red or amber flags raised in respect of solvency. While some evidential inconsistency in approach between actuarial service providers was highlighted, providers had delivered valid actuarial consistency. Examination of long term cost efficiency did not raise significant concerns.

RESOLVED 2024/09

That the update report be noted.

6. LOCAL GOVERNMENT PENSIONS SCHEME – CYBER SECURITY

Sarah Stevenson, Group Manager, Business Service Centre, introduced the report which updated the Board on measures being undertaken to address cyber security.

Mrs Stevenson made the following points:

- The LGPS funds were entrusted with large amounts of personal data and this was proving increasingly attractive to a range of fraudsters, scammers and cyber criminals. Cyber threats included ransomware attacks, denial of service, phishing and Zero Day attacks, which in turn could potentially lead to data loss, financial loss disruption to service and reputational damage;
- The Nottinghamshire Pension Fund currently had a dependence on Nottinghamshire County Council as host authority for a range of ICT provision, and benefited from preventative measures put in place by the Council to address cyber threats;
- The Pension Regulator's Code of Practice Cyber Controls module set out the Regulator's expectations in respect of cyber security, while its Cyber Guidance set out practical measures to address cyber threats. Trustees, including the Pensions Committee and Pensions Board, were accountable for the security of pension scheme information and assets, alongside scheme managers. It was therefore incumbent on trustees to be aware of the risks and responsibilities involved, and to ensure governance and security arrangements were in place to fulfil those responsibilities;
- The Fund had been working for some time with AON on a suite of activities to overhaul cyber security, using the AON LGPS Cyber Score Card outcome in November 2023 as a baseline. Data and asset mapping work was ongoing, and updates on such areas as cyber hygiene guidance and Incident Response Plans would be presented to Committee and Board in March and April 2025 respectively

The Board noted the update and welcomed the intention to provide regular cyber security updates to future Board meetings.

RESOLVED 2024/10

That the report be noted.

7. PENSIONS SYSTEM TEAM – WORK PROGRAMME UPDATE

Sarah Stevenson, Group Manager, Business Service Centre, introduced the report and presentation, which provided an overview of the current and future work of the Pensions Systems Team.

In her introduction, Mrs Stevenson explained that the Pensions Team had used the Civica Universal Pensions Manager system since 2014 and this contract had been extended until March 2031. The report also contained a schedule for Pensions Team attendance at future meetings

Before handing over to the Systems Team, Mrs Stevenson also took the opportunity to advise the Board that she had chosen not to fill the vacant post

of Pensions Manager previously held by Jon Clewes until his retirement in June 2024 at this time, pending further consideration of the organisational structure of Pensions as a whole. Mrs Stevenson had assumed the responsibilities of the post in the interim.

Alison Roberts, Functional Support Officer, Pensions and supported by Tyra Quintin and Nick Sandhu from the Systems Team introduced the presentation, copies of which had published with the agenda. In summary, the presentation covered the following key areas:

- The role and purpose of the Systems Team and the operation and functionality of the Cvica UPM system;
- Around two-thirds of the available modules on the UPM system were either fully functioning or were being rolled out, while the remainder were scheduled to be operational in the future;
- The main work streams in 2024/25 have the Employer Hub, McCloud releases, Process automation, moving to a Cloud-based platform and cyber security;
- A key development was the Employer Administration Solution, which was prerequisite for moving to Employer monthly returns;
- Process automation developments have freed up officer capacity, with straightforward queries and cases taking just 15% of the time to resolve, and with fewer officers involved;
- Future development plans in 2025-26 were highlighted, including moving to monthly returns and launching the Member Web, which in turn will release additional capacity within the Pensions Team

During discussion, it was confirmed that even when the Member Web function was fully operational, there would still be the option to communicate in writing. It was also confirmed that the AI Chatbot module was designed primarily to assist staff in providing timely advice on pensions regulations.

It was anticipated that online guidance on the use of the Member Web would be made available in due course, and the request was made to have a further presentation to the Board in advance of its formal launch.

RESOLVED 2024/11

That:

- (1) the report and presentation be noted;
- (2) the schedule of future Pensions team presentations as highlighted in the report be approved.

8. WORK PROGRAMME

Members considered the work programme, copies of which had been circulated.

RESOLVED 2024/12

That the work programme be approved.

The meeting concluded at 3.35pm.

CHAIRMAN



Pensions Board

Employer Support & Compliance Team Presentation

9 January 2025

Andy Durrant

Employer Support & Compliance Team

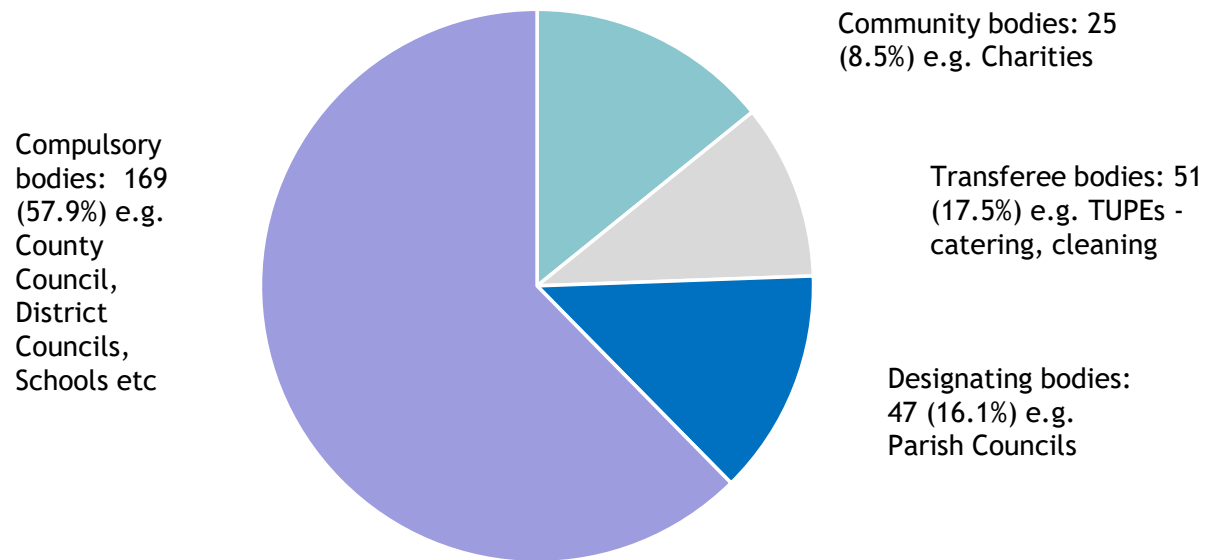
- ▶ Structure of the Team - manager + 2.8 fte staff
- ▶ Role and purpose;
 - ▶ work with employers to ensure they fulfil their responsibilities as scheme employers to the Fund
 - ▶ support employer access, exits & bulk transfers
 - ▶ contribution income / returns - monitoring & compliance including year-end actions
 - ▶ employer audits - review of membership records
 - ▶ employer communications / website - targeted communications and general 'round-up' emails on issues relevant to employers including;
 - ▶ guidance and planning
 - ▶ required actions
 - ▶ training opportunities

Employer responsibilities

- ▶ Summarised within Appendix C of the Administration Strategy - falling into 5 broad categories;
 - ▶ general responsibilities - includes the provision of employer contacts, a requirement to publicise the scheme and the retention of pay data
 - ▶ member administration - includes the notification of starters, leavers and changes
 - ▶ contributions and returns - includes member contribution bandings, employer contributions, year-end submission etc
 - ▶ benefit estimates - includes provision of pay data, form requests
 - ▶ service changes - includes reviews, re-organisations and outsourcing

Employer access - 1

► Various routes of access



Employer access - 2

- ▶ Compulsory / designating bodies - access in accordance with the scheme regulations i.e. no written access agreement
- ▶ Admission bodies - admission agreement to formalise access
- ▶ Securities - bonds / parent company guarantee
- ▶ Passthrough arrangements
- ▶ Employer induction events

Employer exits

- ▶ Collection of membership data
- ▶ Cessation valuations
- ▶ Exit charges / credits
- ▶ Insolvency claims

Bulk transfers

- ▶ Work with the Fund Actuary to progress bulk transfers between;
 - ▶ other pension schemes
 - ▶ different LGPS funds
 - ▶ employers within the Fund
- ▶ Communication with members including the options exercise and / or the automatic aggregation of records

Contribution income

- ▶ Notification of rates following each fund valuation and at the start of each scheme year
- ▶ Payments due by 17th of the month following deduction
- ▶ Compliance checks;
 - ▶ ensure employers are submitting payments
 - ▶ Ensure the employer has applied the correct employer rate as certified by the Fund Actuary

Employer audits

- ▶ holistic review of membership records;
 - ▶ often triggered by recent experience of that employers' actions
 - ▶ identify records requiring maintenance or action at employer level
 - ▶ work with employers, third party providers and colleagues within the Pensions Office to resolve member records issues

Improvements/Developments - the year ahead....

- ▶ Fund valuation
- ▶ Employer Administration solution
 - ▶ Phase 1 - Replacement of existing Portal for current users
 - ▶ Phase 2 - Roll out to remaining Scheme Employers
- ▶ Monthly Data Collection development
- ▶ Employer amalgamations
- ▶ Employer disaggregations
- ▶ Programme of on-going data improvement and new ways of working
- ▶ Whole office projects

Questions

9 January 2025

Agenda Item: 6

**REPORT OF THE SERVICE DIRECTOR FOR CUSTOMERS, GOVERNANCE
AND EMPLOYEES**

**NOTTINGHAMSHIRE LOCAL PENSION BOARD ADVISOR - LOCAL
GOVERNMENT PENSION SCHEME UPDATE.**

Purpose of the Report

1. To provide an update report to the Pension Board by the Board Advisor in respect of the main developments since the Board last met on 30 November 2023.

Information

2. Attached is the report provided by John Raisin, Pension Board Advisor relating to a number of recent developments within the Local Government Pension Scheme.
3. The update focuses on Consultation 'Local Government Pension Scheme – Fit for the Future' which covers LGPS pooling, local investment and governance of LGPS funds and pools.
4. The update covers proposals for fundamental change to the LGPS pensions regime and helps keep the Board fully informed in respect of national and local Pensions Fund issues, enabling the Board to deliver its Terms of Reference.

Other Options Considered

5. It is appropriate that the independent Pension Board Advisor provides information and advice to the Board, and so no options other than receive and comment upon the Advisor's report have been considered.

Reason/s for Recommendation/s

6. This report has been compiled for the Pensions Board to consider the report prior to the report being presented to the next available Pension Fund Committee.

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.

Data Protection and Information Governance

None.

Financial Implications

None.

Human Resources Implications

None.

Implications for Service Users

None.

RECOMMENDATION/S

It is recommended that:

- 1) The Pensions Board receives and considers the report of the advisor of the Pension Board. along with identifying any actions required.

Marjorie Toward

Service Director – Customers, Governance and Employees

For any enquiries about this report please contact:

Noel McMenamin, Democratic Services Officer on 01159932670
noel.mcmenamin@nottsc.gov.uk

Constitutional Comments (KK)

8. The proposals in this report are within the remit of the Nottinghamshire Local Pension Board.

Financial Comments (SES)

9. There are no financial implications identified within the report

HR Comments None.

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

JOHN RAISIN FINANCIAL SERVICES LIMITED

LGPS Update – Consultation “Fit for the future”

A paper by the Advisor to the Pension Board December 2024

Introduction

This paper informs the Nottinghamshire Local Pensions Board of the Consultation “**Local Government Pension Scheme (England and Wales): Fit for the future**” which was issued by the Ministry of Housing Communities & Local Government (MHCLG) on 14 November 2024. The Consultation may be accessed at [Local Government Pension Scheme \(England and Wales\): Fit for the future - GOV.UK](#) The Consultation, which is open for 9 weeks, until 16 January 2025, covers three main areas:

1. LGPS Pooling.
2. Local Investment.
3. Governance of LGPS Funds and Pools.

The Consultation includes proposals, in relation to Pooling, which if enacted would constitute a fundamental change to the Governance of the LGPS in England and Wales. These would reduce to an absolute minimum the role of LGPS Funds in Investment issues and hugely increase the role and responsibilities of the Pools.

The proposals on Local Investment include that LGPS Funds, Pools and (the various types of) Combined authority work together to identify local investment opportunities. However, the Pools (not LGPS Funds) would conduct due diligence and make decisions regarding local investment for the LGPS.

Fundamentally increasing the role of Pools in the LGPS is the headline from the Consultation proposals. However, from reading of the Consultation as a whole and the “**Pensions Investment Review Interim Report**” which was issued by the Government at the same time as the Consultation it is clear that a primary purpose of the Consultation is to support the Government’s “*growth*” agenda.

The majority of the proposals relating to Governance are based on the Scheme Advisory Board **Good Governance Project**. The proposed implementation of important recommendations from this project will likely be widely welcomed by most LGPS Funds. However, the proposals elsewhere in the Consultation to virtually remove the Investment decision making role of LGPS Funds clearly and substantially mitigates their potentially very positive effects.

The LGPS Update to the 31 October 2024 meeting of the Board included coverage the new Government's **Pensions Review** launched in August 2024 and the **Call for Evidence** of September 2024. Both of these have informed the Consultation of November 2024.

Background

The proposals in the Consultation ***“Local Government Pension Scheme (England and Wales): Fit for the future”*** of November 2024 relating to the role of the LGPS Funds and Pools, and Local Investment are clearly derived from and build upon the work of the (previous) Government from 2015 to 2024. The proposals on Pooling and Local Investment further develop those in the 2023 Consultation ***“Local Government Pension Scheme (England and Wales): Next steps on investments”*** issued in July 2023 and the ***“government response”*** to this Consultation issued on 22 November 2023. However, the present 2024 Consultation proposes a clearly more directive approach to that previously proposed. Indeed, the approach of the present Consultation may be reasonably described as mandatory in nature. The present Consultation (Paragraph 5) refers to the 2023 Consultation and states *“The responses to that consultation, along with responses to the recent Pensions Review Call for Evidence and engagement undertaken with LGPS stakeholders have informed the proposals in this consultation.”* Notwithstanding this statement the proposals relating to Pooling and Local Investment in this November 2024 Consultation will if enacted minimise the future role of LGPS Funds in Investment issues.

The Consultation ***“Local Government Pension Scheme (England and Wales): Fit for the future”*** of November 2024 clearly acknowledges the importance of Investment returns to provide Pensions (see Paragraph 1). However from examination of the Consultation (for example Paragraphs 1, 2, 4, 65, 66, 68) and also the ***“Pensions Investment Review Interim Report”*** which was issued at the same time as the Consultation it is clear that a primary purpose of the Consultation is to support the Government's *“growth”* agenda. This report may be accessed at [Pensions Investment Review: interim report - GOV.UK](#)

The Ministerial Foreword (page 6) of the ***“Pensions Investment Review Interim Report”*** by Emma Reynolds MP, the Minister for Pensions (in the Treasury and DWP) acknowledges that the *“foremost purpose”* of Pensions investments *“is and always will be to provide security in retirement”* but goes on to say that *“Our Manifesto set out that we will adopt reforms to ensure that workplace pension schemes take advantage of scale and consolidation, to deliver greater investment in UK productive assets...”* and *“The same approach applies to the £392bn Local Government Pension Scheme in England and Wales (LGPS)...”*

On page 7 of the Ministerial Foreword Jim McMahon MP, Minister for Local Government states *“The Local Government Pension Scheme exists to provide financial security and dignity in retirement for its 6.7 million members...and then that “The Pensions Review has been looking at how we can strengthen the LGPS to harness its full investment potential as an engine of UK and local growth...”*

Then also (on page 7 of the Ministerial Foreword) Jim McMahon MP makes the very clear statement that *“My vision for the LGPS is that it plays a significant part of the government’s growth mission, sitting alongside our major programmes to rebuild Britain’s infrastructure and boost the supply of investible opportunities in the UK. In particular, we want to see the LGPS working closely with Mayoral Combined Authorities alongside Local Authorities to identify and develop investable opportunities appropriate for pensions investment.”*

This LGPS Update will now examine the proposals in the Consultation under the headings LGPS Pooling, Local Investment, Governance of Funds and Pools.

LGPS Pooling

LGPS Pooling is covered in Paragraphs 12 to 64 of the Consultation. There are 4 Proposals and 12 Questions relating to LGPS Pooling.

In the Background section (Paragraphs 12 to 21) the MHCLG sets out what it considers to have been the benefits of Pooling so far, why scale is beneficial, the progress (as judged by MHCLG) of the 8 individual Pools to date, and the Government’s overall vision for Pools going forward. Paragraph 22 then sets out Proposals for *“Optimising pooling for the future”* which are then developed in the later Paragraphs of the LGPS Pooling section of the Consultation. In summary these proposals would introduce (what Paragraph 29 of the Consultation rightly describes as) *“fiduciary management”* where the Pools would make all decisions relating to the implementation of Investment Strategy and almost all decisions relating to Investment Strategy itself. However the type of fiduciary management proposed for the LGPS in this Consultation should not be confused with that used by some private sector Defined Benefit Pension Schemes whereby the Pension Scheme can put in place robust monitoring of the fiduciary manager and dismiss them if they do not perform to an appropriate standard. Under the proposals in this Consultation there are no suggestions for robust monitoring of Pools and no means to dismiss them.

The proposals regarding Investment responsibilities would almost entirely remove the existing Investment related roles of LGPS Funds and place Pools in a position where they have huge power and little real accountability to the LGPS Funds. It would represent a huge transfer of decision making from LGPS Pension Fund Committees to the Pools. Indeed, there is a clear question as to whether the proposals for the transfer of powers/responsibilities from LGPS Funds to Pools relating to Investment Strategy would mean that LGPS Funds were unable to exercise their **fiduciary duty** to Employers and individual scheme members.

However, the proposals are not a simple transfer of power from the LGPS Funds to the Pools. The Pools would be subject to genuine Government overview as is clear from the proposals in Paragraphs 55, 57, 58, 122, and 123.

Proposal 1: ***“Requirement that implementation of the investment strategy is fully delegated to the pool”*** (Paragraphs 24-37).

Paragraph 25 states that since 2016 *“guidance has set out that the selection of external fund managers and the implementation of the investment strategy should be delegated to the pool, in order to streamline decision making, reduce the number of external managers and deliver reduced fees.”* But in practice, LGPS Funds *“have adopted a range of approaches... ranging from full delegation to no or very limited delegation, and from significant alignment of investment strategies to no alignment”* and that many LGPS Funds *“continue to set tactical asset allocation and select investment managers.”*

The Consultation states (Paragraphs 26 and 27) that so far *“Limited delegation to the pool has prevented the delivery of the full benefits of scale...the government’s view is that full, effective and consistent delegation of strategy implementation is needed...”* Figure 1 at Paragraph 32 confirms the Proposal is for the complete delegation of investment strategy implementation to the Pool including Tactical Asset Allocation, Investment Manager Selection, Stock Selection, and Investment Stewardship.

Paragraph 31 states that the implementation of *“high-level investment strategy would be fully delegated to the pool to ensure that decisions are made by experienced investment professionals...”* This is another important but unevicenced assumption. While there are clearly some *“experienced investment professionals”* working in the Pools the level of investment expertise required for the Pools to undertake all the investment strategy implementation activities proposed in the Consultation will require significant further recruitment – and again the question must be whether it is at all realistic to anticipate that the Pools can recruit (and retain) sufficient numbers of truly talented and experienced staff?

However, this proposal covers far more than the implementation of investment strategy. The Proposal goes on to state that with regard to Strategic Asset Allocation (the proportion of assets to be allocated to each asset class) that the role of LGPS Funds is also proposed to be severely limited. This is crucial because as Paragraph 24 of the Consultation correctly acknowledges Strategic Asset Allocation is *“the key factor”* in determining net returns *“while implementation decisions such as manager selection play a much smaller role.”*

Paragraph 28 (and the following paragraphs to paragraph 37) clearly indicate that the Government’s preference is now that LGPS Funds have virtually no role in Investment Strategy itself suggesting that if a LGPS Fund *“wishes to do so”* it could continue to set *“a high-level strategic asset allocation”* but that *“the government believes that expertise in the pools makes them best placed to set the strategic asset allocation and that funds may wish to delegate this to the pool.”* This would represent a fundamental shift in responsibility from the democratically led LGPS Funds to the Pools who under the proposals in this Consultation as a whole are not properly accountable to the LGPS Funds. This is in total contrast to the 2015 Pooling Guidance which stated that *“...high-level*

decisions about Fund objectives, strategy and allocation are best made by individual Funds considering their better knowledge of their liabilities, risk and return objectives and cash flow requirements.” The LGPS Funds advised, in most cases, by major international/national Investment Consultant firms, have the knowledge and understanding of their own circumstances – the Pools, in contrast, do not have this.

Paragraph 33 concedes that if a LGPS Fund wishes to continue to set a strategic asset allocation it would be allowed to do so but that *“the government’s view is that this should be limited to either setting target ranges either for growth and income assets, or for a small number of broad asset classes.”* However, the next Proposal in the Consultation (Paragraphs 38 to 40) in effect renders this “concession” worthless. This is because the Consultation proposes that the Pools should also be the providers of Investment Strategy Advice.

Proposal 2: “Requirement for principal advice on investment strategy to be taken from or through the pool” (Paragraphs 38 to 40).

At present under Regulation 7 of ***The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016*** each LGPS Fund is required to *“formulate an investment strategy”* after taking *“proper advice.”* The term *“proper advice”* is defined at Regulation 2 as *“the advice of a person whom the authority reasonably considers to be qualified by their ability in and practical experience of financial matters”* In the case of the majority of the 86 LGPS Funds in England and Wales this advice is taken from one of the major international or national Investment Consultancy companies who have long experience, major expertise and extensive resources dedicated to the area of investment strategy. A minority of Funds retain small Investment Consultants. A very few LGPS Funds utilise their Pool for this purpose. There is therefore genuine choice in the market and periodic retendering for services by most LGPS Funds. However, Paragraphs 38 and 39 propose that this longstanding arrangement involving choice, competition, and the utilisation of well respected Investment Consultants be ended in favour of the Pools who lack both the experience and capacity to undertake this crucial role across the LGPS.

It is worth quoting from Paragraphs 38 and 39 of the Consultation. In these paragraphs AA means Administering Authority/LGPS Fund. Paragraph 38 states *“...At present investment advice may be sought from investment consultants, with each AA using their own. Whilst it is recognised advice needs to be bespoke, there may be duplication and inefficiency across a pool and AAs may receive divergent advice from the same providers without clear justification, which inhibits asset pooling.* Paragraph 38 rightly states that *“advice needs to be bespoke”* but then continues with assertions which seek to undermine the role of the present highly experienced providers of such advice.

Paragraph 39 then states *“The government proposes that AAs should be required to take principal advice on their investment strategy from their pool. This would ensure that advice is provided on a consistent basis, tailored to individual AA’s requirements, and free from competing interests given that the pools exist*

solely to serve the AAs. The requirement for AAs to have an independent adviser or committee member would equip them to challenge the pool's advice in the majority of circumstances, however it is recognised that in exceptional circumstances AAs may wish to seek additional advice from external investment advisers to help them test the advice given to them by the pool."

In the first two sentences of Paragraph 39 the Consultation asserts that the LGPS Funds should utilise their Pool as their primary provider of strategic investment advice and asserts this will meet the needs of individual LGPS Funds. Therefore in place of well resourced and highly experienced investment consultancy firms who additionally have worked for many years with LGPS Funds the Consultation suggests, without providing any real evidence, that Pools which in the main have little or no experience and expertise in this area can effectively undertake this highly skilled, specialised and vitally important role. Furthermore, it is not credible that all Pools could recruit sufficient suitable staff to provide quality and individually appropriate investment strategy input on an ongoing basis to LGPS Funds? Would many staff leave international or even national investment consultants which offer broad opportunities and experience to join a LGPS Pool? The answer is surely almost certainly no. Paragraphs 38 and 39 propose a huge concentration of power to the Pools.

Paragraph 39 goes on to state *"The requirement for AAs to have an independent adviser or committee member would equip them to challenge the pool's advice in the majority of circumstances"* This statement is surely incorrect. Support from Independent Advisors will not enable Pools to be properly held to account in terms of either the implementation of investment strategy or its development. Individuals cannot have the access to the extensive research and resources required to provide oversight and challenge to a Pool. Paragraph 39 does also go on to state *"however it is recognised that in exceptional circumstances AAs may wish to seek additional advice from external investment advisers to help them test the advice given to them by the pool."* However clearly the expectation is that significant Investment Consultancies will only be used very rarely and that in effect they are to be removed from providing LGPS Investment advice directly to LGPS Funds on anything but an *"exceptional"* basis.

In Paragraph 40 the Consultation somewhat undermines the statements regarding the provision of Investment Strategy advice by Pools as opposed to Investment Consultants made in Paragraphs 38 and 39. Paragraph 40 states *"Not all pools have the existing capability to provide advice to the AAs. Full advisory capability, or the means to share advisory capability across pools, would need to be developed over time. In the meantime, the government expects that pools would seek to procure advice on behalf of their partner funds. The government's intention would be to set out a timeline for this, subject to the outcome of this consultation."* However, this should not be seen as a mitigation of the proposal that Pools provide Investment Strategy Advice. It is simply a recognition that in the main they cannot do so at present and therefore the Consultation suggests that the Pools rather than the LGPS Funds would procure support from the Investment Consultants until such time as they can provide Investment Strategy advice. However, while the Investment Consultants would

now be commissioned by and answerable to the Pools the LGPS Funds would still have to pay their fees either directly or indirectly (plus a commission to cover Pool expenses) as the Pools have no funding of their own.

It would appear clear that the MHCLG (rightly have) concerns regarding the legality of their overall proposals relating to the setting of investment strategy as Question 3 of the Consultation asks, *“Do you agree that an investment strategy on this basis would be sufficient to meet the administering authority’s fiduciary duty?”*

Proposal 3: **“Requirement that LGPS pools are established as investment management companies, regulated and authorised by the FCA”** (Paragraphs 41-46)

The 2015 Pooling Guidance did not set out a specific governance model for Pools. At present 5 of the 8 Pools are FCA investment management companies and 3 are not. This 2024 Consultation argues in Paragraph 41 that the FCA regulated model is the most appropriate and therefore at Paragraph 42 states *“The government therefore proposes that all pools should be established as investment management companies, with the full range of expertise and capacity to deliver the following requirements as envisaged by our proposals:”*

- *Implementation of the investment strategies of their partner AAs, including any strategic asset allocation;*
- *Provision of advice on investment strategies;*
- *Management of legacy assets;*
- *Due diligence on local opportunities and management of such investments.”*

Paragraph 43 states *“Government’s expectation is that pools will develop capabilities to deliver the implementation of investment strategies through in-house investment management in time...”*

In Paragraphs 45 and 46 the future of Pools is covered with reference to *“...establishing a new pool company, merging with another pool, or becoming a client of another pool company for some or all services required...”* (Para 45). But Para 46 states *“The government encourages pool mergers...”* and sets a clear test for any potential new FCA regulated Pool. This clearly suggests that there may be a reduction in the number of Pools from the present 8.

“Requirement to transfer legacy assets to the management of the pool” (Paragraphs 47-52).

The Consultation is clear that LGPS Funds should not appoint new investment managers and also that all assets should be Pooled by *“an indicative timeline”* of March 2026. Paragraph 49 therefore states *“The government’s view remains that in order to deliver the full benefits of scale AAs would need to transfer 100% of their invested assets to their pool with no new investments being made outside*

the pool, including local assets...” Paragraph 51 consequently states “The government therefore proposes that, in line with previous communications, AAs should be required to transfer any remaining listed assets invested outside the pool to pooled vehicles managed by their pool, and further, to transfer legacy illiquid investments to the management of their pool.”

The proposals regarding the transfer of legacy assets to Pools are extremely challenging particularly in the context of an indicative timeline of March 2026. For example, there is a whole range of specialist illiquid assets held outside Pools and the Pools would quickly need to secure resources to effectively manage/monitor these. For illiquid private legacy assets in drawdown what is the advantage of Pool involvement with such assets, apart from generating a (unnecessary) fee for the Pool payable by the LGPS Fund?

The **Implementation** of the Proposals relating to Pooling is covered in Paragraphs 53 to 58.

In Paragraphs 53 and 54 the Government demonstrate their determination to implement a more robust Pooling regime as set out in the Consultation by stating that *“Subject to the outcomes of this consultation, the government will consider legislating to require in law the pool minimum standards set out above, including transition or management of all assets”* and referring to the planned Pension Schemes Bill as the mechanism.

While the Consultation proposes a major compulsory shift of investment function from LGPS Funds to the Pools with the LGPS Funds having little genuine ability to scrutinise the Pools Paragraphs 55, 57 and 58 demonstrates that the Government intends that it will clearly oversee, monitor and scrutinise the Pools going forward. Paragraph 55 states *“...asset pools, working with their partner AAs, are invited to submit a separate proposal, in addition to their response to this consultation, setting out how they would deliver the proposed pooling model and complete the transfer of all assets including legacy assets. Proposals will need to include their view of the costs, timeline and potential barriers and solutions. Government will continue to work closely with pools ahead of proposals being submitted...”* Paragraph 57 further states that *“Each pool is invited to demonstrate a clear path to meeting the requirements outlined in this consultation document. In these reports pools will be expected to provide clear evidence that they are able to capture the advantages of managing investments at very large scale, such as by being able to invest cost effectively or directly, and at scale, in alternative asset classes such as unlisted infrastructure and private equity.”* Paragraph 58 requires proposals to be submitted by 1 March 2025.

Other developments relating to pooling are covered in Paragraphs 59 to 64. These include collaboration between Pools, regional alignment, and the possibility of a future *“role for the pools in the administration of the LGPS...”*

Local Investment

Local Investment is covered in Paragraphs 65 to 84 of the Consultation. There are 4 Proposals and 5 Questions relating to Local Investment.

The proposals relating to Local Investment build upon the ideas of the previous Government in relation to investment in the United Kingdom. However, the proposals in this Consultation are more locally targeted and seek to bring together LGPS Funds, Pools, and the various types of Combined Authority to work together to develop local investment. The proposals also place the Pools not the LGPS Funds at the centre of LGPS local investment decision making.

As stated in the **Background** section of this paper it is clear that a primary purpose of the Consultation is to support the Government's "growth" agenda. Indeed, the section on Local Investment (at Paragraph 65) begins with the statement "*Growth is the number one mission of this government...*" The Consultation also states at Paragraph 68 "*The LGPS already invests approximately 30% of its assets in the UK, as part of its duty to invest to pay pensions. The government believes that as an institutional investor the LGPS can make a distinctive contribution to UK and local growth, building on its local role and networks, through increasing its long-term investment in local communities...LGPS investments can both pay pensions and unlock growth in local communities.*"

The Consultation emphasises that Government envisages the Pools, not the LGPS Funds playing the central role for the LGPS in local investment and provides its narrative for this in Paragraphs 71 and 72. Paragraph 71 states "*The pools can address many of the specific factors which make local investment harder for AAs to consider. Pools are in a position to provide central source of investment expertise to assess, commit to and manage local investments and do not face the same potential conflict of interests, as their role is serving the AAs. Pools create a degree of separation between AAs and their investments, reducing any reputational risk... The government recognises that pools currently have different approaches to local investment and vary in the extent to which they have the capability to assess and manage local investments, but it is the government's view that it is the pool which is in the best position to provide the central capability to carry out due diligence and manage local investments.*"

Paragraph 72 goes on to state "*In addition, pools invest over a wider geographical area than AAs, reducing risks from under performing assets.*" However, this is followed by the statement "*But pools and AAs may both lack a comprehensive view of investment requirements and opportunities across a wider regional area, as set out in local growth plans...*"

Therefore, at paragraph 73 the Consultation states "*With these considerations in mind, Government's view is that the right approach to increasing local investment*

brings together the distinctive strengths of AAs and pools and takes account of the role of Combined Authorities (CAs), Mayoral Combined Authorities (MCAs),

Combined County Authorities (CCAs) and the Greater London Authority (GLA) in regional growth and development. The government wishes to see greater collaboration between AAs, pools and combined authorities of all types on local investment, for the long-term benefit of local areas...

Interestingly at Paragraph 74 the definition of local investment is suggested as *“investments local to any of a pool’s partner”* LGPS Funds *“or investments in their region”* This definition is in contrast to the broad UK wide definition of local investment in the July 2023 Consultation. This new more specific suggested definition of local investment together with the idea that LGPS Funds, Pools and Combined Authorities work together indicates that the Government is clearly seeking to utilise the LGPS to deliver “growth” at a local level and to put in place a mechanism to encourage and facilitate this. The Consultation then includes three Proposals to put this approach into effect.

Paragraphs 75 to 77 cover a **Requirement** [for LGPS Funds] **to set out** [their] **approach to local investment in their Investment Strategy Statement** which includes having to *“take account of local growth plans...in setting their investment strategies...”* Paragraphs 78 to 81 cover a **Requirement** [for LGPS Funds] **to work with combined authorities and similar bodies** to identify potential local investment for consideration by their Pool. The Pools would conduct due diligence on local investment proposals and make the final decision on whether to invest, and to manage all assets. Paragraphs 82 and 83 cover a **Requirement** [for LGPS Funds] **to report annually on local investment.**

The proposals on local investment by linking LGPS Funds and Pools with combined authorities to take account of local growth plans may potentially assist the Government in progressing their “growth” agenda. However, the proposals give LGPS Funds no role in actually determining which local investment proposals are invested in – that is to lie with the Pools. However, the approach outlined in the Consultation could fail to deliver significant suitable investments as it assumes that Pools will be able to *“...develop the capacity to carry out due diligence on local investment opportunities...”* (Paragraph 81). There must be a question as to the ability of Pools to recruit and retain staff capable of effectively assessing and then monitoring local investments. If a Pool did succeed in recruiting appropriate staff the costs of these would ultimately be met by the LGPS Funds in the Pool.

Governance of LGPS Funds and Pools

Governance of LGPS Funds and Pools is covered in Paragraphs 85 to 124 of the Consultation. There are 10 Proposals and 12 Questions relating to the Governance of LGPS Funds and Pools. The Consultation (Paragraph 87) states the Proposals *“...aim to enhance the capability of the LGPS as a well-governed institutional investor...”*. The Proposals in respect of Governance are primarily concerned with implementing proposals from the LGPS Scheme Advisory Board (SAB) **“Good Governance Project”** of 2018-2021.

The LGPS Scheme Advisory Board (SAB) Good Governance Project sought to fundamentally enhance and strengthen the governance of the individual LGPS Funds across England and Wales (86 in total). The project which began in 2018 resulted in three Phases and reports culminating in the SAB issuing, in February 2021, an Action Plan which was a formal request to the Government to implement the final proposals of the Good Governance Project. These included significant proposals in relation to Conflicts of Interest, Knowledge and Understanding, Service Delivery of the LGPS Function and the appointment of a Senior Officer specifically responsible for each LGPS Fund. The final (Phase 3) report may be accessed at [Good Governance Final Report February 2021.pdf](#) and the Action Plan may be accessed at [Annex to Good Governance letter 110221.pdf](#)

No Consultation to implement the important reforms proposed by the project was issued by Government following the submission of the Action Plan in February 2021. The present Consultation of November 2024, however, includes 6 Proposals and 8 Questions related to the implementation of the **Good Governance Project**. These Proposals are as follows:

“Requirement [for LGPS Funds] to prepare a governance and training strategy” (Paragraphs 91-94). This is based both on the Good Governance Project recommendation for an Annual Governance Compliance Statement (see Recommendation A.3) and its Recommendation (B.1) relating to a Conflicts of Interest Policy (specifically including potential conflicts between a LGPS Fund and its Administering Authority). The Consultation also states that the new Governance and Training Strategy would also set out the approach of each LGPS Fund to knowledge and training and representation – these were also themes of the SAB Good Governance Project (see Action Plan Recommendations C.1 and D).

“Requirement [for LGPS Funds] to identify a senior LGPS officer” (Paragraphs 95-97). This was one of the most important Recommendations of the Good Governance Project (see Action Plan A.2 and pages 4 to 6 of the Phase 3 Report) and one which could fundamentally strengthen the Governance of individual LGPS Funds. The Consultation (as was the Good Governance Project) is clear as to the importance of the LGPS Senior Officer role stating at Paragraph 95 *“The government’s proposal is that every AA must have a single named officer (the senior LGPS officer) who has overall delegated responsibility for the management, strategy and administration of the fund...”* Paragraph 96 further states that *“The senior officer would be a substantial role that will require significant time and energy. The expectation would be that the LGPS role would be the main priority for the senior officer. Senior officers should have authority and be able to set strategic direction. Officers reporting to the senior officer should be responsible for all LGPS functions.”* Paragraph 95, 96 and 97 supports the role and status of the LGPS Senior Officer as envisaged in the Phase 3 Good Governance Report and the SAB Action Plan of February 2021. This Proposal if

enacted will further (and rightly) emphasise the separateness of an LGPS Fund from all the other activities of its Administering Authority. It will also require Funds where the Investment and Administration functions report to separate senior officers to report to one senior officer only.

Paragraph 95 also includes the statement *“The senior officer would be expected to ensure that the LGPS function has sufficient resourcing to meet its duties.”* This supports Recommendation E.4 of the SAB Action Plan and the statement in the Phase 3 Report (page 17) that *“Budgets for pension fund functions should be sufficient to meet all statutory requirements, the expectations of regulatory bodies and provide a good service to Scheme members and employers.”*

“Requirement [for LGPS Funds] to prepare an administration strategy” (Paragraphs 98-100). Although many LGPS Funds now prepare a Pensions Administration Strategy this is not presently a requirement of the LGPS Regulations. In line with Recommendation E.2 of the SAB Action Plan the Consultation proposes this become a requirement for all LGPS Funds.

“Requirement [for LGPS Funds] to participate in a biennial independent governance review” (Paragraphs 104-107). The SAB Action Plan stated at Recommendation F.1 *“Each administering authority must undergo a biennial Independent Governance Review and, if applicable, produce the required improvement plan to address any issues identified. IGR reports to be assessed by a SAB panel of experts.”* The Consultation proposes to put this into effect. Paragraph 104 states that each LGPS Fund would be required to *“...participate in an independent governance review every 2 years...”* Ultimately in the case of LGPS Funds which were found incapable of realistically achieving appropriate standards Paragraph 106 states that *“...it would be open to the Secretary of State to make use of powers under the Public Service Pensions Act 2013 and the Investment Regulations 2016 to issue a direction or to wind up a fund.”*

“Requirements on knowledge and skills for those involved in the management of LGPS funds” (Paragraphs 108-112). This includes two Proposals – Firstly that Pension Committee Members, the Senior Officer, and Officers have the appropriate level of knowledge and understanding for their roles, with requirements for Pension Committee Members and Local Pension Board Members aligned. Secondly, that within the (new) Governance and Training Strategy LGPS Funds set out how they will ensure Members and Officers will meet the new knowledge requirements *“within a reasonable period from taking up the role or appointment.”* These proposals particularly draw upon Recommendations D.1 and D.3 of the SAB Action Plan.

The above Proposals seek to set requirements to further and significantly enhance the standards of Governance across all LGPS Funds. However, the proposals elsewhere in the Consultation to virtually remove the Investment decision making role of LGPS Funds (including in respect of Local Investment) clearly mitigate the potentially very positive effects of the Proposals to implement the core Recommendations of the SAB Good Governance Project.

The Consultation also includes 4 further Proposals and 4 further Questions relating to Governance. At Paragraphs 101-103 there is a Requirement for LGPS Funds in respect of **“Improving readability of annual reports.”** This proposes that the requirement to include Fund Strategies with the Fund Annual report be removed.

Paragraphs 113-116 cover the **“Role of independent adviser.”** In these paragraphs the Government sets out possible approaches to the role of Independent Advisor to a LGPS Fund. At Paragraph 113 it is stated *“...the government is also considering how best to bring professional and independent expertise to pension committees to improve governance, improve scrutiny and challenge of advice and delivery, and advise on improvements.”* Paragraph 114 states *“One way in which this could be achieved would be to require pension committees to appoint an independent person who is a pensions professional, whether as a voting member of the pensions committee or as an adviser. The role would encompass supporting the committee on investment strategy, governance and administration. Those who were or might be involved in recommending specific investment products to the committee would not be eligible.”* An Independent Advisor whose remit covers all of Investment Strategy, Governance, and Administration would in itself provide an additional source of support to most LGPS Funds as very few have an Independent Advisor whose remit covers Governance and Administration in addition to Investment. However, such an Independent Advisor would only add to Fund Governance if they were in addition to and not instead of the present arrangements where LGPS Funds have a dedicated organisation specifically providing Investment Strategy advice (whether an international, national, or smaller specialist organisation). To substitute an Independent Advisor who covers all of Investment Strategy, Governance and Administration in place of (rather than in addition to) the existing arrangements across the LGPS for Investment Strategy support will be clearly detrimental to LGPS Funds holding their Pool to account for its provision of Investment services.

The two final Proposals relate to Pools. Paragraphs 119-121 cover **“Requirements on pool company board membership”** including *“independent directors”* as required by the FCA and (at Paragraph 120) that *“boards should also include one or two representatives for the group of shareholder”* LGPS Funds. This wording clearly suggests that the Government believes that the LGPS Funds who own the Pools (which only exist to provide Investment services to the LGPS Funds) should have little direct say in their Governance and operation.

With regard to representation for the (over) 6 million individual Scheme Members the Consultation makes no firm proposals but merely states at Paragraph 121 *“It will also be important to ensure that scheme members’ views and interests are properly understood and taken into account by the pools. The government therefore invites views on the best way to achieve this.”*

The final Proposal of the Consultation at Paragraphs 122-123 covers a **“Requirement [for Pools] to meet transparency and reporting standards”** Paragraph 122 states *“The government also wishes to introduce a greater level of consistency and transparency through reporting standards for pools...”* Paragraph 123 states *“The government is exploring what this could look like for pools, and welcome views on what data and reporting would be most useful for increasing transparency...”* In standardising reporting by Pools, the Government will be more able to monitor and ultimately control the Pools which exist following the outcome of this Consultation.

John Raisin

23 December 2024

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REPORT OF THE SERVICE DIRECTOR – CUSTOMERS, GOVERNANCE AND EMPLOYEES

LOCAL GOVERNMENT PENSION SCHEME (LGPS) – PENSION ADMINISTRATION PERFORMANCE REPORT

Purpose of the Report

1. The purpose of the report is to inform the Local Pensions Board of the work of the Pension Administration Team for the period 1 April 2023 to year ending 31 March 2024.

Information and Advice

Background

2. The LGPS is a statutory scheme with regulations made under the Superannuation Act 1972 and the Public Service Pensions Act 2013. The LGPS is a defined benefits scheme based, since 1 April 2014, on 'Career Average Revaluated Earnings' (CARE). Members' benefits are determined strictly in accordance with the scheme regulations and are not affected by the value of Fund assets. Where members joined the scheme before 1 April 2014, protections are in place for their benefits to be based on accrued scheme membership to that date and their full-time equivalent pensionable pay at retirement.
3. One of the principal areas of focus across the Local Government Pension Scheme is always the performance of scheme employers providing their statutory data to Administering Authorities in a timely manner to enable the updating of member records. The Scheme Advisory Board along with the Local Government Association continues to highlight this matter.

Pension Benefits Administration

4. The Pensions Office undertakes the administration of the pension benefits of the scheme members against the regulations of the Local Government Pension Scheme, and the administration broadly comprises:
 - Maintaining a database of:
 - Active members (i.e.) contributors
 - Pensioners, including widows, widowers, and dependants.
 - Those with deferral benefits that will become payable in the future.
 - Providing Annual Benefit Statements to active and deferred scheme members

- Providing estimates of benefits
- The calculation and payment of retirement benefits
- The calculation and payment of transfer values to other schemes
- Processing transfer values from “club” and local government schemes
- Providing valuations, and splitting of pensions in divorce cases
- Communicating with employers and scheme members on scheme changes and pensions issues
- Onboarding new scheme employers
- Supporting employers to carry out their responsibilities under the LGPS Regulations
- Reconciling employers’ monthly and annual contribution rates
- Providing pension savings statements to scheme members as appropriate.
- Providing data for triennial valuations and the annual FRS102 for all but large bodies who report in accordance with AIS19.
- Replying to questions and issues raised by scheme members and employers.
- In addition, the office also undertakes some of the employer related work of the LGPS on behalf of Nottinghamshire County Council

During the year the Fund has continued to undertake work to support the delivery of several statutory projects which require the collection, checking and the rectification of records as well as applying updates to the Civica UPM system. These being:

- The McCloud Judgement project, for removing age discrimination across public sector pension schemes, for which amendments were introduced into the LGPS regulations in October 2023.
- National Pension Dashboards programme which is intended to provide a single secure location for individuals to access all of their pension history in one place, and for which LGPS Funds are required to connect to the pension dashboards eco-systems by 31 October 2025.

5. The current Pension Team structure comprises the following:

- a. Pensions Administration
- b. Employer Support and Compliance
- c. Technical/Communications
- d. Technical/Performance
- e. Temporary McCloud Project establishment

6. The following table details the Pension Administration resources. There have been several staff movements during the 2023-2024 Financial Year, due to retirement and internal promotions within the team.

	Establishment	As at 31.03.2021	As at 31.03.2022	As at 31.03.2023	As at 31.03.2024
Pension Team	26.20	25.77	23.18	27.33	25
Pension Apprentices	0	N/A	N/A	N/A	4
McCloud Project Manager	1	1	1	1	1

	Establishment	As at 31.03.2021	As at 31.03.2022	As at 31.03.2023	As at 31.03.2024
McCloud Data Officer	1	N/A	1	1	1
McCloud Admin Team	7	N/A	0	1	5
McCloud Employer Support & Compliance	1	N/A	0	1	1
	40.2	30.77	30.18	36.33	41

7. LGPS funds continue to report ongoing issues in recruiting staff, and this is being monitored by the Local Government Association. To address this issue the Fund has taken the approach to “grow our own” and successfully recruited four pension apprentices who joined the team in January 2024. The 18-month apprenticeship covers all aspects of pensions and provides the apprentices with a solid base to enable them to develop their career in the world of pensions. In time the Fund plans to offer the apprenticeship to existing members of the team.
8. The Pension Team are also supported by several other teams within the Business Service Centre (BSC) whose work is recharged to the Pension Fund these include:
- The Business Hub Team who undertakes a range of clerical and administrative tasks on behalf of the Pension Administration Team.
 - The Authority’s Payroll Service who processes the monthly Pensioners Payroll on behalf of the Fund.
 - BSC Security and Authorisation Team who are undertaking several activities to support the Employer Hub.

CIPFA Benchmarking

9. The CIPFA benchmarking submission provides the Fund with a cost per member and the average cost per member across all Funds who provide a return to the CIPFA benchmarking club. The figures for the past four years are shown in the table below –

	2020		2021		2022		2023	
	Cost	Number of Funds	Cost	Number of Funds	Cost	Number of Funds	Cost	Number of Funds
Fund cost per member	£14.08		£14.08		£15.35		£16.65	
Average cost in the benchmarking club	£20.44	22	£21.18	21	£22.15	14	£22.97	14

Please Note* -The 2023-2024 submission deadline was 18 October 2024 and CIPFA have not released the results of the 2024 exercise at this time.

10. The last available data taken from the 2023 exercise, which covered the 2022-23 scheme year detailed the lowest admin cost per member was £7.63 (Oxfordshire CC) and the highest cost

was £142.11 (Southwark MBC). There were 4 Funds with a lower cost per member than the Nottinghamshire Pension Fund, these being Oxfordshire CC (as already stated), West Yorkshire (£111.60), Hampshire (£13.83) and West Sussex (£15.71).

11. The costs per member of Nottinghamshire's geographical neighbours were £16.75 (Lincolnshire), £20.23 (Leicestershire), £23.63 (South Yorkshire) and £28.99 (Derbyshire).

Data Quality

12. The Pensions Regulator has continued to raise concerns across the LGPS Funds relating to data quality and the need for improvement. The Regulator requires all Funds to maintain accurate records. The Fund is required to have a data improvement plan as specified by the Regulator. Failure to do so can put the Pension Fund at risk of failing to meet its legal obligations, and the Regulator will take enforcement action where schemes are not meeting the standards expected or taking appropriate steps to improve pension records.

13. Data is important to the Administering Authority for several reasons, the main reasons being:

- a. Ensuring members are paid the pensions to which they are entitled.
- b. Ensuring employers' costs are reliable/correct.
- c. Ensuring investment and administration costs are reliable/correct.
- d. Ensuring Fund valuations reflect true costs/liabilities of the fund.
- e. Providing cost-effective administration – less queries.
- f. Reducing Internal Dispute Resolution Procedure cases.
- g. Avoiding intervention by the Pensions Regulator
- h. Maintaining the scheme's reputation.

14. Members will be aware that the pension fund has an Administration Strategy which provides a framework for the management of scheme employers' responsibilities to ensure that the Administering Authority receives accurate data in a timely manner. Included in the Administration Strategy is a service level agreement, which is designed to enable the monitoring of activities, undertaken by scheme employers and the Administering Authority.

15. Currently the annual admin performance concentrates on the performance of the Administering Authority and provides limited information regarding scheme employer performance. To address this, a review of the Administration Strategy is planned for the final quarter of the current financial year. The review will include the development of a framework to enable the Fund to monitor and report in more detail on the performance of individual scheme employers. Key stakeholders will be consulted on the revised strategy.

16. The Administration Team is continually updating records, chasing employers, and reminding members of the scheme to update the Fund of changes of personal circumstances, e.g., changes of address.

17. The Regulator requires the Fund to measure and report on the quality of the common and scheme specific data that it holds. The following table shows the measurement over the last 5 years.

	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
Common Data	59%	76%	85%	87%	87%
Scheme Specific Data	60%	43%	54%	63%	64%

- **Common data** – Common data is the basic information which every scheme should hold for each member, such as name, address, and date of birth. It is the information that identifies their benefits and allows the scheme to stay connected with them.
- **Scheme specific data** – This is the data used for calculating pension benefits.

18. Over the last two years improvement has remained static. The Fund has collected additional data from Scheme Employers to support the delivery of the McCloud project. This data collection continues to be reviewed and verified ahead of being loaded into the UPM system. Once the data loads are completed, the Fund will be able to progress on the final data audit phase with Civica.

Pension Fund Membership Statistics

19. On 31st March each year, the Administering Authority reports a set of figures that identify the number of members within the fund under certain categories. These figures are used to populate the fund's annual report, along with other statistical reports including the Office of National Statistics, the Pension Regulator Scheme Return, and the CIPFA Benchmarking report.

20. The following table details the membership of the Fund against each category and sets it in context to the size of the fund.

Type of Member	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
Active Members	47,841	43,957	44,299	45,758	47,140
Deferred members	56,068	60,935	62,501	65,212	67,156
Pensioners	38,923	40,481	42,715	44,732	45,896
Total Membership	142,832	145,373	149,515	155,702	160,192

Scheme Employer Statistics

21. In addition, it is important to understand the context of the number of employers in the Fund, as this increases the complexity of managing the collection of data from different employers. The following table gives a breakdown of the employers in the scheme. The Fund is continuing to consolidate academy trust schools into single employers. This trend will continue as academies continue to consolidate, and we anticipate further requests to the Secretary of State for other academies to transfer in and potentially out of the Fund. There is an advantage to the

Fund for Academy Trusts to consolidate as it reduces complexity of administration along with reducing costs due to economies of scale.

22. The table (below) shows the movement of employers in the Fund with employers joining and leaving the scheme. When Scheme Employers no longer have any active members of the scheme, this drives an employer closure.

Scheme Employer Movements								
	2020-21	2021-22	2022-23			2023-24		
Scheduled	As at 31/03/21	As at 31/03/22	Nos joined	Nos leaving	As at 31/03/23	Nos joined	Nos leaving	As at 31/03/24
Local Authorities	9	9	0	0	9	0	0	9
Academies	153	143	8	0	151	4	4	151
Others – Active	54	53	1	1	53	5	2	56
Others – Closed	114	132	1	0	133	6	0	139
Total Scheduled	330	337	10	1	346	15	6	355
Admitted								
Admission	54	56	16	8	64	12	14	62
Others – Active	22	20	0	2	18	0	4	14
Others – Defunct	102	107	10	0	117	18	0	35
Total Admitted	178	183	26	10	199	30	18	211
	545	520	36	11	545	45	24	566

The following is a list of scheme employers admitted into the Fund in 2023-2024

Scheme employer	Type of employer
Treswell with Cottam Parish Council	Schedule 2 part 2
Clipstone Parish Council	Schedule 2 part 2
KCLS Limited	Admitted - Admission
More Leisure Community Trust Limited (Mans)	Admitted - Admission
Linby cum Papplewick C.E. Primary School	Schedule 2 part 1 - Academies
Linby Parish Council	Schedule 2 part 2
Aspens Services Limited (OLSE)	Admitted - Admission
Papplewick Parish Council	Schedule 2 part 2
Aspens Services Limited (TCT)	Admitted - Admission
Langar C of E Primary School	Schedule 2 part 1 - Academies
Carlton Le Willows Academy	Schedule 2 part 1 - Academies
Sir Edmund Hillary Academy	Schedule 2 part 1 - Academies
Aspens Services Limited (WHPT)	Admitted - Admission
Aspens Services Limited (Minster)	Admitted - Admission
East Midlands Combined County Authority	Schedule 2 part 1 - other active
Aspens Services Limited (St John's)	Admitted - Admission

Scheme employer	Type of employer
Taylor Shaw Limited (Equals)	Admitted - Admission
More Leisure Community Trust Limited (NWSC)	Admitted - Admission
Dolce Limited	Admitted - Admission
Alliance in Partnership Limited	Admitted - Admission
Innovate Services Limited (Minster)	Admitted - Admission

The following is a list of exiting scheme employers 2023-2024

Scheme employer	Type of employer
Mansfield Citizens Advice Bureau	Community body
Greater Nottingham Groundwork Trust	Community body
Sherwood & Newark Citizens Advice Bureau	Community body
Ashfield Citizens Advice Bureau	Community body
Pearson Centre for Young People	Community body
Nottingham City Homes	Scheduled body
United Response	Admission - Transferee
Greater Nottingham Education Trust	Scheduled body
Mellors Catering Services Limited (Southwark)	Admission - Transferee
Foxwood Academy	Scheduled body
Blue Bell Hill Primary School	Scheduled body
Mellors Catering Services Limited (Arnbrook)	Admission - Transferee
Aspens Services Limited (St Patricks)	Admission - Transferee
Nottingham City Homes (Telecare)	Admission - Transferee
Churchill Contract Services Limited (Spencer Academies Trust)	Admission - Transferee
Cater Link Limited (Diverse)	Admission - Transferee
Evolve Trust	Scheduled body
Compass Contract Services (UK) Limited (ATT)	Admission - Transferee
Churchill Contract Services Limited (Nova)	Admission - Transferee
Accuro FM Limited	Admission - Transferee
Cater Link Limited (National)	Admission - Transferee
Q3 Services Group Limited	Admission - Transferee
Serco Leisure Operating Limited	Admission - Transferee
Mellors Catering Services Limited (Two Counties Trust)	Admission - Transferee

Complaints and Internal Dispute Resolution Procedure Appeals

23. The following two tables provide details of the number of formal appeals received by the Administering Authority in 2023-2024. These are appeals at stage 1 and stage 2 of the Internal Dispute Resolution Procedure process along with the number of appeals that the Administering Authority is aware of that have been submitted to the Pension Ombudsman in respect of cases escalated following the two-stage adjudication process.

Independent Disputes Resolution Procedure (IDRP)

IDRP - Stage 1 Appeals against the Administering Authority and Employers 2023-2024

Total	Appeals upheld	Appeals dismissed	Progressed to stage 2	Awaiting Decision
3	Partial x 3	0	1	1

IDRP - Stage 2 Appeals against the Administering Authority

Total	Appeals upheld	Appeals dismissed	Progressed to Ombudsman	Awaiting Decision
5	Partial x 1	1	0	3

Pensions Administration System

24. The Pension Administration system used by the Nottinghamshire Pension Fund is the Universal Pensions Management (UPM) system, provided by Civica UK. UPM was implemented in 2015. In March 2024 Committee approved an LGPS Enhanced Solution contract with Civica, which is supported for a period of 7 years from 1 April 2024 through to 31 March 2031. This contract includes unlimited UPM licences, support and maintenance for all existing modules and the right to install any newly developed modules, Microsoft Azure hosting environment, and professional service days to support training, consultancy and support for the automation of processes.

Employer Support and Compliance Team

25. The Pension Office Employer Support and Compliance team is responsible for liaison with scheme employers on a range of matters in relation to their responsibilities under the LGPS Regulations. This includes:

- Supporting employers in undertaking their responsibilities.
- Communicating regulation and process changes.
- Working with employers to review and improve data quality, including undertaking data audits.
- The development of improved communication methods between the Pensions Office and employers.
- Work on employer acceptance into the scheme, plus also employer closures.

26. The team also have the following contact with Scheme Employer representatives:

- Year-end meetings are undertaken yearly to support preparation for and understanding of reporting requirements at year end.
- Meetings with employer representatives to communicate changes to the LGPS Regulations and the impact on employer responsibilities.
- Ad hoc individual or group support and training sessions with LGPS Employers

27. The Team continues to monitor the performance of scheme employers to ensure that scheme employers meet their statutory requirements in the administration of the scheme.
28. The Team has continued to collaborate with employers to improve the submission of pension data to the Fund.
29. In addition, there are also statutory requirements for participating scheme employers to provide timely and accurate year-end data. For the year 2023-2024, participating employers in the scheme were required to provide accurate year-end data by 10 May 2024.
30. The annual benefit statements were issued to deferred members of the scheme by the end of June 2024 with all active benefit statements issued within the first two weeks of August 2024. A further issue of statements occurred in early November to provide a statement to members where data was provided late to the fund or there were queries with the submitted data which had to be rectified.

Type of Member	Date of distribution	Number of statements issued
Deferred	June 2024	45,729
Councillors	June 2024	61
Active	August 2024	41,681
November – additional run	Early November 2024	439
Total		87,910

31. Where employers fail to meet the requirements set out in the Administration Strategy the Pension Fund reserves the right to charge the employer for additional administration time where appropriate. The fund also reserves the right to report employers to the Pension Regulator where there is a breach of statutory regulations.

32. The following table provides information on employer submissions of year end data over the last six-year ends.

Year End	Deadline date	Nos of returns expected	Nos of returns received by deadline	Accurate returns received by deadline	Percentage of returns received by deadline	Percentage of accurate returns by deadline
2019-2020	15 May 2020	342	304	206	88.0%	60%
2020-2021	14 May 2021	296	261	138	88%	46.6%
2021-2022	9 May 2022	286	249	153	87%	53.5%
2022-2023	5 May 2023	288	226	150	78.5%	52.1%
2023-2024	10 May 2024	294	252	161	85.7%	54.8%

33. The implications of not receiving data from scheme employers can be serious, potentially leading to incorrect pension calculations. Without the correct data, the Administering Authority may not be able to issue annual benefit statements to individual members where the scheme employer has failed to provide the required data. This type of situation would result in a breach of the statutory regulations and may result in the fund being subject to a fine. Any fines will be passed on to the appropriate non-compliant scheme employers.

34. The Pension Fund is monitoring employers' performance and undertaking several audits on employers' data. Each year following year end the team does send invoices for additional work undertaken when scheme employers fail to provide their statutory data on time.

Performance Data

35. Performance statistics in the table below represent the fourth quarter of 2023/24 and compares the performance of the Administration Team fund KPIs against the CIPFA benchmark legal requirement. Overall, the fund performance average against our KPIs is 75% against 67% the previous year. The Fund continues to see an increase in the number of members retiring from active and deferred membership.

1st April 2023 to 31st March 2024.						
Annual Fund Key Performance Indicators compared to performance of the Cipfa benchmark Key Performance Indicators						
Process	Fund KPI	% of cases completed within the fund KPI	No. cases completed	Cipfa Benchmark Legal Requirement (from notification)	% of cases completed within the CIPFA KPI	No. cases completed
Deaths (ALL)	10 Days	48.96	868	2 Months	59.73	976
or						
Deaths – Acknowledging death of member Letter	10 Days	28.44	450	2 Months	62.22	450
Deaths – Letter notifying amount of dependants pension	10 Days	71.05	418	2 Months	53.99	526
Deferments	2 Months	20.79	3,738	2 Months	20.79	3,738
Retirements (All)	Various	76.21	5,296	2 Months	89.53	7,194
or						
Retirements – Process & Pay Pension Benefits (at next available payroll)	30 Days	67.98	3,751	2 Months	84.44	2,764
Retirements – Estimate of retirement benefits Letter (Cat A)	2 Months	96.95	1,443	2 Months	96.82	1,446
Retirements – Estimate of retirement benefits Letter (Cat B)	1 Month	85.29	102	2 Months	92.16	102
Deferred Retirement Quotes (No SLA Equiv)	**			2 Months	90.67	2,882
Transfer Quotes	2 Months	38.42	531	2 Months	35.97	709
Transfers (No BP Equiv)	1 Month	22.93	266	**	**	**
Divorce Quotes (No SLA Equiv)	**	**	**	3 Months	97.95	292
Divorce Settlement (No SLA Equiv)	**	**	**	3 Months	36.36	11
Refund (No SLA Equiv)	**	**	**	2 Months	98.22	674

36. Table 1 details the total number of completed processes in the Financial Year with the measurement commencing in 2018/2019. This table shows the increase in the number of completed processes year on year with the exception for 2020-2021, where a decrease was recorded. However as can be seen from the figures for 2023-2024 the number of completed processes within KPIs has increased to 64,408 an increase of 5,832 completed processes or 9.96%.

Table 1						
Years	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
No of Processes completed	51,976	56,722	53,121	56,900	58,576	64,408
Difference	0	4,746	-3,601	3,779	1,676	5,832
% Change in Difference	⇒ 0.00%	↑ 9.13%	↓ -6.35%	↑ 7.11%	↓ 2.95%	↑ 9.96%

Table 2						
Years	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
No of KPI Processes Completed	10,688	12,138	11,723	14,773	13,130	14,558
Difference	3,071	1,450	-415	3,050	-1,643	1,428
% Change in difference	↑ 40.32%	↑ 13.57%	↓ -3.42%	↑ 26.02%	↓ 11.12%	↑ 10.88%

37. Table 2 shows an increase in the number of KPI processes completed, following a reduction in 2022-23. There continues to be a significant increase in requests from deferred pension members over 55 years of age to seek payment of their pension benefits.

Deaths

38. The member death process is the most difficult statistic to gather and measure. The difficulty is the date and timing of when the Pension Administration Team are informed of a death, against when the team receive all the necessary documentation. Where the relevant information is provided, a death in service grant is paid within 5 days to the next of kin. The Fund continues to see the complexity of a more complicated picture in members' lives and the intricacies of families which requires the Pension Fund to review each individual death grant payable, and where required seek additional information prior to release of death grant benefits.

39. The following table shows the number of deaths processed each year. These statistics include death in retirement, death in deferment, death in service and death of preserved refunds.

40. The yearly deaths, presented in the following tables, shows that the average monthly deaths and the total number of deaths for 2023-24 has reduced significantly following the "main" COVID years.

Yearly Deaths					
Years	2019/20	2020/21	2021/22	2022/23	2023/24
Number of Deaths per year	932	1,199	1,005	1,123	634
Difference	0	267	-194	118	-489
% Change in Difference	⇒ 0.00%	↑ 28%	↓ -16%	↑ 12%	↓ -44%

Monthly Averages					
Years	2019/20	2020/21	2021/22	2022/23	2023/24
Number of Average Monthly Deaths	78	100	84	94	53
Difference	0	22	-16	10	-41
% Change in difference	⇒ 0.00%	↑ 28%	↓ -16%	↑ 12%	↓ -44%

41. The Pension Administration Team are working to review the Fund's performance against key casework totals and performance indicators identified by the Scheme Advisory Board's Annual Report guidance applicable for future Annual Reports.
42. The new requirements include an expanded list of reporting requirements and key performance indicators which include reporting for areas within communication and engagement, resources and data quality. Where applicable, reporting will be measured against compliance with timescales set out in The Occupational Pension Schemes (Disclosure of Information) Regulations.

Other Options Considered

43. Work on developing the Service Level Agreement will continue, to ensure it provides for a full range of benchmarking data for the coming fiscal year. This work will be done in conjunction with a national set of benchmarks across all LGPS schemes.

Reason/s for Recommendation/s

44. This report has been compiled to inform the Local Pensions Board of the activities being undertaken by the administration team to improve the performance of employers, and the administration of the fund.

Statutory and Policy Implications

45. 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

46. The administration of the Nottinghamshire Pension Fund is being delivered within existing resources at a cost of £3.2m including all costs and external fees.

RECOMMENDATION

It is recommended:

1. That the Local Pensions Board notes the performance of the administration of the pension fund, and the continued development of systems and processes that will improve the service to members of the fund.

Marjorie Toward
Service Director – Customers, Governance, and Employees

For any enquiries about this report, please contact:

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Constitutional Comments (KK 18/12/2024)

47. The proposal in this report is within the remit of the Local Pensions Board.

Financial Comments (TMR 03/12/2024)

48. The cost of pension's administration is a valid charge to the pension fund and as set out in the report the costs are £3.2m at 2023-24 including all costs and external fees.

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.

- [Meeting of the Nottinghamshire Pension Fund Committee on 12 December 2024 - agenda](#)

**REPORT OF THE SERVICE DIRECTOR – FINANCE, INFRASTRUCTURE AND
IMPROVEMENT****PENSION REGULATOR’S GENERAL CODE OF PRACTICE – UPDATE AND
ACTIONS****Purpose of the Report**

1. This report updates the Local Pensions Board on the steps taken by the Fund following the publication of the Pension Regulator’s new General Code of Practice. It also informs the Board about new policies and strategies produced in response to the requirements of the General Code.

Information

2. The Public Service Pensions Act 2013 extended the role of the Pensions Regulator to include public service schemes including the Local Government Pension Scheme (LGPS). This came into effect from 1 April 2015. The Pensions Regulator now has responsibilities in relation to governance and administration. Its role has also extended to funding and investment issues within the LGPS.
3. Schedule 4 of the Public Services Pensions Act 2013 requires the Pensions Regulator to issue a Code or Codes of Practice in respect of certain matters. On 10 January 2024, the Pensions Regulator published the single General Code of Practice, which came into force on 27 March 2024. The General Code brought together multiple previous codes into a single place and introduced new modules: cyber controls and pension scams.
4. The new Code applies to all pension schemes, not just Local Government Pension Schemes, although not all the requirements in the Code apply to the LGPS. Its aim is to introduce comparable standards across all types of pension schemes and make it easier to maintain and update them. It comprises the following five areas which are broken down into fifty-one modules:
 - The governing body
 - Funding and investment
 - Administration
 - Communication and disclosure
 - Reporting to the Pensions Regulator

5. The Fund commissioned Barnett Waddingham to undertake a reverse gap analysis to assess its level of compliance with the new Code and help identify the actions needed to meet the Code's requirements. In producing the gap analysis, Barnett Waddingham also reviewed the scheme's arrangements against the draft recommendations raised through the Good Governance Review. Barnett Waddingham's assessment is **Appendix A** to this report. The final column incorporates the Fund's response to the comments and recommendations, including the reference to related items on the action plan (**Appendix B**).
6. Of the 53 areas covered by Barnett Waddingham's review, 12 areas did not apply to the LGPS. Of the remaining 41, 28 did not require the Fund to take any action. There are areas captured within the action plan where the Fund did not need to act but has chosen to enhance current documentation and practices, or to pre-empt the implementation of the Good Governance Review.
7. The Scheme Advisory Board undertook the Good Governance Review; the final report and recommendations were published in February 2021. The Scheme Advisory Board presented the recommendations for the government to review, but they have yet to be implemented however a number of the recommendations feature in the current Ministry of Housing, Communities and Local Government (MHCLG) consultation: Local Government Pension Scheme (England and Wales): Fit for the future.
8. Barnett Waddingham shared a draft version of the reverse gap analysis. Where there were issues that the Fund could easily resolve, for instance updates to the Fund's website, they were addressed immediately. The Fund also provided additional assurance and signposting where Barnett Waddingham had been unable to make an initial assessment because it had not been able to find relevant documentation. Barnett Waddingham then took account of this information in producing its final analysis.
9. On receiving the final gap analysis, officers developed an action plan to address the recommendations that arose from it, and, where there was capacity and opportunity, pre-empt the implementation of recommendations from the Good Governance Review. **Appendix B** shows the action plan arising from Barnett Waddingham's final report. Actions cover:
 - Updates to existing Fund documentation (Governance Compliance Statement, Local Pensions Board Code of Practice, Risk Management Strategy, Administration Strategy, Communications Strategy, Breaches Strategy)
 - Inclusion of supplementary information in the Fund's annual report (member attendance at training, attendance at meetings and time spent on different areas of governance)
 - New Fund documents (Training Strategy, training needs assessment training declaration, Conflicts of Interest Protocol)
 - Additions to the risk register (business continuity, pension scams, controls around cyber)
 - Review of business continuity arrangements
10. At its meeting on 14 November 2024, the Nottinghamshire Pension Fund Committee approved the following updated strategies, all of which were reviewed to ensure they reflect the requirements of the Code, and amended where necessary:

- Administration Strategy
- Breaches Strategy
- Climate Strategy
- Communications Strategy and Communications Plan
- Funding Strategy Statement
- Governance Compliance Statement
- Investment Strategy Statement

11. The Committee also approved two new documents: a Training Strategy and a Conflicts of Interest Protocol. Further information about these documents is provided later in this report.
12. At its meeting on 12 December 2024, the Nottinghamshire Pension Fund Committee approved its revised Risk Management Strategy. A separate report on this agenda covers the revised Risk Management Strategy and the updated risk register.
13. The expectation of the Pensions Regulator is that Funds will have actions in place to ensure they are compliant with the requirements of the Code by the end of March 2025, or they are able to demonstrate that they are making good progress. The Fund has captured its progress to date within the action plan. Officers have also spoken to other Funds about their progress; Nottinghamshire's is in line with that of other Funds. An update report to the Nottinghamshire Pension Fund Committee is scheduled for its meeting in April 2025, with a further report provided subsequently to the Local Pensions Board.

Knowledge and Understanding

14. Both the General Code of Practice and the Good Governance Review place emphasis on knowledge and understanding. It is a requirement of the General Code that LGPS Funds have a Training Strategy. The approved Training Strategy (**Appendix C**) sets out how the Fund will manage the training and development of key members and officers, including members of the Local Pensions Board. The strategy brings together the training requirements for both the committee and the Local Pensions Board, which have historically been developed independently of one another.
15. The strategy respects the legislative provision for the prescribed knowledge and understanding requirements placed on local pensions boards while highlighting the importance of ensuring those charged with the governance of the scheme (in this case the Nottinghamshire Pension Fund Committee) possess the knowledge and understanding to undertake their role. It also recognises that they need the requisite knowledge and understanding from the time they start their role and sets out the steps the Fund will take in both ordinary and election years, and appointments made in-year.
16. The Code sets out key areas of knowledge and understanding; the strategy's appendix captures these in the committee and board training requirements.
17. The Code also places requirements on Funds about undertaking training needs analyses to identify skills gaps, and publishing records of learning activity on an ongoing basis. In addition to the newly approved strategy, the Fund has, for the first time, published details of training undertaken by members of both the Nottinghamshire Pension Fund Committee and the Local Pensions Board as part of its annual report for 2023/24. It also includes whether members have completed the LGPS Fundamentals training or attended any conferences.

18. While the strategy incorporates knowledge and understanding for officers, the Good Governance review includes additional recommendations regarding specific training requirements for Section 151 officers. At such time as the government implements the recommendations, the Fund will review and update the strategy to reflect those requirements. In the interim, the Fund will start to record training completed by those senior officers who support the Fund from the beginning of the 2024/25 financial year.
19. The current MHCLG consultation includes questions on knowledge and understanding, including a proposal that requires Funds to adopt a Governance and Training Strategy, including a Conflicts of Interest Strategy. This Training Strategy will be kept under review as further details emerge about the requirements placed on Funds.

Conflicts of interest

20. While the Council has its own arrangements for handling conflicts of interest, the Code and Good Governance review highlight the importance of Funds having their own arrangements for managing conflicts of interest. While at this point having a procedure for the Fund is a matter of good practice, one of the recommendations from the Good Governance review would place a requirement on Funds to have their own conflicts of interest arrangements.
21. At its meeting on 14 November 2024, the Nottinghamshire Pension Fund Committee approved a Conflicts of Interest Protocol. The Protocol outlines the Fund's relationship with the council's own conflicts of interest arrangements and recognises conflicts that may be unique to members who sit on either the Local Pensions Board or the Nottinghamshire Pension Fund Committee.
22. A copy of the newly approved Conflicts of Interest Protocol, which applies to both members of the Nottinghamshire Pension Fund Committee and the Local Pensions Board, is attached as **Appendix D** to the report.
23. As with knowledge and understanding, conflicts of interest are covered in the current MHCLG consultation, which is proposing that Fund's will be required to adopt a Governance and Training Strategy that includes Funds' arrangements for dealing with conflicts of interest. The Protocol will be kept under review as any new requirements emerge.

Other Options Considered

24. The Fund must comply with the requirements of the Pensions Regulator's General Code of Practice. It could choose not to act in respect of the Good Governance Review's recommendations at this time, but where requirements are complementary and enhance the Fund's governance arrangements, it is most efficient to incorporate them. Information in the MHCLG consultation indicates the direction of travel and adopting the elements from the Good Governance Review will help the Fund comply with prospective new requirements.
25. An alternative option that has been rejected is presenting the outcome of the gap analysis and action plan only to the Nottinghamshire Pension Fund Committee. This was rejected because the Local Pensions Board has a key role to play assisting the Nottinghamshire Pension Fund Committee with securing compliance with pension legislation and ensuring the effective and efficient governance and administration of the Fund.

Reasons for Recommendations

26. The Fund must comply with the relevant sections of the Pensions Regulator's General Code of Practice. The Local Pensions Board assists the Nottinghamshire Pension Fund Committee securing compliance with pension legislation and ensuring effective and efficient governance and administration of the Fund, this includes compliance with the General Code. The report gives members of the Local Pensions Board an opportunity to view the assessment of the Fund's compliance with the Pension Regulator's General Code of Practice and its journey to compliance. In noting the report, the Board is seeing the actions in place to secure compliance, ask questions or make any recommendations.

Statutory and Policy Implications

27. 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

28. There are no financial implications arising as a result of this report.

RECOMMENDATIONS

- 1) That the Local Pensions Board notes the outcome of the reverse gap analysis, action plan and progress to date.
- 2) That the Local Pensions Board agrees to receive future updates on the progress of the Fund in implementing the action plan.

Nigel Stevenson

Service Director – Finance, Infrastructure & Improvement

For any enquiries about this report please contact:

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Constitutional Comments (KK 28/11/24)

29. The proposals in this report are within the remit of the Local Pensions Board.

Financial Comments (SES 03/12/2024)

30. There are no specific financial implications arising directly 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.

- [Nottinghamshire Pension Fund Committee, 14 November 2024 – update report on the implementation of the Pension Regulator’s General Code of Practice, action plan and new policies](#)
- [The Pensions Regulator’s General Code of Practice](#)
- [Good Governance phase 3 report and recommendations](#)
- [Nottinghamshire Pension Fund Committee, 18 April 2024 – report on the Pension Regulator’s General Code of Practice](#)
- [Local Government Pension Scheme \(England and Wales\): Fit for the future consultation - GOV.UK](#)

Electoral Division(s) and Member(s) Affected

- All



Nottinghamshire Pension Fund General Code of Practice compliance review

Gavin Paul | Associate (Senior Pensions Consultant)

25 October 2024



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Executive Summary

Overall, having considered the expectations of the General Code of Practice, we found that the Fund has strong processes, policies and procedures in place for the majority of the modules that we have been able to assess. We did find that there were some gaps in the Fund's current processes in relation to specific modules which have been highlighted in the framework below. In summary:

- The table (right) highlights that 70% of the modules looked to meet the TPR's expectations, however, it should be noted that a number of the items are not publicly available, the Fund aims to amend or implement key documents, policies and processes and therefore a level of assumptions has been factored into the rating.
- For modules that are not specifically expected for the LGPS, the Fund may wish to consider amending documents, policies and process to ensure best practice.

Next steps

The Fund has identified specific actions as part of its current documents, processes and policies which have been summarised in this report and form part of its ongoing commitment to adapt and evolve its procedures in line with changing circumstances. It would be recommended that as the framework included within this report be considered a "living" document updates to the framework should be completed periodically. For the next steps, we would recommend that Officers:

- Update key documents and policies to ensure full compliance with the requirements of the General Code.
- Build in review cycles for each module in order to ensure policies, processes and procedures remain relevant and continue to meet the expectations.



RAG Rating	Module count (Percentage)
Red	0 (0%)
Amber	5 (9%)
Green	37 (70%)
N/A*	11 (21%)
Total	53 (100%)

*Not specifically applicable to the LGPS or do not need to be individually assessed

Introduction

This document has been prepared by Barnett Waddingham for the Nottinghamshire Pension Fund (Fund). It sets out our views on whether the Fund complies with the Pension Regulator’s General Code of Practice and if not, we identify what the Fund should do next.

The Pension Regulator’s General Code of Practice came into force on 28 March 2024. The Code applies to governing bodies of occupational, personal, and public service pension schemes and sets out the Pension Regulator’s expectations of the conduct and practice governing bodies should meet to comply with their duties under pensions legislation. Not all the expectations apply to the Local Government Pension Scheme, and we have identified those which apply and those which do not. In addition, some of the expectations are compulsory which is where they reflect a legislative requirement while others are described as “good practice” which is where the expectation does not directly apply but the Regulator suggests funds should consider adopting them.

Using this document


We have identified the expectations set out within the Code and in the following table have given our view on whether the Fund complies or not and what steps (if


any) the Fund should take to meet the expectations. To help the Fund we have included a colour indicator so you can see immediately our view on compliance and, where we think the Good Governance Review might impact upon the review, we have added a comment against each expectation. Following the change in Government in July 2024, we await clarification of the new minister’s intentions regarding their approach to the Good Governance recommendations. Due to this uncertainty, we recommend that the Fund pushes ahead with any changes to policies, procedures and/or documents to ensure compliance with the Code.

This review should be a “living” document which evolves to reflect any changes in the way the Fund operates over time or because of the Regulator updating its Code from time to time.

The definitions are set out at the end of the document. The definitions are set out at the end of the document. We have also included an Appendix listing the policies and documents we have reviewed in preparing this analysis.


The governing body: Board structure and activities


Module	TPR's expectations	Application to the LGPS	Status of Fund against Code	Matching policies and documents	Affected by the Good Governance Review?	Actions required and NPF response
<p>Role of the governing body</p>	<p>The module describes the "governing body" of a public service pension scheme as the scheme manager. With the LGPS, the scheme manager will be the administering authority.</p> <p>It sets out 10 expectations for how "trustees of trust schemes" should act and suggests they are "appropriate standards for the governing body of other schemes".</p> <p>Expectations include acting in the interest of scheme members, knowledge and understanding, act in accordance with the rules and act honestly with integrity, competence and capability.</p>	<p>Good practice: The expectations do not directly apply as LGPS is not a trust scheme but says the expectations for trustees also "represent appropriate standards for the governing body of other schemes".</p> <p>The module says "A pension board must have an equal number of employer and member representatives."</p>		<p>Pension Fund Terms of Reference Document.ashx (nottinghamshire.gov.uk)</p> <p>Local Pension Board Local Pension Board Nottinghamshire Pension Fund (nottspf.org.uk)</p> <p>Councillors' Code of Conduct- Microsoft Word - Councillor Code of Conduct - final 12072012.doc (nottinghamshire.gov.uk)</p> <p>LPB code of practice - nottinghamshire-local-pension-board-code-of-practice.pdf (nottspf.org.uk)</p> <p>Democratic Management System > Committees > Nottinghamshire Pension Fund Committee – PFC membership</p> <p>GovernanceComplianceStatement 2023 (nottspf.org.uk)- Outlines PFC voting</p> <p>The links to the PFC and LPB webpages outline the</p>	<p>Unlikely even though there are a number of areas under the Review which cover similar expectations.</p>	<p>None</p>

Module	TPR's expectations	Application to the LGPS	Status of Fund against Code	Matching policies and documents	Affected by the Good Governance Review?	Actions required and NPF response
				membership, voting processes, code of conduct and demonstrate strong policies and process in place.		
Recruitment and appointment to the governing body	This module relates to processes for recruiting and appointing persons to the governing body. It lists 9 features that any such process should have.	Partial: – Pension Committee (or similar) recruitment is subject to policies in accordance with appropriate legislation, however it says this module “also applies to <i>public service pension boards</i> .”		GovernanceComplianceStatement 2023 (nottspf.org.uk) PFC appointment process has been covered within the Governance Compliance Statement. nottinghamshire-local-pension-board-code-of-practice.pdf (nottspf.org.uk) LPB code of practice document outlines the membership requirements and appointment process Governance and strategies Nottinghamshire Pension Fund (nottspf.org.uk) Link to the PFC section of the Fund’s website with details of meetings etc.	Potentially. The Review suggests that each fund will be required to publish a policy on the representation of scheme members and non-administering authority employers on its committees explaining its approach to representation and voting rights for each party. Also, one of the KPIs in the Review deals with attendance at meetings.	None
Arrangements for member-nominated trustee appointments	This module sets out the expectations for the processes to appoint member-nominated trustees.	No. The LGPS does not have trustees, member nominated or otherwise, this section relates to private sector	Not applicable	Not applicable	No	Not applicable

Module	TPR's expectations	Application to the LGPS	Status of Fund against Code	Matching policies and documents	Affected by the Good Governance Review?	Actions required and NPF response
		occupational pension schemes.				
Appointment and role of the Chair	This module sets out expectations for the appointment and role of the chair	Good practice: The expectations do not directly apply however as chair appointments are within the gift of each LGPS administering authority the module could be a useful marker.		GovernanceComplianceStatement 2023 (nottspf.org.uk) - PFC Chair appointment process covered within the Governance Compliance Statement. nottinghamshire-local-pension-board-code-of-practice.pdf (nottspf.org.uk) - LBP Chair appointment process cover in LPB code of practice.	No	<p>We understand the Fund has updated the Governance Compliance Statement and LPB code of practice to highlight the expectations of the chair.</p> <p>No further actions required</p> <p>NPF response: Governance compliance statement updated and subject to committee approval on 14/11/24 Ref 1 on action plan. An amended Local Pensions</p>




Module	TPR's expectations	Application to the LGPS	Status of Fund against Code	Matching policies and documents	Affected by the Good Governance Review?	Actions required and NPF response
						Board Code of Practice will be presented in Jan 2025 Ref 2
Meetings and decision-making	<p>This module sets out expectations for meeting procedures – arrangements for meetings and record keeping. It sets out what must be included in their meeting records (Regulation 6 of the Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014).</p> <p>In addition to the legislative requirements, it sets out matters that governing bodies, when running and planning meetings, should do e.g. frequency and length of meetings, standing items, keep records of</p>	<p>Partial – Regulation 6 refers only to pension boards. Committee or similar bodies are subject to arrangements for meetings and decision making as set out under relevant local government or other legislation</p>		<p>Governance Compliance Statement 2023 (nottspf.org.uk) Voting/decision-making covered for the PFC in the Governance Compliance Statement.</p> <p>nottinghamshire-local-pension-board-code-of-practice.pdf (nottspf.org.uk) – Voting/decision-making covered in LPB code of practice.</p> <p>Democratic Management System > Committees > Nottinghamshire Pension Fund Committee</p> <p>Democratic Management System > Committees > Local Pensions Board (nottinghamshire.gov.uk)</p> <p>Written records of meetings are publicly available on the Administering Authority webpage. PFC Member conflicts are also available.</p>	<p>Potentially. Amongst the KPIs in the Review are ones dealing with attendance at meetings and the time spent on different areas of governance. Further, the proposal under the Review to appoint a “LGPS senior officer” (who will be required to lead and take responsibility for the delivery of the LGPS function) may also affect the meeting process.</p>	<p>None</p> <p>NPF response: Ref 3 covers measuring attendance and time spent on activity</p>


Module	TPR's expectations	Application to the LGPS	Status of Fund against Code	Matching policies and documents	Affected by the Good Governance Review?	Actions required and NPF response
	decisions, conflicts of interest, risk register etc					
Remuneration and fee policy	<p>This module sets out expectations around a governing body's remuneration policy. The module is for schemes required to operate an effective system of governance. It sets out what should be in a remuneration policy.</p>	<p>Good practice. The module says "Other schemes may wish to adopt these principles as good practice."</p>		<p>Councillor allowances, expenses and conduct Nottinghamshire County Council The PFC relies on the administering authority's allowances policy for meeting the expenses of members albeit they do not align expressly with the expectations of the Code (which is more suited to private sector occupational pension schemes). We have found a copy of a proposed new scheme which was approved at a full Council meeting on 24 November 2022 - Microsoft Word - Members' Allowances Scheme - Appendix - Update Report of the IRP- Appendix B - Proposed Updated Scheme.docx (nottinghamshire.gov.uk)</p> <p>The LPB expenses process is covered in the nottinghamshire-local-pension-board-code-of-practice.pdf (nottspf.org.uk)- which is covered by the Administering Authority.</p>	No	None- The Fund does not need to comply with this module - this is a matter of good practice and is not a "must" requirement of the Code for the Fund.

Module	TPR's expectations	Application to the LGPS	Status of Fund against Code	Matching policies and documents	Affected by the Good Governance Review?	Actions required and NPF response
				We understand remuneration in general is a matter for the County Council to determine following recommendations from its independent Remuneration Panel.		



The governing body: Knowledge and understanding requirements


Module	TPR's expectations	Application to the LGPS	Status of Fund against Code	Matching policies and documents	Affected by the Good Governance Review?	Actions required
Knowledge and understanding	<p>This module sets out the expectations that trustees should follow including having a list of matters they need to be familiar with and to audit and review the skills of the governing body to identify gaps. There is a list of topics that anyone with a requirement for knowledge and understanding should have a working knowledge of.</p>	<p>Yes, with exceptions.</p> <p>The module says <i>"the requirements for knowledge and understanding fall on pension board members. It is good practice for the scheme managers to achieve at least basic competence."</i></p> <p>The obligation falls on the pension board.</p> <p>It is "good practice" for the scheme managers.</p> <p>Pension boards should tailor the list of topics according to their circumstances, but some are expressly excluded such as "principles of investment".</p>		<p>Governance Compliance Statement 2023 (nottspf.org.uk)</p> <p>Investment Strategy Statement 2023 (nottspf.org.uk)</p> <p>nottinghamshire-local-pension-board-code-of-practice.pdf (nottspf.org.uk) - Knowledge and understanding for the LPB. Detail of the training received is included in the minutes of LPB meetings but no written training programme appears to be available online.</p> <p>The Fund states within the Governance Compliance Statement- under principles Funds should ensure that there is a clear training policy in place (Fund is fully compliant, however, we have</p>	<p>Yes. The Fund should draft a policy which covers the requirements of the Code and the Review. The Review goes further than the Code in that, for example, it also addresses training needs for s151 officers.</p> <p>One of the KPIs under the Review concerns training and expertise – hours of relevant training and the experience across the senior management team.</p>	<p>The Fund may wish to make the Training Policy a publicly available document (it is referred to in the risk register) – The Policy should ensure that it covers the expected requirements of members and other key stakeholders. We understand a training policy has been drafted for consideration by the PFC on 14/11/24. It covers members of both PFC and LPB. No further action should be</p>

				been unable to locate the policy)		required once this is in place. NPF response: See action plan Refs 4-8
Governance of knowledge and understanding	This module sets out expectations for governing bodies to maintain, develop and show knowledge and understanding. There are several lists setting out how the governing body should operate to use and retain knowledge and understanding, invest time to develop knowledge and keep records to assess gaps and overall compliance with knowledge and understanding.	Yes, with exceptions. It applies " <i>...to the pension boards of public service pension schemes.</i> " " <i>It is important that the... pension board can demonstrate that, as a group, they possess the skills, knowledge, and experience to run the scheme effectively.</i> "		As above	Yes. The Fund should draft a policy which covers the requirements of the Code and the Review. The Review goes further than the Code in that, for example, it also addresses training needs for s151 officers.	As above. NPF response: See action plan Ref 9

The governing body: Value for scheme members

Module	TPR's expectations	Application to the LGPS	Status of Fund against the Code	Matching policies and documents	Affected by the Good Governance Review	Actions required
Value for members	This module requires the governing bodies of trust-based DC occupational pension schemes should assess, determine, and manage the costs/expenses borne by members represent good value for money.	No. Applies to trust-based occupational pension schemes providing DC benefits.	Not applicable	Not applicable	No	Not applicable

The governing body: Advisers and service providers

Module	TPR's expectations	Application to the LGPS	Status of Fund against the Code	Matching policies and documents	Affected by the Good Governance Review	Actions required
<p>Managing advisers and service providers</p>	<p>This module sets out TPR's expectations for the selection, appointment, management and replacement of professional advisers and service providers. The module covers procurement, monitoring performance, management of a provider and the replacement of a provider whether at the end or during a contract.</p>	<p>Good practice i.e. "Other schemes may wish to consider [using the processes set out in the module] as good practice."</p>		<p>Microsoft Word - Independent Adviser Objectives (nottinghamshire.gov.uk)</p> <p>Investment Strategy Statement 2023 (nottspf.org.uk)</p> <p>Risk Register 2023 v4 (nottspf.org.uk)</p> <p>GovernanceComplianceStatement 2023 (nottspf.org.uk)</p> <p>Risk Management Strategy 2023 draft (nottspf.org.uk)</p> <p>annual-report-22-23-draft.pdf (nottspf.org.uk)</p> <p>The Fund has implemented investment objectives for the Independent adviser and therefore complies with the legal requirements.</p> <p>The Investment Strategy statement contains some</p>	<p>Potentially, because the KPIs include a number based on service delivery and process delivery i.e. retirements processed within an SLA. Also, one of the responsibilities of the proposed "LGPS senior officer" is to manage delivery of the LGPS function to meet SLAs.</p>	<p>This is not a "must" requirement under the Code, but the Pension Fund may choose to adopt the requirements of this module.</p> <p>The Pension Fund may wish to include a high-level summary on the procurement and appointment process of advisers and may wish to provide more details on how other key advisers are monitored.</p> <p>NPF response: No action required as not</p>





information on the setting of the objectives and role adviser plays in advising the Fund.


There is high level wording included within the Risk Register with regard to investment objectives for portfolios and it would be expected that Investment Managers would comply with the Funds objectives.



In addition, reference to the performance of the pensions administration team is included within the annual report (2022/23).

mandatory. Processes exist but are not formally summarised in this way. Documentation of process may be formalised as a matter of good practice in the future but is not a current priority



The governing body: Risk management

Module	TPR's expectations	Application to the LGPS	Status of Fund against the Code	Matching policies and documents	Affected by the Good Governance Review?	Actions required
<p>Identifying, evaluating, and recording risks</p>	<p>This module sets out TPR's expectations for governing bodies to identify and record risks and to regularly review and evaluation those risks.</p> <p>The module sets out a list of potential risks and how to evaluate those risks.</p>	<p>Yes. Under section 249B of the Pensions Act 2004, scheme managers of public service pension schemes must establish internal controls.</p> <p>There are additional statutory requirements which apply such as Part 2 of the Accounts and Audit Regulations 2015 (Internal control).</p>		<p>Risk Management Strategy 2023 draft (nottspf.org.uk)</p> <p>Risk Register 2023 v4 (nottspf.org.uk)</p> <p>The Fund has in place a Risk Management Strategy which outlines the key purpose and objectives of the Fund, key stakeholders and their responsibilities in addressing risks and contains high-level mitigation processes. The publicly available Risk Register provides the key information that highlights assessment and mitigation of the Funds key risks.</p>	<p>Potentially but we expect the Code and Review requirements to dovetail. In the section "Service delivery for the LGPS Function", it lists the review of the risk register as a KPI. Also, one of the responsibilities of the proposed "LGPS senior officer" is to manage the delivery of the LGPS function to meet SLAs.</p>	<p>The Fund may wish to include wording on the identification process of the Fund's key risks.</p> <p>A new risk management strategy has been drafted and will be presented to committee for consideration on 14/11/24. Once approved, no further action should be required.</p> <p>NPF response: Action plan Ref 10</p>
<p>Internal controls</p>	<p>Having identified and evaluated the risks, the governing body should put in place internal</p>	<p>Yes. Under section 249B of the Pensions Act 2004, scheme managers of public service pension</p>		<p>We understand internal controls are built into working practices. The Council's internal audit team undertakes audits on a cyclical</p>	<p>No</p>	<p>The Fund can address this module by ensuring that</p>

Module	TPR's expectations	Application to the LGPS	Status of Fund against the Code	Matching policies and documents	Affected by the Good Governance Review?	Actions required
	<p>controls to reduce the incidence and impact of those risks.</p> <p>The module says governing body's internal controls should include a clear separation of duties for those performing them and process for escalation and decision-making and require the exercise of judgment in assessing the risk profile and designing appropriate controls for the scheme.</p>	<p>schemes must establish internal controls.</p> <p>There are additional statutory requirements which apply such as Part 2 of the Accounts and Audit Regulations 2015 (Internal control).</p>		<p>basis, and these could include audit or pension fund processes. Assurance around internal controls is also provided following reviews of specific areas undertaken by external audit</p>		<p>records of audit and assurance reporting and policies are retained and is accessible to requests by another party such as The Pensions Regulator.</p> <p>NPF response See action plan Ref 11</p>
Assurance reports on internal controls	<p>This is the process of analysing procedures to assess whether the scheme or service provider meets the relevant legislative requirements on internal controls. Procedures include statutory and internal audit, and assurance reporting by service providers or as</p>	<p>Yes. Under section 249B of the Pensions Act 2004, scheme managers of public service pension schemes must establish internal controls.</p> <p>There are additional statutory requirements which apply such as Part 2 of the Accounts and Audit</p>		<p>Risk Register 2023 v4 (nottspf.org.uk)</p> <p>We were unable to locate any documents specifically to internal audit reports. The Fund's Risk Register outlines that regular internal audits are carried regarding investments and accounting arrangements. The Fund may wish to include assurance reports within the section and update</p>	<p>The Review is unlikely to add any further obligations, but it is worth noting that one of the responsibilities of the proposed "LGPS senior officer" is to manage delivery of the LGPS function to meet SLAs.</p>	<p>None</p> <p>NPF response: No action required. Reviews completed by Investments and Admin and controls in place. Controls reviewed by external audit.</p>

Module	TPR's expectations	Application to the LGPS	Status of Fund against the Code	Matching policies and documents	Affected by the Good Governance Review?	Actions required
	commissioned by the governing body.	Regulations 2015 (Internal control).				
Scheme continuity planning	TPR expects governing bodies to develop and implement continuity plans to counter disruption to the scheme's activities.	Good Practice. Not a part of TPR's expectations for public service pension schemes " <i>..but it is good practice for them to consider carrying out continuity planning in the same way.</i> "		Risk Register 2023 v4 (nottspf.org.uk) It would be expected that the Fund falls under the contingency planning of the Administering Authority. The Fund considers risks to IT and has in place current controls to mitigate risks.	Unlikely – the Review lists this as a KPI but defers to the Code.	The Fund should update this section to include continuity planning and disaster recovery documents. The Fund may wish to include wording on processes within governance documentation. NPF response: <i>Action plan Refs 12-14</i>
Conflicts of interest Governing bodies	TPR expects governing bodies to establish internal controls to identify and record conflicts of interest	Partially. Under section 249B of the Pensions Act 2004, scheme managers of public service pension schemes must establish internal controls. Good practice. Where conflicts of interest are not within section 249B, it		Microsoft Word - Councillor Code of Conduct - final_12072012.doc (nottinghamshire.gov.uk) Democratic Management System > Committees > Nottinghamshire Pension Fund Committee	Yes. It is anticipated that the administering authority will need to publish a specific conflicts of interest policy with a particular focus on conflicts which arise because of the authority managing its pension	None NPF response <i>Action plan Ref 15</i>

Module	TPR's expectations	Application to the LGPS	Status of Fund against the Code	Matching policies and documents	Affected by the Good Governance Review?	Actions required
		<p>is good practice to adopt the measures.</p> <p>In addition to the above, these already apply to the administering authority:</p> <ul style="list-style-type: none"> • The Nolan Principles (The Seven Principles of Public Life) • the LGA's Model Councillor Code of Conduct 2000 • Chapter 7 (Standards) of the Localism Act 2011 		<p>The administering authority publishes on the webpage for the Pension Fund Committee registered conflicts as well as a documented code of conduct for councillors which contains wording on conflicts of interest.</p>	<p>fund in the local authority environment.</p>	

Module	TPR's expectations	Application to the LGPS	Status of Fund against the Code	Matching policies and documents	Affected by the Good Governance Review?	Actions required
<p>Conflicts of interest</p> <p>Pension Boards</p>	<p>TPR expects scheme managers to be satisfied a pension board member does not have a conflict of interest (potential or otherwise) and for the scheme manager to circulate and publish the register of interests.</p>	<p>Yes. Under section 5 of the Public Service Pensions Act 2013 and paragraphs 22 to 24 of the Code set out TPR's expectations for a pension board.</p> <p>See above for standards that already apply to administering authorities and councillors.</p>		<p>nottinghamshire-local-pension-board-code-of-practice.pdf (nottspf.org.uk) The Fund has wording included within the LPB Terms of Reference as to the registering of conflicts. We have been unable to locate the declared conflicts register within the Administering Authority webpages or the Fund's webpage. However, it would be expected that the Fund maintains a register of all declared conflicts.</p>	<p>Yes. It is anticipated that the administering authority will need to publish a specific conflicts of interest policy with a particular focus on conflicts which arise because of the authority managing its pension fund in the local authority environment.</p>	<p>None however, we understand that A conflicts of interest protocol has been drafted for consideration by committee on 14/11/24.</p> <p>NPF response: <i>Action plan Ref 15</i></p>
<p>Own risk assessment</p>	<p>TPR requires governing bodies of schemes required to have an effective system of governance to carry out an own risk assessment whereby it assesses how its ESOG is working</p>	<p>Good practice. The obligation does not apply to public service pension schemes because they do not need an ESOG under legislation (just internal controls) however the Code says: "<i>Governing bodies of other schemes may carry out an ORA as an example of good practice.</i>"</p>		<p>None</p>	<p>No</p>	<p>An ORA is a useful tool that does not apply to the LGPS but the Pension Fund might wish to adopt.</p> <p>NPF response: <i>No action proposed as an ORA is not a requirement with</i></p>




Module	TPR's expectations	Application to the LGPS	Status of Fund against the Code	Matching policies and documents	Affected by the Good Governance Review?	Actions required
						<i>which LGPS Funds need to comply</i>
Risk management function	Schemes which are required to have an ESOG should have a risk management function. The function should be structured so the governing body is able to adopt strategies, processes and reporting procedures so it can identify, evaluate and record risks and also to monitor and manage risks.	No. This module does not apply to public service pension schemes.	Not applicable	Not applicable	No	Not applicable


The governing body: Scheme governance


Module	TPR's expectations	Application to the LGPS	Status of Fund against the Code	Matching policies and documents	Affected by the Good Governance Review?	Actions required
Systems of governance	<p>This module is an overarching module setting out TPR's expectations on a scheme's systems of governance and internal controls.</p> <p>Internal controls cover:</p> <ul style="list-style-type: none"> •The arrangements and procedures to be followed in the administration and management of the scheme. •The systems and arrangements for monitoring the administration and management and the arrangements and procedures to be followed for the safe custody and security of the scheme assets. 	<p>Yes, to the extent that requirements are internal controls.</p> <p>Under section 249B of the Pensions Act 2004, scheme managers of public service pension schemes must establish internal controls.</p>	<p>N/A</p> <p>see actions required column</p>	<p>As this is an overarching module, we look to the individual modules for compliance.</p>	<p>Potentially. This module covers a wide area and conflict of interests is covered in both (see above for more details).</p>	<p>Not assessed As this is an overarching module, we look to the individual modules for compliance.</p> <p>None, but see actions against other modules.</p>




Funding and investment: Investment

Module	TPR's expectations	Application to the LGPS	Status of Fund against the Code	Matching policies and documents	Affected by the Good Governance Review	Actions required
Investment governance	This module sets out TPR's expectations on investment governance -the policies and procedures that ensure a governing body complies with any obligations relating to investment. Any such policies will be tailored to the specific scheme. Amongst other things, governing bodies are expected to have a good working knowledge of investment matters, understand the legislation and appoint appropriately qualified persons to advise before taking an investment decision as well as have the knowledge to understand and question any such advice.	<p>Good practice.</p> <p>The Code says "<i>The scheme managers of Local Government Pension Schemes do not have the same obligations in pensions legislation, but it is good practice for them to approach investment governance in the same way.</i>"</p>		<p>Investment Strategy Statement 2023 (nottspf.org.uk)</p> <p>Governance Compliance Statement 2023 (nottspf.org.uk)</p> <p>The Investment Strategy Statement outlines the governance approach and decision-making process for the PFC and within the pooled investments. The Governance Compliance Statement also outlines the governance arrangements for the governance of the Fund's assets.</p>	No	None
Investment decision-making	This module sets out TPR's expectations on the decision-making process of the governing body in relation to investments. As well as	No. This applies to trust-based occupational pension schemes.	Not applicable	Not applicable	No	Not applicable

Module	TPR's expectations	Application to the LGPS	Status of Fund against the Code	Matching policies and documents	Affected by the Good Governance Review	Actions required
	<p>decision-making processes, TPR expects governing bodies to be able to evaluate advice, consider the costs, have clear terms of reference for sub-committees and regularly assess the effectiveness of the decision-making and governance process.</p>					
<p>Investment monitoring</p>	<p>This module sets out TPR's expectations on monitoring and reviewing investment performance. Having processes to monitor investment performance and the performance of the investment manager as well as the risks associated with an investment and investment manager.</p>	<p>Good practice.</p> <p>The Code says "<i>The scheme managers of Local Government Pension Schemes do not have the same obligations in pensions legislation, but it is good practice for them to approach investment governance in the same way.</i>"</p>		<p>Document.ashx (nottinghamshire.gov.uk) Document.ashx (nottinghamshire.gov.uk)</p> <p>Investment monitoring is covered on a quarterly basis with the Independent Investment Adviser providing a report on matters relevant to the Fund and with LGPS Central attending PFC meetings.</p> <p>Investment Managers also attend to PFC meetings to present to members of the committee.</p>	<p>No</p>	<p>None</p>


Module	TPR's expectations	Application to the LGPS	Status of Fund against the Code	Matching policies and documents	Affected by the Good Governance Review	Actions required
Stewardship	<p>This module sets out TPR's expectations for a governing body's policies on financially material ESG considerations, voting rights, relationships with asset managers, engagement with issuers of investments on their social and environmental impact and corporate governance.</p>	<p>Good practice.</p> <p>The Code says "<i>We recommend that governing bodies with investment responsibilities follow the expectations...even if they are not legally required to have an ESG</i>"</p>		<p>Climate Strategy 2023 v4 (nottspf.org.uk)</p> <p>Investments Nottinghamshire Pension Fund (nottspf.org.uk)</p> <p>Risk Register 2023 v4 (nottspf.org.uk)</p> <p>Voting Principles, March 2019.qxp Layout 1 (nottspf.org.uk)</p> <p>The Fund outlines its process to utilising its voting rights and includes an item within the risk register with regard to Stewardship and its control process to voting.</p> <p>The Fund also makes publicly available its quarterly voting reports.</p> <p>The Fund also provides a link to the Voting</p>	No	None



Module	TPR's expectations	Application to the LGPS	Status of Fund against the Code	Matching policies and documents	Affected by the Good Governance Review	Actions required
				Principles of the LGPS Central Pool.		
Climate change	TPR expects schemes to understand how climate/environment risks impact upon their investments as part of their risk assessment and to understand the risks and opportunities associated with climate change. Schemes should document its processes for doing so.	<p>Partially.</p> <p>The module, in the section headed "Managing scheme risks from climate change" says:</p> <p>Yes – as the LGPS is required to operate internal controls, it should assess the risk associated with climate change (paragraph 7).</p> <p>Good practice. Paragraphs 8 and 9 refer to schemes requiring to operate an ESG (which does not include the LGPS) under which TPR sets out its expectations for managing risk and suggests "Other governing bodies may wish to consider these [expectations] as good practice".</p>		<p>Microsoft Word - ClimateStewardshipPlan April 21.docx (nottspf.org.uk)</p> <p>Climate Strategy 2023 v4 (nottspf.org.uk)</p> <p>Responsible Investment Nottinghamshire Pension Fund (nottspf.org.uk)</p> <p>Environmental Risk Nottinghamshire Pension Fund (nottspf.org.uk)</p> <p>PFCtee20221208 - Climate Risk Analysis and TCFD report Appendix A (nottspf.org.uk)</p> <p>Risk Register 2023 v4 (nottspf.org.uk)</p> <p>The Fund has a comprehensive set of</p>	No	<p>None</p> <p>NPF response: Action plan Ref 16</p>

Module	TPR's expectations	Application to the LGPS	Status of Fund against the Code	Matching policies and documents	Affected by the Good Governance Review	Actions required
				<p>documents and processes that outlines the Funds approach to addressing climate-related risks.</p> <p>The Fund meets the expectation of outlining its control process managing climate risks within the Climate Strategy document. The document also outlines the climate-related objectives and processes that the fund has in place. Further, it is a specific risk addressed by the risk register.</p> <p>The Fund has also produced a TCFD report.</p>		





Module	TPR's expectations	Application to the LGPS	Status of Fund against the Code	Matching policies and documents	Affected by the Good Governance Review	Actions required
Statement of Investment Principles	A Statement of Investment Principles (SIP) sets out a governing body's investment strategy, including the investment objectives and investment policies they adopt.	Good practice (partially). The Code says "In cases where preparing a SIP is not a legal requirement, in our view, it would be good practice for governing bodies to prepare a document that is similar in nature, and to publish it online as if the SIP was required."		Investment Strategy Statement 2023 (nottspf.org.uk) The Pension Fund has a documented and publicly available Investment Strategy Statement as required by Regulation 7 of LGPS (Management and Investment of Funds) Regulations 2016.	No	None
Default arrangements and charge restrictions	The TPR expects governing bodies of defined contribution schemes to ensure that its default arrangements meet the requirements of the legislation. The module also links in with the module on value for money, investment governance and SIPs.	No. This module does not apply to the LGPS.	Not applicable	Not applicable	No	None



Administration: Scheme administration

Module	TPR's expectations	Application to the LGPS	Status of the Fund against the Code	Matching policies and documents	Affected by the Good Governance Review?	Actions required
<p>Planning and maintaining administration</p>	<p>This module sets out TPR's expectations on the administration of the scheme by the governing body. Those expectations include understanding the scope of the administrator's role, have administration as an agenda item, administrator to provide reports, monitoring and manage performance.</p>	<p>Yes. The Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014 which sets out the records that public service must maintain and every such scheme should have internal controls.</p>	<p>NA see actions required column</p>	<p>As this is an overarching module, the Pension Fund should look to the individual modules for compliance.</p>	<p>Yes, but we would expect the requirements of the Code and the Review to coincide with each other. There are a number of KPIs set out within the Review that are linked to service performance. Also, one of the responsibilities of the proposed "LGPS senior officer" is to manage delivery of the LGPS function to meet SLAs.</p>	<p>As this is an overarching module, the Pension Fund should look to the individual modules for compliance</p> <p>None, but see actions against other modules.</p>

Administration: Information handling

Module	TPR's expectations	Application to the LGPS	Status of the Fund against the Code	Matching policies and documents	Affected by the Good Governance Review?	Actions required
Financial transactions	<p>This module sets out TPR's expectations around transactions which involve the processing of money. The module focusses on the two key areas:</p> <p>Governance processes and IT systems – understand the administrator's processes and controls including authorisation, reviews of processes, standards and service level agreements, management of employer contributions.</p> <p>Investing contributions (if applicable)</p>	<p>Yes. The Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014 sets out the records that a governing body must maintain.</p> <p>Under section 249B of the Pensions Act 2004, scheme managers are required to establish and operate internal controls.</p>		<p>annual-report-22-23-draft.pdf Performance standards/SLA's covered with the annual report and accounts and performance reporting covered by audit reports and monitoring processes.</p> <p>Risk Register 2023 v4 (nottspf.org.uk) The Risk Register covers accounting arrangements processes and controls.</p> <p>It would be expected that internal audit reports cover authorisation processes and process reviews.</p>	No	None

Module	TPR's expectations	Application to the LGPS	Status of the Fund against the Code	Matching policies and documents	Affected by the Good Governance Review?	Actions required
<p>Transfers out</p>	<p>This module sets out the expectations around the processes and checks that a governing body should undertake before permitting a transfer out of the scheme to go ahead. This includes checking the statutory requirements are met and be vigilant of scams and there is also a separate list of expectations for transfer to defined contribution schemes.</p>	<p>Yes, it mostly applies (some relate to DC schemes and private sector defined benefit schemes). The expectations follow the requirements for transfers out under the Pension Schemes Act 1993 and the Pension Schemes Act 2015 (and accompanying regulations)</p>		<p>It would be expected that the Fund has strong processes in place to meet the statutory requirements before a members transfer takes place.</p> <p>Transferring Out Nottinghamshire Pension Fund (nottspf.org.uk) – The Fund has in place a webpage on transferring LGPS benefits for members.</p> <p>We have been informed by the Fund that detailed processes exist and are embedded in working practices. As part of its work programme, the council's internal audit team can choose to look at any processes and functions across</p>	<p>No</p>	<p>None</p>


Module	TPR's expectations	Application to the LGPS	Status of the Fund against the Code	Matching policies and documents	Affected by the Good Governance Review?	Actions required
				the County Council's services.		
Record keeping	This module sets out TPR's expectations on the governing body's need to maintain complete and accurate records and covers record keeping, administrative systems and data from other parties.	Yes. The Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014 sets out the records that a governing body must maintain. Under section 249B of the Pensions Act 2014, the scheme manager is required to establish and operate adequate internal controls to ensure the scheme is administered and managed in accordance with legislation.		Risk Register 2023 v4 (nottspf.org.uk) Record keeping is covered as a key risk within the Risk Register with control processes in place. The Risk Register covers risks and processes for the following: <ul style="list-style-type: none"> Administration Custody arrangements The Fund has an Administration Strategy that is published on its website.	Potentially, although we think it unlikely that the Review will add to the obligations under the Code. Data quality is one of the KPIs under the Review. Also, one of the responsibilities of the proposed "LGPS senior officer" is to manage delivery of the LGPS function to meet SLAs.	A revised version of Administration Strategy been prepared and will be presented to the PFC for consideration on 14/11/24. A complete comprehensive review of the Admin Strategy will be undertaken in 2025. NPF response: <i>Action plan Refs 17-18</i>
Data monitoring and improvement	This module sets out TPR's expectations for governing bodies for the purpose of maintaining complete and	Yes. The Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014 sets out the		The Fund includes within the Risk Register action required under Standing data and	Potentially, although we think it unlikely that the Review will add to the obligations under the	None. We understand additional

Module	TPR's expectations	Application to the LGPS	Status of the Fund against the Code	Matching policies and documents	Affected by the Good Governance Review?	Actions required
	<p>accurate data. It focusses on the processes for monitoring, reviewing and protecting scheme data.</p>	<p>records that a governing body must maintain. Under section 249B of the Pensions Act 2014, the scheme manager is required to establish and operate adequate internal controls to ensure the scheme is administered and managed in accordance with legislation.</p>		<p>permanent records are not accurate – to implement a data improvement plan</p>	<p>Code. Data quality is one of the KPIs under the Review. Also, one of the responsibilities of the proposed "LGPS senior officer" is to manage delivery of the LGPS function to meet SLAs.</p>	<p>information has been added to the Administration Strategy for review by the PFC on 14/11/24 including expectations on employers around data. The Fund has undertaken a detailed data improvement programme and the Employer Support and Compliance Team conducts individual data audits with scheme employers</p> <p>The refresh of the Administration Strategy as part of the admin work programme will be expanded to include greater detail including monitoring of data</p>


Module	TPR's expectations	Application to the LGPS	Status of the Fund against the Code	Matching policies and documents	Affected by the Good Governance Review?	Actions required
						<p>and reporting on employer performance. This will be subject to consultation with employers.</p> <p>NPF response: <i>Action plan Refs 17-18</i></p>



Administration: IT

Module	TPR's expectations	Application to the LGPS	Status of the Fund against the Code	Matching policies and documents	Affected by the Good Governance Review?	Actions required
<p>Maintenance of IT systems</p>	<p>This module concerns TPR's expectations on the processes adopted by governing bodies to put appropriate systems in place i.e. that meet the scheme's legal requirements, to review and maintain such systems and to challenge providers.</p>	<p>Yes. The Section 249B, PA04 requires scheme managers of public service pension schemes to establish internal controls so the scheme is managed in accordance with the rules and the law.</p>		<p>The Administering Authority would be expected to maintain IT systems for the Fund and where services are provided by a third party – the Fund may want to include any outcomes of assurance reviews that may have been carried out.</p>	<p>No</p>	<p>None</p> <p>We understand the Fund is not planning to take further specific action in respect of this, however when it enters new contracts, requires documentation to provide this assurance. For example, the Fund has recently entered a 7-year contract with Civica for its Universal Pension Manager Administration System includes documentation to provide assurance, a roadmap of</p>




Module	TPR's expectations	Application to the LGPS	Status of the Fund against the Code	Matching policies and documents	Affected by the Good Governance Review?	Actions required
						<p>ongoing developments and appropriate support and maintenance contracts in place.</p> <p>The Fund also engages IT services from Nottinghamshire County Council for a number of IT elements. Work by both internal and external audit provides assurance around the use of elements of the council's IT infrastructure.</p>
Cyber controls	<p>This module sets out TPR's expectations for governing bodies in their identification of, management and recovery from cyber incidents and how to</p>	<p>Mostly applies, good practice for where there is no obligation on scheme managers of public service pension schemes.</p>		<p>Risk Register 2023 v4 (nottspf.org.uk)</p> <p>The Fund includes control processes for safeguarding pension</p>	<p>Unlikely – the Review lists this as a KPI but defers to the Code.</p>	<p>As above – further we understand Aon has been engaged to prepare a focussed piece of</p>

Module	TPR's expectations	Application to the LGPS	Status of the Fund against the Code	Matching policies and documents	Affected by the Good Governance Review?	Actions required
	<p>reduce the risk of such incidents occurring.</p>	<p>Section 249B, PA04 requires scheme managers of public service pension schemes to establish internal controls so the scheme is managed in accordance with the rules and the law.</p> <p>The Code says <i>"the legal obligation to establish cyber controls is different for public service pension schemes. As far as cyber controls is a matter set out in the scheme rules or in the requirements of the law, scheme managers of public service pension schemes must establish and operate adequate internal controls in relation to them. In such cases, internal controls need to include measures to manage cyber risk. To the extent that there is no legal obligation on scheme managers of public service pension schemes to adopt these cyber risks measures, we</i></p>		<p>Fund records within the Risk Register.</p> <p>It is expected that members and officers follow Administering Authority IT security processes. It should be noted that DLUHC intends to consider Cyber Assessment Framework for Councils 2024.</p>		<p>work on cyber security.</p> <p>NPF response: <i>See action plan Ref 19</i></p>



Module	TPR's expectations	Application to the LGPS	Status of the Fund against the Code	Matching policies and documents	Affected by the Good Governance Review?	Actions required
		<p><i>consider it good practice to do so."</i></p> <p>TPR has published separate guidance on cyber security.</p>				




Administration: Contributions


Module	TPR's expectations	Application to the LGPS	Status of the Fund against the Code	Matching policies and documents	Affected by the Good Governance Review?	Actions required
<p>Receiving contributions</p>	<p>This module sets out the processes that governing bodies must have in place to monitor contributions and transmission of payment information between employer, members, and administrator.</p>	<p>Mostly applies. The Code says "Governing bodies of public service pension schemes that are exempt should develop a record to monitor contributions payments to the scheme (a contributions monitoring record). This should comply with scheme regulations where relevant. Governing bodies should prepare the record for monitoring contributions in consultation with scheme employers."</p> <p>Regulation 69 of the LGPS Regulations 2013 set out the requirements for the LGPS.</p>		<p>annual-report-22-23-draft.pdf</p> <p>The annual report contains wording on the contribution payments but does not contain details on the process the Fund has in place. It would be expected that receiving contributions are reviewed in internal audit reports.</p>	<p>No, but worth noting that one of the responsibilities of the proposed "LGPS senior officer" is to ensure the fund is organised and structured to deliver its statutory responsibilities and compliance with the Code.</p>	<p>We understand an updated version of the Fund's Administration Strategy including an additional appendix on Employers' responsibilities, will be considered by committee on 14/11/24. A comprehensive refresh is scheduled for 2025.</p> <p>No further action once the steps set out above have been completed.</p> <p>NPF response: See action plan Ref 20</p>




Module	TPR's expectations	Application to the LGPS	Status of the Fund against the Code	Matching policies and documents	Affected by the Good Governance Review?	Actions required
Monitoring contributions	This module sets out TPR's expectations on the governing body's process to check contributions due and to reconcile them with what is in practice paid to the scheme.	Yes. The Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014 applies to the LGPS. Also, Section 249B, PA04 requires scheme managers of public service pension schemes to establish internal controls so the scheme is managed in accordance with the rules and the law.		It would be expected that the process of monitoring and reconciliation of contributions are reviewed in internal audit reports. We have been informed that the Fund has documented processes to monitor contributions which are built into operational working practices.	No, but worth noting that one of the responsibilities of the proposed "LGPS senior officer" is to ensure the fund is organised and structured to deliver its statutory responsibilities and compliance with the Code.	None
Resolving overdue contributions	This module sets out TPR's expectations on the governing body's process to obtaining overdue payments and rectifying administrative errors.	Yes. Section 249B, PA04 requires scheme managers of public service pension schemes to establish internal controls so the scheme is managed in accordance with the rules and the law.		annual-report-22-23-draft.pdf The Fund includes wording on overdue contributions and the Fund's right to impose interest on late payments, however, we have been unable to locate wording on the process.	No, but worth noting that one of the responsibilities of the proposed "LGPS senior officer" is to ensure the fund is organised and structured to deliver its statutory responsibilities and compliance with the Code.	As above

Communications and disclosure: Information to members

Module	TPR's expectations	Application to the LGPS	Status of the Fund against the Code	Matching policies and documents	Affected by the Good Governance Review?	Actions required
General principles for member communications	This module sets out TPR's expectations for the provision of information to members by reference to the legal requirements and in terms of how the information should be presented and communicated to them.	Yes. Legislation sets out what must be communicated to members - Regulation 6 of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013		Communications Strategy Statement March 2023- Final (nottspf.org.uk) The Fund has in place a Strategy which outlines the Funds key stakeholders, communications required, methods of communication and delivery and frequency.	The Review contains several KPIs on engagement and communication and the take up of online services (and employer engagement events).	None
Annual pension benefit statements (DC)	Governing bodies of certain schemes must provide annual benefit statements to members.	Yes – in respect of AVCs – Regulation 17 of the Occupational and personal pension schemes (Disclosure of Information) Regulations 2013.	Not applicable	In-House Additional Voluntary Contributions (AVC's) Nottinghamshire Pension Fund (nottspf.org.uk) The Fund has a webpage on AVCs in place. However, there is no information on benefit statements. It is the responsibility of the AVC provider to	No	None

				issue annual benefit statements.		
Summary funding and pension benefit statements (DB)	Governing bodies of certain schemes must provide summary funding statements and benefit statements (on request) to members. Details to be included in each are set out in the module.	No. The LGPS is exempt from providing these statements pursuant to Regulation 15 and Schedule 4 of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013.	Not applicable	Not applicable	Not applicable	
Benefit information statements	This module is aimed solely at public service pension schemes. Scheme managers of public service pension schemes must provide all active members with an annual benefit statement and to also do so for other members on request. Details on what to include are set out in the module.	Yes. Regulation 16 and 17 of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 and section 14 of the Public Service Pensions Act 2013. Regulation 89 of the LGPS Regulations 2013 specifically provides that administering authorities must issue an annual benefit statement to each of its active, deferred, deferred pensioner and pension credit members.		Communications Strategy Statement March 2023- Final (nottspf.org.uk) Annual Benefit Statements (ABS) Nottinghamshire Pension Fund (nottspf.org.uk) Included within the Communications Strategy is the minimum standard to produce a benefits statement to all members with additional detail provided in the key stakeholder sections.	No	None

<p>Retirement risk warnings and guidance</p>	<p>The module concerns members with a defined contribution or cash balance pot and the ability to draw flexible benefits from the scheme. The governing body must issue a statement to members giving information about their options and guidance.</p>	<p>Yes. Applies to relation to the AVC benefits.</p>		<p>We have been informed that the Fund is able to access or request information about members' AVC fund values (the method depends on the AVC provider). The Fund uses this information on retirement or request for a benefits estimate, to write to the scheme members with details of their options taking account of the main scheme or AVC benefits</p>	<p>No</p>	<p>None</p>
<p>Notification of right to cash transfer sum or contribution refund</p>	<p>This module broadly follows the legislation relating to cash transfer sums or contribution refunds.</p>	<p>Yes. Cash transfer sums and contribution refunds are permitted under section 101AB of the Pension Schemes Act 1993 and dealt with under regulations 18 (contribution refund) and 96 (cash transfer sums) of</p>		<p>Transferring Out Nottinghamshire Pension Fund (nottspf.org.uk)</p> <p>Refund of pension contributions Nottinghamshire Pension Fund (nottspf.org.uk)</p>	<p>No</p>	<p>None</p> <p>NPF response: See action plan Ref 21</p>

		the LGPS Regulations 2013.		Leaver Guide Nottinghamshire Pension Fund (nottspf.org.uk)		
				<p>The Fund has web pages that provide detail as to the process for cash transfers and refunds.</p> <p>We understand that when the Fund is notified of a leaver it rights to them setting out their options. Where the member is retiring they will receive a retirement pack that sets out their options.</p>		
Chair's statement	This module covers the requirement under legislation for certain occupational pension schemes that provide defined contribution benefits to provide chair statement.	No. It does not apply to public sector schemes made under section 7 of the Superannuation Act 1972 (the LGPS was made under that Act).	Not applicable	Not applicable	No	None
Scams	This module sets out TPR's expectations on a scheme's internal controls to mitigate the risk of scams.	Yes. Under section 249B of the Pensions Act 2014, the scheme manager is required to establish and operate adequate internal		Risk Register 2023 v4 (nottspf.org.uk)	No	We understand the Fund will update its Risk Register to include pension

controls to ensure the scheme is administered and managed in accordance with legislation.

mitigation against pensions scams is reviewed. The Fund does not include pension scams within the Risk Register.

scams as a key risk.

NPF response:
See action plan
Ref 22

[Protecting Yourself Against Pensions Scams | Nottinghamshire Pension Fund \(nottspf.org.uk\)](#)

The Fund includes links to the external sites for additional information.



[retirementplanningguide.docx \(live.com\)](#)

Included within the retirement planning guide is wording, guidance and support on pension scams.

We understand the Fund has documented controls and processes in place, including provision of pension scams leaflets with annual benefit statements, prescriptive checks for anyone

				wishing to transfer, including proving they have taken financial advice.		
Audit requirements	The module sets out TPR's expectations on publishing audited accounts and the auditor's statement.	No. The audit requirements that TPR refer to stem from the requirement for occupational pension schemes to appoint certain professional advisers under section 47 of the Pensions Act 1995. Statutory schemes are exempt.	Not applicable	Not applicable	No	None

Communications and disclosure: Public information

Module	TPR's expectations	Application to the LGPS	Status of the Fund against the Code	Matching policies and documents	Affected by the Good Governance Project?	Actions required
Publishing information about public service schemes	This module is aimed solely at public service pension schemes. It sets out TPR's expectations of the scheme manager to publish certain information about the pension board and keep that information up to date. It lists the information that should be published about the board and its activities.	Yes. This module concerns information on the pension boards of public service pension schemes.		<p>The Fund also publishes key information relating to the LPB and the Administering Authority webpages contains details on the membership (Additional information can be found on the Role of the Governing Body)</p> <p>The Fund has a documented policy on communications which highlights the method of communication and summary of all communications with a reporting cycle.</p>	No	None
Dispute resolution procedure	The module has two parts to it. Most of the obligations relate to the dispute resolution process and largely	Yes.		Internal Dispute Resolution Procedure Nottinghamshire Pension Fund (nottspf.org.uk)	No	The Fund may wish to produce a detailed guide on the process in line with peer Funds.





repeats the requirements of the LGPS regulations. Separately, the module expects that governing bodies regularly assess the effectiveness of the dispute resolution procedure.

The Fund publishes a IDRP guide. The document does contain detail on timelines of responses, decision-making process and time periods.

The Fund reviews the IDRP process as outlined on the webpage created date and last updated date.

NPF response:
No action proposed at this time

Reporting to TPR: Regular reports



Module	TPR's expectations	Application to the LGPS Yes/No/Partially/Good practice	Status of the Fund against the Code	Matching policies and documents	Affected by the Good Governance Project?	Actions required
Registrable information and scheme returns	Governing bodies must provide all registrable information when registering the scheme and to update such information within 5 working days of it becoming aware of a change.	Yes , it is a legal requirement to do so under section 59 of the Pensions Act 2004 (and The Register of Occupational and Personal Pension Scheme Regulations 2005).		We have been unable to specifically identify wording on the updating of the scheme register. We have been informed by the Fund that this is completed as a matter of course but is not identified i.e. on the register.	No	We have suggested that the Fund may wish to update the update the governance and compliance statement to highlight amendments as required to the Scheme Register as and when required. The Fund only comment on exceptions in the statement.
Scheme returns	Governing bodies must complete a scheme return. Governing bodies are accountable for the information contained	Yes , it is a legal requirement to do so under section 64 of the Pensions Act 2004.		We have been unable to specifically identify wording on the updating of the scheme return. We have been informed by the Fund that this is completed as a matter of course but is not	No	We have suggested that the Fund may wish to update the governance and compliance statement to

in the scheme return and they should have measures in place to review and ensure the accuracy of the information to be submitted is correct and that the return is submitted in time.



identified i.e. on the register.

highlight submission of the Scheme Return. The Fund only comment on exceptions in the statement.

Reporting to TPR: Whistleblowing – reporting breaches of the law

Module	TPR's expectations	Application to the LGPS	Status of the Fund against the Code	Matching policies and documents	Affected by the Good Governance Project?	Actions required
Who must report	<p>This module sets out TPR's expectations on who must report breaches of the law in relation to the administration of the scheme. It lists both the scheme manager and the pension board as persons who should report and also, employers, service providers and professional advisers.</p> <p>Training should be provided to ensure people are able to understand the process for identifying and reporting any breach.</p>	<p>Yes. It is a legal requirement to do so under section 64 of the Pensions Act 2004.</p>		<p> Document.ashx (nottinghamshire.gov.uk) Document.ashx (nottinghamshire.gov.uk) </p> <p>The Fund has in place a Breaches of the Law Policy and a breaches log.</p>	No	<p>We suggest updating the references in the Policy to the General Code (which is acknowledged in the policy)</p> <p>NPF response: See action plan Ref 23</p>
Decision to report	<p>This module sets out the considerations when deciding whether a breach is reportable and</p>	<p>Yes. It is a legal requirement to do so under section 64 of the Pensions Act 2004.</p>		<p>Covered within the Breaches of the Law Policy.</p>	No	None






Module	TPR's expectations	Application to the LGPS	Status of the Fund against the Code	Matching policies and documents	Affected by the Good Governance Project?	Actions required
	how a reporter should proceed.					
How to report	TPR expects governing bodies to establish and operate procedures for meet their legal duties and the module sets out a list of key elements to a reporting process.	Yes. It is a legal requirement to do so under section 64 of the Pensions Act 2004.		Covered within the Breaches of the Law Policy.	No	None
Reporting payment failures	This module sets out the requirements when contributions are not paid on time and sets out how a governing body can determine whether the failure to pay is likely to be of material significance to TPR.	Yes. The duty to report late payment of employer contributions rests with the scheme manager under the LGPS (Public Service Pensions Act 2013).		Covered within the Breaches of the Law Policy.	No	None

Terms used in this document:

Term

Term	means
"ESOG"	means an effective system of governance
"LPB"	Local Pension Board
"PFC"	Pension Fund Committee
"TPR"	The Pensions Regulator

Key to colours

Colour	Meaning
	The Fund complies with the Code and no further action is required at this time
	The expectation does not apply to the LGPS but the Fund may wish to comply with this expectation as a matter of good practice
	The Fund does not comply with the Code and action is required

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The information in this report is based on our understanding of current taxation law, proposed legislation and HM Revenue & Customs practice, which may be subject to future variation.

The Pension Regulator's General Code and Good Governance Review

Nottinghamshire Pension Fund Action Plan

The action plan is based on the reverse gap analysis completed by Barnett Waddingham. The red, amber, green (RAG) status is based on its assessment of the Fund's performance against requirements set out in the General Code.

Key to colours

- G The Fund complies with the Code and no further action is required at this time
- A The expectation does not apply to the LGPS but the Fund may wish to comply with this expectation as a matter of good practice
- R The Fund does not comply with the Code and action is required
- No rating given

The report also highlighted where these requirements related to recommendations expected to come out of the Good Governance Review, the outcome of which is yet to be formalised.

The action plan covers those matters that apply to the Local Government Pension Scheme. The fourth column of the table shows whether the required action is mandatory for LGPS schemes. A 'Y' in this column indicates that it is mandatory, an 'N' indicates that it is optional (e.g. arrangements exist that meet the requirements of the Code and the proposed action enhances those arrangements), good practice, or likely to arise from the Good Governance Review. Where requirements did not apply to the LGPS, they have been omitted from the table.

Subject	RAG rating	Recommendation	Mand action	Action	Owner	Timeline	Progress	
Module: Appointment and role of chair								
Expectations for the appointment and role of the chair	G	Update Governance Compliance Statement and Local Pensions Board Code of Practice to highlight expectations of the chair	N	Ref 1 - Update Governance Compliance Statement	Jo Toomey	14 November 2024	Completed Document updated and published on Fund website	
			N	Ref 2 - Amend Local Pensions Board Code of Practice	Jo Toomey	January 2025	Report on agenda for 09/01/25	
Module: Meetings and decision-making								
Arrangements for meetings and record keeping and matters around the running of meetings	G	Good governance review could introduce KPIs including attendance at meetings and time spent on different areas of governance	N	Ref 3 - Measure attendance at meetings and time spent on different areas of governance	Jo Toomey	14 November 2024	Completed. Narrative around attendance and items of business included in Governance chapter of Annual Report	
Module: Knowledge and understanding								
Expectations about knowledge and understanding, including audit and review of skills to identify gaps Mandatory for Pension Board members, good practice for scheme managers and the wider governing body	A	That the Fund produces a publicly available training policy setting out the requirements of members and other key stakeholders	Y	Ref 4 - Production of a training policy	Jo Toomey	14 November 2024	Completed Policy approved on 14/11/24 and published on the Fund website.	
				Publication on website		30 November 2024		
				Ref 5 - Production of a training needs assessment		Jo Toomey	February 2025	To be presented to Committee alongside training and conferences report
				Ref 6 - Completion of training needs assessment by Committee and Board		Jo Toomey	End June 2025	In line with appointment of new Committee/Board members following quadrennial elections and annual council
				Ref 7 - Produce training declaration for members	Jo Toomey	End June 2025	In line with appointment of new Committee/Board members following quadrennial elections and annual council	

Subject	RAG rating	Recommendation	Mand action	Action	Owner	Timeline	Progress
				Ref 8 - Central recording and reporting of senior officer training	Jo Toomey	From start of new financial year	
Module: Governance of knowledge and understanding							
Expectations for governing bodies to maintain, develop and show knowledge and understanding Mandatory for Pension Board members, good practice for scheme managers and the wider governing body	A	That the Fund drafts a policing covering the requirements in the Code. The good governance review addresses training needs for s151 officers (not mandatory at this time)	N	Ref 9 - Capture training of senior officers involved in managing the pension fund – activity undertaken and time spent (including S151 Officer)	Jo Toomey	From start of new financial year	
Module: Identifying, evaluating and recording risks							
Expectations for governing bodies to identify and record risks and regularly review and evaluate those risks	A	Include wording on the process for identifying the Fund's key risks	N	Ref 10 - Update risk management strategy to set out the process for identifying key risks Publication on website	Jo Toomey	12 December 2024 31 December 2024	Completed Policy approved on 12/12/24 and published on the Fund website.
Module: Internal controls							
Requirement to put internal controls in place to reduce the incidence and impact of risks Internal controls including separation of duties for those performing them and process for escalation and decision-making, and designing appropriate controls	G	None	Y	Ref 11 - Comprehensive review of risk register	Jo Toomey, Sarah Stevenson and Tamsin Rabbitts	12 December 2024 13 February 2025 – final draft and first deep dive	Working draft risk register prepared and included as an exempt appendix for committee on 12/12/24
Module: Scheme continuity planning							
Expectation that governing bodies will develop and implement continuity plans	G	Update risk register to include continuity planning and disaster recovery documents	N	Ref 12 - Ensure risk register includes reference to Business Continuity documentations	Jo Toomey		Completed. References included

Subject	RAG rating	Recommendation	Mand action	Action	Owner	Timeline	Progress
to counter disruption to the scheme's activity				Ref 13 - Review pensions administration business continuity plan	Sarah Stevenson	Business impact analysis to be completed by 06/12/24	
				Ref 14 - Review investments business continuity plan	Tamsin Rabbitts	Business impact analysis to be completed by 06/12/24	
Module: Conflicts of interest							
Governing Bodies: Expectations that governing bodies will establish internal controls to identify and record conflicts of interest	G	No recommendations. Current minimum requirements met through the council's arrangements but good governance review is likely to require the publication of a conflicts of interest policy	N	Ref 15 - Production of a conflicts of interest policy Publication on website	Jo Toomey	14 November 2024 30 November 2024	Completed Policy approved on 14/11/24 and published on the Fund website.
Module: Climate change							
Expectations about schemes' understanding how climate/environment risks impact on investments and risks and opportunities associated with climate change and documentation of processes for doing so	G	None LGPS is required to operate internal controls, assessing the risk associated with climate change Requirement to operate an ESOG is good practice	Y	Ref 16 - The Fund already undertakes climate scenario which feeds into the Triennial Valuation and carbon risk analysis which informs the TCFD report. No further action currently required, but this is a fast developing area and, with the support of our Pool, LGPS Central Ltd, will be kept under review.	Tamsin Rabbitts	Ongoing	This is already part of the Climate Risk Action plan and progress is reported to Committee on a regular basis.
Module: Record keeping							

Subject	RAG rating	Recommendation	Mand action	Action	Owner	Timeline	Progress
Expectations on the governing body's need to maintain complete and accurate records, including record-keeping, administrative systems and data from other parties	G	The Fund may wish to adopt an Administration Strategy that outlines processes and procedure.	Y	Ref 17 - Interim review of Administration Strategy	Sarah Stevenson	14 November 2024	Completed Policy approved on 14/11/24 and published on the Fund website.
				Ref 18 - Comprehensive review of Administration Strategy		30 November 2024	
Module: Cyber controls							
Expectations for identification and management of, and recovery from cyber incidents, including reducing the risk of incidents occurring	G	None but it would be helpful if the Fund could provide evidence of how it maintains its IT systems and its cyber controls and if there are documents or processes that the Administering Authority has in place	Y	Ref 19 - The Fund has engaged Aon for a focused piece of work on cyber security. Actions arising from that work will be captured separately	Sarah Stevenson	13 February 2025– Cyber risk Strategy, hygiene guidelines and cyber incident response plan	
Module: Receiving contributions							
Processes that the governing bodies must have in place to monitor contributions and transmission of payment information between employer, members and administrator	A	Consider implementing an Administration Strategy that outlines the Fund's processes to receiving and monitoring contributions	Y	Ref 20 - Add employers' responsibilities to the Administration Strategy	Sarah Stevenson	14 November 2024 30 November 2024	Completed Policy approved on 14/11/24 and published on the Fund website.
Module: Notification of right to cash transfer sum or contribution refund							
Broadly follows legislation relating to cash transfer sums or contribution refunds	G	Can the fund confirm there is a process for notifying members. May require an update to the Comms Strategy	Y	Ref 21 - Consider capturing in comprehensive review of Communications Strategy	Sarah Stevenson / Jo Toomey	2025	
Module: Scams							

Subject	RAG rating	Recommendation	Mand action	Action	Owner	Timeline	Progress
Expectations on a scheme's internal controls to mitigate the risk of scams	G	The Fund should update the risk register to include pension scams as a key risk and processes in place to mitigate potential risks relevant to the Fund and its members	Y	Ref 22 - Update risk register to include pension scams	Jo Toomey	14 November 2024	Completed
Module: Who must report							
Expectations on who must report breaches of the law in relation to the administration of the scheme, provision of training to ensure people understand the process for identifying and reporting breaches	G	Update references in the Breaches Strategy to the General Code (which is acknowledged in the policy)	Y	Ref 23 - Update Breaches Strategy to reflect new General Code Publication on website	Jo Toomey	14 November 2024 30 November 2024	Completed Policy approved on 14/11/24 and published on the Fund website.

Nottinghamshire Pension Fund Training Strategy

1. Introduction

This is the training strategy for the Nottinghamshire Pension Fund (the Fund). It confirms the Fund's commitment to training and sets out arrangements for delivering training and development.

This strategy will be published and made available to all stakeholders on the Fund's website.

The strategy complies with the Pensions Act 2004 248A as amended by the Public Service Pensions Act 2013, and knowledge and understanding requirements set out within the Pension Regulator's General Code of Practice 2024. The strategy also reflects learning from case law and guidance from advisory bodies and government departments. It also supports the requirement in Nottinghamshire County Council's constitution that all members of the Nottinghamshire Pension Fund Committee and Local Pensions Board must undertake training.

This strategy applies to:

- Members of the Nottinghamshire Pension Fund Committee (including co-opted, non-voting members)
- Members of the Local Pensions Board
- Senior officers involved in the day-to-day management of the Nottinghamshire Pension Fund

2. Core knowledge areas

The Fund adopts the principles contained in the Chartered Institute of Public Finance and Accounting (CIPFA) published guidance on Pensions Knowledge and Skills in 2021.

The guidance identifies eight core areas where appropriate knowledge and skills should be achieved and maintained:

- Pensions legislation and guidance
- Pensions governance
- Funding strategy and actuarial methods
- Pensions administration and communications
- Pensions financial strategy, management, accounting, reporting and audit standards
- Investment strategy, asset allocation, pooling, performance, and risk management
- Financial markets and products
- Pension services procurement, contact management and relationship management

The fund keeps a detailed list of topics across each area; this is set out in **Appendix A**.

3. Degree of knowledge and understanding required

Nottinghamshire Pension Fund Committee and Local Pensions Board

Members of the Nottinghamshire Pension Fund Committee and Local Pensions Board are not expected to become technical experts. They will need a sufficient breadth of knowledge and understanding to allow them to understand fully any advice they are given, to challenge the advice if it seems sensible to do so and to fully undertake all decision-making processes.

As set out in the Pensions Act 2013, Board members have a personal responsibility to develop and maintain an appropriate level of knowledge and understanding to enable them to properly exercise their function in assisting the Administering Authority in ensuring the effective governance and administration of the LGPS. In practice this means Board members must be conversant with the role of the scheme, and any document recording strategy about the administration of the scheme.

Pensions Committee and Board members should invest sufficient time in their learning and development alongside their other responsibilities and duties.

Board members also have a role in supporting the Administering Authority in securing compliance with LGPS Regulations, other legislation, and the requirements of the Pensions Regulator, and must therefore have knowledge and understanding of the law relating to pensions and other such matters as may be prescribed, for example, those areas set out within the Pensions Board's Terms of Reference.

These requirements are also in line with the Pension Regulator's General Code of Practice 2024, which places knowledge and understanding requirements on those charged with the governance of pension schemes.

The depth of understanding will vary depending on the issues faced by the Fund and whether the relevant body is the Committee or the Board. For instance, financial markets and investment strategy will be most relevant to committee members.

Nottinghamshire Pension Fund Committee induction

In years where there are all-out County Council elections, training for committee members will be delivered as part of an induction programme.

On appointment, members will:

- Be provided with an induction and information pack and copies of key documents and strategies
- Participate in an induction training session arranged in conjunction with the committee's first meeting of the term
- Be asked to complete a training needs analysis (TNA)

Completed TNAs will be used to develop a training plan for the remainder of the year. It will lead to specific training recommendations for both the whole committee and individual members for their first year. The LGPS Fundamentals training is the Fund's preferred and recommended approach to receiving basic training however, in completing TNAs, committee member's existing knowledge

and requirements will be considered. Identified training needs could be met through external training sessions, online learning and sessions delivered in conjunction with meetings of the committee. Third party organisations will be engaged to deliver topic-specific training, for example in the past the Fund has engaged Barnett Waddingham to deliver lifetime allowance training, AON to deliver cyber training. The Pensions Administration Technical and Regulations team are also available to provide support and training around topics of interest.

Ongoing commitment to training

In ordinary years where there are no all-out County Council elections, the Fund will complete an assessment of the training needs of the Committee, Board and relevant officers to inform the programme of training. This will be reported as part of the training and conferences report. In line with this process, individual training plans will be developed.

Completing a TNA will allow officers to provide training plans based on a member's level of experience. A rolling training plan will be developed, which will take into account individual training needs, topical issues, such as when decisions are required in relation to complex issues, or in new areas not previously considered, as well as general awareness.

Local Pensions Board and Nottinghamshire Pension Fund Committee mid-term appointments

Upon appointment to the Committee or Board, members (including substitutes), will:

- Be provided with an induction and information pack and copies of key documents and strategies related to that body
- Be sent information on accessing e-learning modules relevant to their role (e.g. the Pensions Regulator's public service toolkit and Barnett Waddingham's Enlighten modules)
- Undertake a TNA

As with the Nottinghamshire Pension Fund Committee, training can be provided on bespoke topics by the adviser to the board or by external providers. Board members also have the opportunity to access the Pensions Administration Technical and Regulations team to provide support and any additional training.

Substitute members

When notification is received of a substitute member who has not undertaken the induction training or any training as a mid-term appointment, they will, as a minimum be provided with a copy of the induction and information pack with copies of key documents and strategies. Members sitting as substitutes will be invited to attend additional training sessions that coincide with committee meetings at which they are substituting.

Fund officer requirements

It is important that officers in the Fund have the necessary skills and knowledge to carry out the tasks involved with managing the Fund's investments and administering the payment of benefits.

The knowledge and skills required of staff are set out in their job descriptions, including any formal qualifications required for the role. Officers should be familiar with the requirements of the CIPFA Code of Practice on Knowledge and Skills and should have knowledge of the areas set out in the framework.

During the year, officers will undertake training, including attending relevant events and seminars, to ensure they remain up to date with the latest requirements. In addition, officers are also required to keep up to date with relevant issues affecting the pension fund.

Training plan

The TNA will be the main method of assessing the knowledge and skills of both individual members and officers, and more widely the collective knowledge of the Committee and Board. It will be used to create the training plan for the following year.

Training methods will include:

- In-house training provided by officers or external providers
- Training as part of formal meetings
- External training events
- Circulation and signposting of reading material
- Attendance at seminars and conferences
- Online training
- Self-improvement and familiarisation with regulations and documents

Where possible and appropriate, joint training sessions will be delivered for Committee and Board members.

4. Key risks

The key risks to delivering this strategy are:

- Changes to the Committee or Board's membership
- Poor attendance or a lack of engagement at training and/or formal meetings by members and/or officers resulting in a poor standard of decision making, administration and/or monitoring
- Rapid, large-scale changes and requirements placed on LGPS funds
- Insufficient resources to deliver the required training
- The quality of advice or training provided not being of an acceptable standard

5. Monitoring and reporting

The administering authority will maintain a training log and record any training delivered as well as the attendance of members of the Committee and Board. Members must notify officers of any training they have completed independently so that the training log can be kept up to date; for online training courses, copies of training logs should be downloaded and sent to officers as evidence of completed training.

Members who attend external events will report back to the Committee/Board (as relevant) to share their knowledge with other members.

A central record will also be kept of training undertaken by officers.

Reporting against this strategy will be presented to the Nottinghamshire Pension Fund Committee and the Local Pensions Board as part of the Fund Annual Report and Accounts.

The Training Strategy requires that members undertake necessary training. The strategy is in accordance with the requirements of the Part 1 of Section 7 of the Council's Constitution which identifies the Nottinghamshire Pension Fund Committee and Local Pension Board as having special training requirements. It is expected that members will be able to demonstrate they have the capacity to attend and prepare for meetings as well as to participate in the required training in order to sit on the Committee or Board.

Officers involved in the management and administration of the Fund will maintain their knowledge and understanding through their annual objectives. This will include ongoing professional development managed through the council's performance management arrangements.

6. Review

This strategy will be kept under review, and, as a minimum will be brought to the Nottinghamshire Pension Fund Committee at least every three years.

The strategy will also be subject to consideration as part of the annual training and conferences report, which is presented to the Nottinghamshire Pension Fund Committee each year.

The effectiveness of this strategy will be assessed in the Fund's training disclosure, which will be presented annually as part of the Fund's annual report. This sets out the training completed by each member, including whether they have completed the LGPS Fundamentals training.

7. Costs

All costs will be met by the Nottinghamshire Pension Fund.

8. Further information

If you require further information about anything in, or related to this Training Strategy, please contact:

Jo Toomey, Governance Officer
E-mail: jo.toomey@nottscc.gov.uk
Telephone: 0115 977 4506

Appendix: Areas of knowledge and understanding for the Fund

1. Pension legislation (Committee and Board)

- General pensions legislative framework in the UK, for example, defined benefit, defined contribution, tax treatment and auto-enrolment
- The roles and powers of the UK Government in relation to the LGPS
- The main features of the LGPS legislation relating to benefits, administration and investment

2. Pension Governance (Committee and Board)

- The role of Nottinghamshire County Council as administering authority in relation to the LGPS and the Fund
- The role of the Scheme Advisory Board and the Pensions Regulator, Pensions Advisory Service and Pensions Ombudsman to the workings of the LGPS
- Awareness of the Pension Regulator's General Code of Practice 2024 and how it impacts public sector pension schemes
- The role of the Nottinghamshire Pension Fund Committee
- The role of the Local Pensions Board
- The roles and statutory responsibilities of the Administering Authority S151 officer
- Potential conflicts of interest, how they are identified and managed
- How pension fund risks are monitored and managed

3. Pensions financial strategy, management, accounting reporting and audit standards (Committee and Board)

- Requirements on the Fund in relation to accounting legislation and the Fund's Annual Accounts
- Audit Regulations and legislative requirements relating to internal controls and external audit for the Pension Fund

4. Pension administration and communications (Committee and Board)

- The Administration and Communication Strategy and how the service is delivered and communicated to the Fund's members and employers
- An understanding of how Fund breaches in law are reported
- Understanding of Fund policies relating to member data, record keeping, internal dispute procedures, cyber risk and contributions
- LGPS discretions and how employers' discretionary policies impact on the Fund
- Tax treatment of pensions, retirement lump sums annual allowance and changes to the lifetime allowance
- The Fund's Additional Voluntary Contribution arrangements
- Statutory deadlines and key performance indicators of the Pension Fund

5. Pension services procurement and relationship management (Committee and Board)

- An understanding of the background of public procurement and the roles of key decision makers and organisations in relation to pensions administration (i.e. actuarial services, investment advisers, additional voluntary contributions providers)
- Supplier risk management (i.e. procurement procedure, risk assessments, what to look for when selecting an investment)
- An understanding of how the Fund monitors and manages outsourced providers

6. Investment strategy, asset allocation, pooling performance (Committee and Board)

- The role of the Fund's investments in funding future pension payments
- Awareness of the Fund's Investment Strategy Statement
- Key aspects of Investment Manager Monitoring
- The Fund's approach to responsible investment and engagement, and stewardship activities undertaken by fund managers and other partners
- The Fund's approach to climate risk and opportunities
- Investment pooling and the role of LGPS Central

7. Financial markets and products knowledge (Committee and Board)

- The risk and return characteristics of the main asset classes and their role in long-term pension fund investing, including the different investment vehicles available
- Understanding of the primary importance of strategic asset allocation
- Awareness of the limits placed by Regulation on the investment activities of the Fund (i.e. fiduciary duty, environmental, social and governance considerations, and Fund discretions)

8. Funding strategy, actuarial methods, standards and practice (Committee and Board)

- The actuarial valuation process, including development of the Funding Strategy Statement
- Key assumptions in the actuarial valuation
- The types of employers eligible to join the Fund
- The importance of the employer covenant
- How employers' contribution rates are set
- How the promised pensions liabilities are paid for when an employer leaves the Fund

Conflict of interest protocol

1. Introduction

This protocol sets out the process for identifying, monitoring and managing conflicts of interest in the governance and management of the Nottinghamshire Pension Fund. In conjunction with the Fund's other governance documents, the protocol is an aid to good governance, encouraging transparency and minimising the risk of any matter prejudicing decision-making or the management of the Fund.

The protocol relates to all individuals involved in the management and governance of the Nottinghamshire Pension Fund.

The council encourages a culture of openness and transparency, including in relation to its activities as Administering Authority. It encourages individuals to be vigilant and have a clear understanding of their role, the circumstances in which they may have a conflict of interest and how potential conflicts of interest should be managed.

2. Purpose and objectives

The aim of the protocol is to provide guidance to members of the Nottinghamshire Pension Fund Committee and the Local Pensions Board, officers, advisers and suppliers on how to manage conflicts when undertaking their roles in relation to the Nottinghamshire Pension Fund. It is also intended to provide assurance to the Fund's members, employers and wider stakeholders that conflicts are managed appropriately.

Along with the County Council's other constitutional documents, including Codes of Conduct for members and officers, it aims to ensure that individuals involved in the governance and management of the Fund do not act improperly or create a perception that they may have acted improperly.

3. Who does this protocol cover?

This protocol has been developed for the guidance of:

- All members of the Nottinghamshire Pension Fund Committee, including non-voting co-opted members
- All members of the Nottinghamshire Local Pensions Board
- Senior officers involved in the governance and management of the Pension Fund
- All advisers and suppliers to the Fund, whether providing advice or supplies to the Committee, Board or Fund officers

In this protocol, reference to advisers includes all advisers, suppliers and other parties providing advice and services to the Fund, including but not limited to:

- The asset pool operator
- Dispute adjudicators
- Actuaries
- Investment consultants
- Independent advisers
- Benefits consultants
- Third party administrators
- Fund managers
- Lawyers
- Custodians
- Additional Voluntary Contribution providers

Where an advisory appointment is with a firm rather than an individual, reference to 'advisers' is to the lead adviser(s) responsible for the delivery of advice and services to the Pension Fund rather than the firm as a whole.

In accepting any role covered by this protocol, individuals agree that they must:

- Acknowledge any potential conflicts of interest they may have
- Be open with the Pension Fund on any conflicts of interest they may have
- Adopt practical solutions to managing those conflicts (seeking advice from a relevant officer, as required)
- Plan ahead and agree with the Pension Fund how conflicts of interest may be managed

4. Principles of public life

The Seven Principles of Public Life, otherwise known as the 'Nolan Principles' and specified in the Localism Act 2011, apply to anyone who works as a public office-holder. This includes people who are elected or appointed to public office, nationally and locally. All of the individuals to whom this protocol applies are expected to comply with these principles, which are integral to the successful implementation of this Protocol.

The principles are:

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness
- Honesty
- Leadership

5. Different types of conflicts of interest

Nottinghamshire County Council's Constitution includes codes of conduct for both elected members and officers, together with a Member and Officer Relationship Protocol. The Code of Conduct for members includes requirements in relation to the disclosure and management of pecuniary interests and other interests.

It is generally accepted that LGPS administering authorities have both fiduciary and public law duties to act in the best interest of both the LGPS beneficiaries and participating employers. This, however, does not preclude those involved in the management of an LGPS fund from having other roles or responsibilities which may result in an actual or potential conflict of interest. Accordingly, it is good practice to document how any such conflicts or potential conflicts are to be managed.

The Public Services Pensions Act 2013 defines a conflict of interest as a financial or other interest that is likely to prejudice how a person carries out their role. Therefore, a conflict of interest may arise when an individual has a responsibility or duty in relation to the management of the Fund and at the same time has:

- A separate personal interest (financial or otherwise)
- Another responsibility in relation to that matter giving rise to a possible conflict with their responsibility

An interest could also arise because a family member or close colleague has a specific responsibility in relation to that matter.

6. Examples of where different conflicts of interest may arise

Examples of where conflicts of interest may arise are set out below (these examples are not exhaustive):

6.1 Contribution setting for employers

The setting of employer contribution rates must be done in a way that is fair and transparent. No employer or individual should be in a position to unduly influence the contribution setting process.

The Fund achieves this in the following way:

- The Funding Strategy Statement sets out the Fund's approach to all funding related matters including the setting of contribution rates
- This policy is set with regard to the advice of the Fund Actuary and is opened to consultation with all Fund employers before being formally adopted
- The approach to contribution setting is based on specific employer characteristics such as its time horizons and risk profiles

This approach ensures consistency across all employers and removes the possibility of any employer receiving more or less favourable treatment.

6.2 Delivering the Local Government Pension Scheme (LGPS) function for all employers

All employers within the Fund are entitled to receive the same high-quality service and support from the Fund. Equally, the expectation on employers in respect of their obligations under the LGPS is the same. There should be no perception that the Council receives more favourable terms with regards to the service received from, or the obligations expected to, the Fund.

The Fund's administration strategy sets out the way in which the Fund works with its employers and the mutual service standards expected. The strategy details how the Fund will assist employers to ensure that they are best placed to meet their statutory LGPS obligations.

The Fund is run for the benefit of its members and on behalf of all its employers. It is therefore important that the Fund's expenditure is managed separately from the expenditure of the council. Decisions regarding pension fund resources are subject to specific delegations set out in the council's Constitution.

6.3 Investment decisions

The primary investment objective of the Fund is to ensure that over the long term there will be sufficient assets to meet all pension liabilities as they fall due. Investment decisions have an impact on all employers within the Fund and so should reflect the long-term requirements of the Fund.

The Investment Strategy Statement sets out how the Fund's money will be invested to meet future liabilities and contains the Fund's investment objectives and the asset classes in which it will invest. It also contains the Fund's approach to assessing environmental, social and governance risks and how it will act as a responsible asset owner regarding engagement and voting shares for companies in which it is invested. The Statement also explains the Fund's approach to investments that deliver a social impact as well as a purely financial return.

All investment decisions are taken in accordance with the Investment Strategy Statement, following appropriate professional advice. No person with a conflict of interest relating to a particular investment decision may take part in that decision.

7. Managing conflicts of interest

The Council recognises that its dual role as both an employer participating in the Fund and the body legally tasked with its management can produce the potential for conflicts of interest to arise in certain areas. It is important that these potential conflicts are managed to ensure that no actual or perceived conflict of interest arises and that all the Fund's employers and scheme members are treated fairly and equitably.

Where Committee and Board members are members of Nottinghamshire County Council they are subject to the County Council's code of conduct and their register of interests is published on the Council's website. Where the member is from a district, borough or the city council, they are bound

by the code of conduct of their nominating councils. Their registers of interest will be published on the website of the nominating council. Members of the Committee and Board who do not come from any of the previously mentioned bodies are required to subscribe to Nottinghamshire County Council's Code of Conduct and their disclosed interests are published on the county council website. If a member becomes aware of any changes during the year, it is their responsibility to update the register of interests.

To identify whether any member has an interest in any agenda item that is due to be discussed, the Chair will ask those present whether they have any conflicts to disclose. Any disclosures will be recorded in the minutes of the meeting. Depending on the kind of interest the member has declared, it may be necessary for them to leave the meeting during discussion on the matter. Anyone with a conflict of interest needs to refer to their Code of Conduct so that they understand what action they need to take.

Where a member of the Committee or Board is unsure whether they have a conflict of interest, they are advised to contact the committee support officer for advice in advance of any meeting at which that matter is likely to be discussed.

Where a member has a conflict of interest, it may be necessary to take professional advice to agree a satisfactory method of managing that risk. Where there is an ongoing conflict of interest, officers will work with the member concerned and, where applicable, the body that nominated them to agree the next steps to be taken.

8. Procedure for advisers

All the Fund's key advisers are expected to have their own policies on how they manage conflicts of interest in their relationship with their clients. These should be shared with the Administering Authority.

Although this document applies to advisers, the operational procedures outlined above relating to completing ongoing disclosures are not expected to apply to advisers. Instead, all advisers must:

- Be provided with a copy of this document on appointment and whenever it is updated
- Adhere to the principles of this document
- Provide, on request, information in relation to how they manage and monitor actual or potential conflicts of interests relating to the provision of advice or services to the Fund
- Notify the Head of Pension Fund Investments immediately should a conflict of interest arise
- Declare actual or potential conflicts at the start of any Committee or Board meetings; these will be recorded in the minutes of the meeting

9. Key risks

The risks to the delivery of this policy are outlined below:

- Insufficient training or poor understanding in relation to individuals' roles on Fund matters
- Insufficient training or failure to communicate the requirements of the policy

- Absence of the individual nominated to manage the operational aspects of the police and no one deputising, or failure of that individual to carry out the operational aspects in accordance with the policy
- Failure by a relevant Chair to take appropriate action when a conflict is highlighted at a meeting

All of these could result in an actual conflict of interest arising and not being properly managed.

10. Review

This Protocol will be kept under review as required and as a minimum at least once every three years as part of the regular review of all the Fund's strategies.

**REPORT OF THE SERVICE DIRECTOR – FINANCE, INFRASTRUCTURE AND
IMPROVEMENT**

LOCAL PENSIONS BOARD CODE OF PRACTICE

Purpose of the Report

1. Through this report the Local Pensions Board is asked to review its Code of Practice to reflect updated requirements arising as part of the Fund's action plan to secure compliance with the Pensions Regulator's General Code of Practice. The review also acknowledges changes that the Fund has already made.

Information

2. The Public Service Pensions Act 2013, which came into effect from 1 April 2015, extended the role of the Pensions Regulator to include public service pensions schemes, including the Local Government Pension Scheme (LGPS). Schedule 4 of the Public Services Pensions Act 2013 required the Pensions Regulator to issue a Code or Codes of Practice in respect of certain matters. The Pensions Regulator consolidated all of its existing Codes, which covered all pension schemes including the LGPS, into a single Code of Practice. This came into effect from 27 March 2024.
3. Barnett Waddingham's gap analysis recommended that the Board's Code of Practice is updated to set out the role of the Chair of the Local Pensions Board. Changes are also required to reflect other actions arising from the gap analysis, for instance, the adoption of a Training Strategy and a Conflicts of Interest Protocol for the Fund.
4. The Board's existing Code of Practice is that which was agreed at its inception in 2015 and so a broader review has been undertaken, to ensure that it remains fit for purpose. The draft updated Board Code of Practice is attached as **Appendix A** to this report.
5. In addition to the proposed changes set out below, a number of minor amendments have been made to the text to improve its readability and ensure references are consistent between Fund documents:
 - Paragraph 9 – wording updated as it implied that there were existing sub-committees stemming from the Nottinghamshire Pension Fund Committee. While sub-committees may be added, the update places the emphasis on the main committee while recognising the possibility that sub-committees may be formed. Similar updates are

proposed throughout the document where references are made to sub-committees of the Nottinghamshire Pension Fund Committee.

- Paragraph 14 – a proposed addition setting out an option for the Board to elect a vice-chair.
- Paragraph 15 – a proposed addition setting out the arrangements for chairing a meeting, or any specific agenda items, if the chair is not present (either because they have given an apology or disclosed an interest and had to leave the room).
- Paragraphs 16-20 – a proposed addition setting out expectations of the chair, which has arisen from a recommendation from the reverse gap analysis assessing the Fund's compliance with the Pension Regulator's General Code of Practice.
- Paragraphs 25-28 – a proposed amendment to reflect the Fund's adoption of a Conflicts of Interest Protocol.
- Paragraphs 29-30 – a proposed amendment to reflect the Fund's adoption of a Training Strategy and the knowledge and understanding requirements set out in the Pension Regulator's General Code of Practice.
- Paragraph 33 – an adjustment in the language to take account of the Council moving the base of its democratic function from County Hall, West Bridgford to Oak House, Hucknall.
- Paragraph 34 – a proposed update to the way in which the Board can deal with urgent business to reflect improvements in availability and increased acceptance of virtual meetings since the original Code of Practice was adopted.
- Paragraph 41 – a proposed amendment to the wording of the Budget section that better reflects how the Fund operates and provides increased flexibility.

Other Options Considered

6. The Board could choose not to update its Code of Practice, but this has been rejected as it would mean the Board's arrangement did not align with the wider Fund.
7. Alternatively, the Board could request additional or alternative amendments beyond those proposed. Should it wish to do so, it may be necessary to defer making a decision on the item to enable any necessary advice to be sought and research undertaken.

Reasons for Recommendations

8. Reviewing the Local Pensions Board's Code of Practice to ensure it remains relevant and fit for purpose is a key part of good governance. It is also important to ensure that the Board's operation is consistent with the Fund's strategies and complies with relevant regulations and requirements. As changes have been made to fund strategies as part of its journey towards compliance with requirements in the Pension Regulator's General Code of Practice, it is necessary to make sure they are reflected in the Board's own Code of Practice.

Statutory and Policy Implications

9. 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

10. There are no financial implications arising as a result of this report.

RECOMMENDATION

- 1) That the Local Pensions Board approves the revised 'Local Pensions Board Code of Practice' as attached at **Appendix A**.

Nigel Stevenson

Service Director – Finance, Infrastructure & Improvement

For any enquiries about this report please contact:

Jo Toomey, Governance Officer

Telephone: 0115 977 4506

E-mail: jo.toomey@nottsc.gov.uk

Constitutional Comments (KK 28/11/24)

11. The proposal in this report is within the remit of the Local Pensions Board.

Financial Comments (SES 03/12/2024)

12. There are no specific financial implications arising directly 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.

- [Nottinghamshire Pension Fund Committee, 14 November 2024 – update report on the implementation of the Pension Regulator’s General Code of Practice, action plan and new policies](#)
- [The Pensions Regulator’s General Code of Practice](#)
- [Local Pension Board Code of Practice \(approved 16 December 2015\)](#)
- [Agenda for the Local Pensions Board meeting on 16 December 2015](#)

Electoral Division(s) and Member(s) Affected

- All

Nottinghamshire Local Pension Board Code of Practice

Introduction

1. This Code of Practice for Nottinghamshire Local Pensions Board was approved by the Nottinghamshire Local Pensions Board on **9 January 2025**.

Membership

2. The Board shall consist of 8 voting members, as follows:
 - 4 member representatives
 - 4 employer representatives
3. There shall be an equal number of member and employer representatives.
4. The Board is established under the Public Service Pensions Act 2013 (the Act); the rules of political proportionality relating to bodies established under the Local Government Act 1972 are not applicable.

Member representatives

5. Member representatives shall either be scheme members or have capacity to represent scheme members of the Nottinghamshire Pension Fund (the Fund).
6. Member representatives should be able to demonstrate their capacity to attend and complete the necessary preparation for meetings and participate in training as required.
7. Substitutes shall not be appointed.
8. A total of 4 member representatives shall be appointed from the following sources:
 - a. The recognised trade unions representing employees who are scheme members of the Fund.
 - b. Staff groups following a transparent selection process which should be open to all Fund members.
 - c. Scheme pensioners following a transparent selection process which should be open to all Fund members.
 - d. Other scheme members following a transparent selection process which should be open to all Fund members.

Employer representatives

9. Employer representatives shall be office holders or senior employees of employers of the Fund or have experience of representing scheme employers in a similar capacity. No officer or elected member of Nottinghamshire County Council who is responsible for discharging any functions of Nottinghamshire Pension Fund Committee, or any sub-committee of the Nottinghamshire Pension Fund Committee, may serve as a member of the Board.
10. Employer representatives should be able to demonstrate their capacity to attend and complete the necessary preparation for meetings and participate in training as required.
11. Substitutes shall not be appointed.
12. A total of 4 employer representatives shall be appointed to the Board from the following sources:
 - a. 1 employer representative shall be appointed by Nottinghamshire County Council.
 - b. 1 employer representative shall be appointed by Nottingham City Council.
 - c. 1 large employer representative shall be appointed where all employers will have been asked to submit their interest in undertaking the role of employer representative on the Board.
 - d. 1 small employer representative shall be appointed where all employers will have been asked to submit their interest in undertaking the role of employer representative on the Board.

Appointment of chair

13. A chair shall be appointed for the Board by the employer and member representatives of the Board from amongst their own number.
14. The Board may choose to appoint a vice-chair. Where it does this, the vice-chair should come from the opposite set of representatives to the chair. For instance, if the chair is a member representative, the vice-chair should be an employer representative, or vice versa.
15. Should the Board appoint a vice-chair, they will take on the role of the chair when the chair is not present for a meeting, or for specific agenda items where the chair may have declared an interest and left the room. If the Board has not appointed a vice-chair, it shall appoint from its membership someone to act as chair for any meeting or item of business where the chair is not present.

Expectations of the chair of the Local Pensions Board

16. The chair of the Local Pensions Board leads it in undertaking its functions. The role of the chair in managing meetings is set out in Nottinghamshire County Council's Constitution.
17. Support is available to chairs to help them understand and conduct their role. The chair of the Local Pensions Board may also be able to access training to support them in their role.
18. The chair is responsible for managing meetings. This includes managing potential conflicts of interest, seeking consensus, and encouraging participation, particularly where members have knowledge and skills that would be of benefit to a discussion.
19. The chair should demonstrate the standards of behaviour expected of all members and manage meetings in a way that promotes and supports these behaviours.
20. Working with the officers and advisers who work with the Board, the chair should support the commissioning of relevant training and encourage attendance.

Terms of office

21. The term of office for Board members is 4 years.
22. Extensions to terms of office may be made by Nottinghamshire County Council with the agreement of the Board.
23. A Board member may be appointed for further terms of office using the methods set out in paragraphs 8 and 12 above.
24. Board membership may be terminated prior to the end of the term of office due to:
 - a. A member representative appointed on the basis of their membership of the scheme no longer being a scheme member in the Fund.
 - b. A member representative no longer being a scheme member or a representative of the body on which their appointment relied.
 - c. An employer representative no longer holding the office or employment or being a member of the body on which their appointment relied.
 - d. A Board member no longer being able to demonstrate to Nottinghamshire County Council their capacity to attend and prepare for meetings or to participate in required training.

- e. The representative being withdrawn by the nominating body and a replacement identified.
- f. A Board member has a conflict of interest which cannot be managed.
- g. A Board member who is an elected member becomes a member of the Nottinghamshire Pension Fund Committee or any sub-committee that may be appointed.
- h. A Board member who is an officer of the Administering Authority becomes responsible for the discharge of any functions of the Administering Authority under the Regulations.

Conflicts of interest

- 25. Members of the Board must abide by the Fund's Conflicts of Interest Protocol.
- 26. A conflict of interest is defined as a financial or other interest which is likely to prejudice a person's exercise of functions as a member of the Board. It does not include a financial or other interest arising merely by virtue of that person being a member of the Nottinghamshire Local Government Pension Scheme (the Scheme).
- 27. All members of the Board must declare to the Administering Authority on appointment and at any such time as their circumstances change, any potential conflict of interest arising as a result of their position on the Board.
- 28. On appointment to the Board and following any subsequent declaration of potential conflict by a Board member, the Administering Authority shall ensure that any potential conflict is effectively managed in line with the requirements of Nottinghamshire County Council's Code of Conduct for Councillors and Co-opted Members and the Fund's Conflicts of Interest Protocol.

Knowledge and understanding (including Training)

- 29. Nottinghamshire Pension Fund has a Training Strategy which incorporates a framework to ensure members of the Local Pensions Board have the knowledge and understanding they need to assist the Administering Authority. The Training Strategy recognises knowledge and understanding requirements set out in legislation together with the Pensions Regulator's General Code of Practice. That framework shall be used to assess members' knowledge and understanding. Any gaps in knowledge and understanding will be identified by carrying out a training needs analysis, from which a training programme will be developed. This will set out how knowledge and understanding is acquired and updated.
- 30. Board members shall attend and participate in training arranged in order to meet and maintain the requirements set out in the Fund's Training Strategy.

31. Board members shall participate in such personal training needs analysis or other processes that are put in place in order to ensure that they maintain the required level of knowledge and understanding to carry out their role on the Board.

Meetings

32. The Board shall as a minimum meet two times each year.
33. Meetings shall normally take place between the hours of 10am and 4pm at Nottinghamshire County Council's democratic headquarters.
34. The chair of the Board, with the consent of the Board membership, may call additional meeting. Urgent business of the Board between meetings may, in exceptional circumstances, be conducted via communications between members of the Board including virtual meetings, telephone conference and e-mails.

Quorum

35. A meeting is only quorate when at least 3 voting members are present, including at least one member representative and one employer representative.
36. A meeting that becomes inquorate may continue but any decisions will be non-binding.

Voting

37. Where there is an equal number of votes for and against a motion there will be no casting vote; the motion will be considered defeated.

Public access to Board meetings and information

38. County Councillors and the general public will have rights of access to meetings under the Council's meeting procedure rules.
39. The following will be entitled to attend Board meetings in an observer capacity:
 - a. Members of the Nottinghamshire Pension Fund Committee, or any sub-committee of the Nottinghamshire Pension Fund Committee that may be appointed.
 - b. Any person requested to attend by the Board.

Any such attendees will be permitted to speak at the discretion of the Chair.

Expenses and allowances

40. The Administering Authority will meet the expenses of Board members in line with the Administering Authority's policy on expenses as set out in the Councillors' Allowances Scheme.

Budget

41. The Board is provided with adequate resources to fulfil its role. Resourcing for the Board is met by the Fund.



**REPORT OF THE SERVICE DIRECTOR – SERVICE DIRECTOR CUSTOMERS,
GOVERNANCE AND EMPLOYEES**

RISK MANAGEMENT STRATEGY AND RISK REGISTER

Purpose of the Report

1. This report updates the Board on the adoption of a new risk management strategy for the Fund and the ongoing work reviewing the Fund's risk register.

Information

Risk Management Strategy

2. Risk management is a key element in the Fund's overall framework of internal control and its approach to good governance.
3. The Fund's risk management strategy sets out its risk appetite and how it will manage the risks it has identified. It requires the Fund to:
 - Identify key risks that would affect the Fund's aims
 - Assess the risks for likelihood and impact
 - Identify mitigating controls
 - Allocate responsibility for the mitigating controls
 - Maintain a risk register detailing the risk features identified above
 - Set out arrangements for reviewing and updating the risk register
 - Set out the reporting and monitoring arrangements, including the roles of the Nottinghamshire Pension Fund Committee and the Local Pensions Board
4. At its meeting on 12 December 2024, the Nottinghamshire Pension Fund Committee approved a new risk management strategy for the Fund; this is attached as **Appendix A** to this report for the Board's information. Updates included:
 - Adjusting the focus of the strategy from general narrative about responsibilities within the Fund to frame responsibilities in terms of managing risk
 - Changes to reflect the Pension Regulator's General Code of Practice
 - The addition of the Fund's aims in respect of risk management
 - Setting out how the Fund identifies risks and how they are analysed

- Adding information on processes and the ongoing management of risks and reporting arrangements

Risk register

5. In conjunction with updating the Risk Management Strategy, the Fund has also been reviewing its risk register. The risk register identifies the main risks to the operation of the Fund, prioritising risks identified and detailing the actions required to reduce the likelihood or impact of those risks.
6. During 2024, the Fund engaged the support of Zurich, the council's insurance provider, to work alongside officers and complete a full review of the risk register.
7. Officers worked with Zurich to review those items already on the risk register to see whether they were still relevant or they needed amending or removing. Changes may have resulted from controls that are now in place changing the potential likelihood or harm of the risk. The review also assessed whether additional controls were required. New risks were also identified and assessed.
8. The revised draft risk register (**exempt appendix**) separates each of the identified risks into one of four categories:
 - Strategic risks (those risks that cross two or more of the other three categories)
 - Investment risks
 - Pensions administration risks
 - Governance risks (at present there are no specific governance risks as they are being managed as strategic risks)
9. Officers continue to work with Zurich to ensure the final version is comprehensive and risks are identified and addressed consistently across each of the risk categories as well as refining reporting arrangements. The draft risk register that is included as an exempt appendix gives members an opportunity to understand the shape the new risk register will take, while providing assurance that risks are being effectively identified and mitigated. The ongoing work by the Fund's officers and Zurich to finalise the new version of the risk register has not affected its ability to manage risk during its development. The risk register, including in draft form, is a working document and is proving a useful tool for identifying and managing risk. The continuing work is about ensuring consistency and constructive challenge to ensure risk management arrangements are robust.
10. The review of the risk register has also taken account of the Pension Regulator's General Code of Practice, effective from March 2024.
11. The following risks were removed from the risk register and are now managed as business as usual.
 - Fund cash is insufficient to meet current obligations
 - Failure to communicate adequately with all relevant stakeholders
 - Standing data and permanent records are not accurate
 - Inadequate controls to safeguard pension fund assets

12. The following new risks were added:

- Changes in legislation
- Continued high inflation
- Cyber
- Inability to publish the annual report on time

13. Some risks included on the Fund's previous version of the risk register have now been developed to better reflect current challenges and the outcomes the Fund is trying to prevent:

- The original risk relating to the Fund having insufficient assets to meet long-term need was updated to reflect market volatility
- The risk listed as "no performance management framework" was updated to reflect the potential outcome of the risk, rather than describing the risk itself
- The risks of having an inappropriate investment strategy, ineffective governance arrangements, lack of defined objectives and the failure to adhere to relevant legislation were developed to recognise turnover in the membership of committee and board and the wider effect that has in terms of controls, monitoring and challenge

14. Care has been taken to ensure the description of the risk is as clear and accurate as possible. Those items on the previous version of the risk register that could be categorised as business as usual were removed to allow the Fund to concentrate on the most significant, strategic risks.

15. The final version of the risk register will be presented to the Nottinghamshire Pension Fund Committee at its meeting on 13 February 2025. This meeting will also provide the first opportunity for members to try the reporting arrangements, including undertaking its first deep dive, the focus of which will be cyber.

Reporting

16. As part of the process of reviewing the risk register, consideration was given to the most effective ways for members to review the risk register and take an active role in understanding and managing the risks to the Fund.

17. The committee will review the risk register annually. Between annual reviews, the committee will receive reports on the risk register at non-investment manager meetings. This report would highlight any key changes since the last update and provide an opportunity for committee members to take a deep dive into one or two risks. The Local Pensions Board will then have the opportunity to review the same information so that it can continue its overview of the Fund's governance arrangements and the measures in place to reduce and manage risk.

18. At each meeting where a deep dive is undertaken, the committee and board will have an opportunity to select a subject for a deep dive at the next meeting at which the risk register is a scheduled item. To begin this process, the committee will conduct a cyber risk deep dive at its meeting on 13 February 2025. The Local Pensions Board will receive the same documents at its next meeting on 3 April 2025. The deep dive template is attached as **Appendix B**.

19. Where the Nottinghamshire Pension Fund Committee requests a deep dive item, it will be presented at the next meeting of the Local Pensions Board. Similarly, when the Local

Pensions Board selects an item for deep dive, it will be presented at the next meeting of the Nottinghamshire Pension Fund Committee at which risk is scheduled to be considered. This will provide visibility and transparency across both of the Fund's key governance bodies.

Other Options Considered

20. The Board could request alternative arrangements around risk management however it is likely that these would sit outside the current risk management strategy. Any alternative arrangements would need to enhance those in the strategy rather than negate them.

Reasons for Recommendations

21. The Local Pensions Board has a key role to play assisting the Nottinghamshire Pension Fund secure compliance with pension legislation and ensuring the effective and efficient governance and administration of the Fund. The Fund's risk management arrangements are a key part of its governance structure, so bringing regular updates to the Local Pensions Board actively supports the Committee in its role as the governing body for the Fund. The reporting arrangements allow for both the Board and Committee to seek assurance about any risks that are of concern to them, and sharing the outcome of that view with the alternate body provides a check and balance.

Statutory and Policy Implications

22. 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

23. There are no financial implications arising as a result of this report.

Crime and Disorder Implications

24. Within its risk register, the Fund identifies risk of fraud and pension scams. It also recognises cyber risks that affect the security of the Fund. The controls put in place to mitigate the risk should reduce the opportunity for these kinds of offences to occur.

Data Protection and Information Governance

25. The Pension Fund holds data of scheme employers, active and deferred members, and pensioners. The risk register identifies risks that might affect the Fund's data and identifies controls to mitigate those risks.

Business Support Implications

26. Measures to reduce risk are built into working practices. Decisions about the Fund's risk appetite and the constantly evolving risk landscape will mean that systems, processes and procedures may need revising to ensure controls remain effective.

Smarter Working Implications

27. Managing the Fund's risk provides opportunities for reviewing systems and processes which can help advance the smarter working agenda.

RECOMMENDATION

- 1) That the Local Pensions Board notes the updated Risk Management Strategy including the monitoring and reporting arrangements.

Marjorie Toward

Service Director – Customers, Governance and Employees

For any enquiries about this report please contact:

Sarah Stevenson, Group Manager, Business Services Centre

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Constitutional Comments (KK 28/11/24)

28. The proposal in this report is within the remit of the Local Pensions Board.

Financial Comments (SES 03/12/2024)

29. There are no specific financial implications arising directly 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.

- [Nottinghamshire Pension Fund Committee, 27 April 2023](#)
- [Nottinghamshire Pension Fund Committee, 12 December 2024](#)

Electoral Division(s) and Member(s) Affected

- All

Risk Management Strategy

1. Introduction

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 good governance. Managing risk may not prevent undesirable or unexpected events but it is a means of minimising the costs and disruption to the Fund they cause. 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.

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

Risk management is central to the management of the Pension Fund, as reflected by the coverage of risk in key documents such as the Funding Strategy Statement (FSS) and the Investment Strategy Statement (ISS). The Fund will aim to comply with the CIPFA Managing Risk in the LGPS publication, the Pension Act, and the Pension Regulator's General Code of Practice as they relate to managing risk.

This strategy covers:

- The Fund's attitude to, and appetite for, risk
- Aims
- Risk measurement and management
- responsibility

2. Purpose and objectives of the Fund

The purpose of the Fund is to:

- Pay pensions, lump sums and other benefits provided under the Local Government Pension Scheme (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

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

The following principles under 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

In relation to risk management, the Fund will aim to:

- Integrate risk management into the culture and day-to-day activities of the Fund
- Raise awareness of the need for risk management by all those connected with the delivery of services (including advisers to the Fund, employers and all other partners involved in the delivery of services)
- Anticipate and respond positively to change
- Minimise the probability of negative outcomes for the Fund and its stakeholders
- Establish and maintain a robust framework and procedures for identifying, analysing, assessing, and managing risk, and the reporting and recording of events, based on best practice
- Ensure consistent application of the risk management methodology across all Fund activities, including projects and partnerships
- Minimise the cost of risk

3. Responsibility

This strategy applies to all members of the Nottinghamshire Pension Fund Committee and Local Pensions Board, including scheme member and employer representatives. It also applies to officers involved in the management of the Fund.

Advisers and suppliers to the Fund are expected to be aware of this strategy, and assist the officer, committee and board as required, in meeting its objectives.

The Pension Regulator's General Code of Practice requires that the Administering Authority must be satisfied that risks are appropriately managed. It is required to identify and record risks and to regularly review and evaluate those risks. Having identified and evaluated the risks, the governing body should put internal controls in place to reduce the incidence and impact of those risks. The internal controls should include clear separation of duties from those performing them and the process for escalation and decision-making.

The Nottinghamshire Pension Fund Committee oversees risk management arrangements and agrees the Fund's risk appetite. It reviews the risk register and controls the Fund has in place. It also agrees all the Fund's strategies, which form part of the Fund's internal control framework.

The Local Pensions Board has a role reviewing the risk register and it can raise any concerns or make recommendations to the Nottinghamshire Pension Fund Committee.

Part 2 of the Accounts and Audit Regulations 2015 highlights the role of internal audit in evaluating risk management, control and governance processes.

4. Risk Management Strategy

The risk tolerance of the Fund is agreed with the Nottinghamshire 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 to achieve its long-term funding objectives described in paragraph 4.

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

4.1 Identifying risks

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.

Risks to the Fund are identified in a number of ways:

- Formal risk assessment exercises
- Monitoring performance of the Fund
- Recommendations and findings of auditors and advisers
- Feedback from stakeholders including the Local Pensions Board and scheme employers
- Informal meetings of senior officers or other staff involved in the management of the pension fund (with or without the Fund's advisers)
- Meetings and communication with other organisations, regional and national associations, and professional groups
- Legal determinations including those of the Pensions Ombudsman, the Pensions Regulator and court cases

- Business planning or strategic workshops
- Business or service continuity plans developed by the Fund

Once identified, risks will be documented on the Risk Register where they are separated into one of four key themes:

- Strategic (those risks that cross the other three themes)
- Investments
- Administration
- Governance

New risks can emerge at any time and risk identification should include allocation of sufficient time and resource and should therefore be integral to the day-to-day management of the Fund.

4.2 Analysing risks

Once potential risks have been identified, they must be analysed.

The Risk Register provides a tool to assess each of the identified risks by their likelihood and impact. These are combined to give an overall pre-control risk score, which has been assigned a Red – Amber – Green (RAG) rating.

Controls that are currently in place to mitigate risks, together with additional sources of assurance are listed and these are then taken into account to give a post control impact and likelihood score. Again, these are combined to give an overall score which has been assigned a RAG rating. The risk register highlights any further action that still needs to be taken, a review date and a risk owner.

4.3 Responsibility

This Risk Management Policy applies to all members of the Nottinghamshire Pension Fund Committee, Local Pensions Board, including both scheme member and employer representatives. It also applies to all officers involved in the management of the Fund.

Advisers and suppliers to the Fund are expected to be aware of this policy and assist officers, committee and the board members as required in meeting the objectives of this policy.

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 Nottinghamshire 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

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.

4.4 Managing risks

Officers will review any new risks as they emerge, and the full risk register at least quarterly. These reviews allow the assessment and analysis of the current controls to ensure they are still in place and relevant. It also gives the opportunity to identify areas for improvement and any additional controls that may be necessary

4.5 Reporting

The Nottinghamshire Pension Fund Committee regularly monitors risk. The Fund's full risk register is reviewed annually. At all other meetings where there are no investment manager presentations, the committee will undertake a spotlight review of one or two areas of risk.

The Board will review the risk register at each of its meetings as well as undertaking spotlight reviews. The Local Pensions Board may recommend improvements or highlight areas of concern in the risk management of the Fund.

The reporting information will include as a minimum:


- A summarised version of the risk register
- A summary of the main changes since the previous report
- Detail around the spotlighted risk/risks

The spotlight reviews presented to the Nottinghamshire Pension Fund Committee will be made available to the Local Pensions Board as an opportunity for it to provide a check and balance of the committee's considerations. Spotlight issues presented to the Board will be made available to the Nottinghamshire Pension Fund Committee and will include any recommendations the Board may wish to make in respect of enhanced controls.

5. Strategy review

This strategy will be reviewed regularly, as a minimum as part of the regular review of all the Fund's strategies. This does not prevent its review outside the annual process if necessary

Risk Deep Dive template

 Nottinghamshire County Council		Risk Assessment Template			
Risk ID	Risk Description	Department/Division/Team		Risk Owner	
Risk Category		Date of Assessment		Next Review Date	
Causes					
Impacts					
Inherent Risk - Risk Assessment Before Controls					
Impact		Likelihood		Inherent Risk Rating	
Controls			Monitored by	Effectiveness <i>(Strong, Medium, Weak)</i>	
Current Risk - Risk Assessment After Controls					
Impact		Likelihood		Current Risk Score	

Risk Deep Dive template

Further Controls and Actions Required					Monitored by		Effectiveness <i>(Strong, Medium, Weak)</i>				
Target Risk - Risk Assessment After Further Controls											
Impact					Likelihood					Target Risk Score	
Trend Analysis											
Quarter	Q1 20**/**	Q2 20**/**	Q3 20**/**	Q4 20**/**	Q1 20**/**	Q2 20**/**	Q3 20**/**	Q4 20**/**	Short Term Trend Increase ↑ Decrease ↓ No Change ↔		
Current Risk Rating											
Target Risk Rating											

9 January 2025

Agenda Item: 11

REPORT OF THE SERVICE DIRECTOR, CUSTOMERS, GOVERNANCE AND EMPLOYEES

PENSION BOARD WORK PROGRAMME

Purpose of the Report

1. To consider the Pension Board's work programme.

Information

2. The work programme, attached as an Appendix to this report, will assist the management of the Pension Board's agenda, the scheduling of the Board's business and forward planning. The work programme will be updated and reviewed at each pre-agenda meeting and Board meeting. Any member of the Board is able to suggest items for possible inclusion.
3. The attached work programme incorporates those items which can be anticipated at the present time. Other items will be added to the programme as they are identified.
4. It is also anticipated that the Board may wish to commission periodic reports on specific issues. The Board is therefore requested to identify any additional activities on which it would like to receive reports for inclusion in the work programme.

Other Options Considered

5. None.

Reason for Recommendation

6. To assist the Pension Board 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, 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

- 1) That the Nottinghamshire Pension Board considers whether any amendments are required to the Work Programme.

Marjorie Toward
Service Director, Customers, Governance & Employees

For any enquiries about this report please contact:

Noel McMenamin
Democratic Services Officer
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Constitutional Comments (KK - Standing)

8. The Committee has authority to consider the matters set out in this report by virtue of its terms of reference.

Financial Comments (RK - Standing)

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

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

PENSION BOARD - WORK PROGRAMME 2024-25

REPORT TITLE	BRIEF SUMMARY OF AGENDA ITEM	LEAD OFFICER	REPORT AUTHOR
June 27 2024			
LGPS Update Report	Regular Update on national LGPS issues		The Advisor to the Pension Board
Pension Board Annual Review 2023-24	Annual		Advisor to the Board
LGPS Governance Conference January 2024	Feedback on national conference discussions and outcomes		Sarah Stevenson
Pensions Regulator General Code of Practice	To introduce the new Code and explain actions needed to comply	Marje Toward	Sarah Stevenson, Group Manager Business Service Centre
LGPS – Transforming Pension Administration Update	Update on delivery of key aims of the transforming pension administration programme	Marje Toward	Sarah Stevenson Group Manager Business Service Centre
Risk Register – Verbal Update	Update on transition to new Risk Register system	Marje Toward	Sarah Stevenson Group Manager Business Service Centre
31 October 2024			
LGPS Central Ltd - Update	Update on pooling arrangements and Investment Performance	Marje Toward	Jo Toomey – Governance Officer
LGPS Update Report	Regular Update on national LGPS issues		The Advisor to the Pension Board
Cyber Security (Standing Item)	Report on the work being undertaken in respect of the Cyber Security of the Pension Fund	Marje Toward	Sarah Stevenson, Group Manager, Business Service Centre

REPORT TITLE	BRIEF SUMMARY OF AGENDA ITEM	LEAD OFFICER	REPORT AUTHOR
Work of the Pensions Systems Team	Report on the work of the Systems Team – part of series of updates to inform the Board about development of the Pension function’s capability and responses to current challenges	Marje Toward	Sarah Stevenson, Group Manager, Business Service Centre
9 January 2025			
LGPS Update Report	Regular Update on national LGPS issues		The Advisor to the Pension Board
Pension Regulator’s Code of Practice	Report to inform the Board about the Pension regulator’s Code of Practice and policies and strategies to address its requirements	Marje Toward	Sarah Stevenson, Group Manager, Business Service Centre
Local Pension Board Code of Practice	Report to review the Board’s Code of Practice to reflect updated requirements from the Fund’s Action Plan to ensure compliance with the Pension regulator’s General Code of Practice	Marje Toward	Sarah Stevenson, Group Manager, Business Service Centre
Risk Management Strategy	Report to inform the Board of the approach being taken to deliver effective risk management for the Fund (in advance of revised Risk Register coming to the April 2025 meeting)	Marje Toward	Sarah Stevenson, Group Manager, Business Service Centre
Work of the Employer Support and Compliance Team	Report on the work of the Employer Support and Compliance Team – part of series of updates to inform the Board about development of the Pension function’s capability and responses to current challenges	Marje Toward	Sarah Stevenson, Group Manager, Business Service Centre
Pension Administration Performance Report	Update on current performance of Pension Administration	Marje Toward	Sarah Stevenson, Group Manager, Business Service Centre

REPORT TITLE	BRIEF SUMMARY OF AGENDA ITEM	LEAD OFFICER	REPORT AUTHOR
3 April 2025			
LGPS Update Report	Regular Update on national LGPS issues		The Advisor to the Pension Board
Cyber Security (Standing Item)	Report on the work being undertaken in respect of the Cyber Security of the Pension Fund	Marje Toward	Sarah Stevenson, Group Manager, Business Service Centre
BoardMembership	To consider Board membership for the period 2025-29		
Work of the Pension Technical and Regulations Team	Report on the work of the Technical and Regulations Team – part of series of updates to inform the Board about development of the Pension function’s capability and responses to current challenges	Marje Toward	Sarah Stevenson, Group Manager, Business Service Centre
Revised Risk Register	Report on the refreshed Risk Register	Marje Toward	Sarah Stevenson, Group Manager, Business Service Centre
3 July 2025			
LGPS Update Report	Regular Update on national LGPS issues		The Advisor to the Pension Board
Cyber Security (Standing Item)	Report on the work being undertaken in respect of the Cyber Security of the Pension Fund	Marje Toward	Sarah Stevenson, Group Manager, Business Service Centre
Work of the Pension Administration Team	Report on the work of the Administration Team – part of series of updates to inform the Board about development of the Pension function’s capability and responses to current challenges	Marje Toward	Sarah Stevenson, Group Manager, Business Service Centre

REPORT TITLE	BRIEF SUMMARY OF AGENDA ITEM	LEAD OFFICER	REPORT AUTHOR
Pension Board Annual Review 2023-24	Annual		Advisor to the Board
To Be Placed			
Internal Audit Annual Report (subject to further discussion with NCC colleagues)			
Investment Strategy (subject to further discussions with NCC colleagues)			