

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

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

Information

2. Under governing regulations, the Fund is required to 'prepare, maintain and publish' a number of strategy statements. These statements must then be kept under review and, if necessary, revised.
3. According to Regulation 58 of the Local Government Pension Scheme Regulations 2013, an administering authority must publish a Funding Strategy Statement (FSS). This requires revision following the results of each triennial actuarial valuation. This statement is based on a version prepared by the Fund Actuary. The key changes relate to the most recent valuation, the inclusion of a strategy for exit credits and reflect other regulatory changes. The strategy is attached as Appendix A.
4. The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (the "Investment Regulations") govern the management of the pension fund and the investment of fund money. According to Regulation 7 of the Investment Regulations an administering authority must formulate an investment strategy which must be in accordance with guidance issued from time to time by the Secretary of State. It must publish a statement of its investment strategy and must review and if necessary revise its investment strategy at least every 3 years.
5. The main update relates to the changes to asset allocation which were discussed at the January Working Party and approved at the February committee meeting. Also of note is the change of proxy voting service which (as previously reported to Committee) is now Hermes EOS. The updated Investment Strategy Statement is attached as Appendix B.
6. It is considered best practice for the Fund to have a Risk Management Strategy and Risk Register and to review these on a regular basis. The documents last went to Committee in April

2019. Three new risks have been added to the risk register. These relate to the risk of failures by scheme employers (Risk Adm 4), GDPR related risk (Risk Adm 5) and the financial risk of climate change (Risk Inv 7). Taking into account the Council's mitigating controls and actions, these risks are rated Medium. The revised documents are attached as Appendices C i) and C ii).

7. In March when the country went into lockdown, the Pensions Manager and the Senior Accountant for Pensions and Treasury Management considered the new risks arising. The additional risks identified at that stage are attached as Appendix C iii). This is a temporary addition to the risk register during the course of the pandemic.
8. The Local Government Pension Scheme (Administration) Regulations 2013 require publication of a governance compliance statement. This statement has been reviewed and no significant changes were required. The updated statement is attached as Appendix D.

Other Options Considered

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

Reason/s for Recommendation/s

10. The revised policies reflect the current governance of the Pension Fund and agreed amendments.

Statutory and Policy Implications

11. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance, finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATION/S

- 1) That the revised Funding Strategy Statement, Investment Strategy Statement, Risk Management Strategy and Governance Compliance Statement be approved by the Nottinghamshire Pension Fund Committee.

Nigel Stevenson

Service Director for Finance, Infrastructure & Improvement

For any enquiries about this report please contact: Tamsin Rabbitts

Constitutional Comments (KK 18/09/2020)

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

Financial Comments (TMR 11/09/2020)

13. There are no direct financial implications arising from this report.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- None

Electoral Division(s) and Member(s) Affected

- All