

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