

Nottinghamshire Local Pension Board

Annual Review: 1 April 2024 to 31 March 2025

Report of Thulani Molife, Chair of the Local Pensions Board 2024-25

Executive summary

This report reviews the activity of the Nottinghamshire Local Pensions Board between 1 April 2024 and 31 March 2025.

Once the Local Pensions Board has considered this annual review, it will be presented to the Nottinghamshire Pension Fund Committee.

Purpose and Terms of Reference of the Local Pensions Board

Nottinghamshire County Council as the Administering Authority for the Local Government Pension Scheme (LGPS) in Nottinghamshire, has delegated those functions to the Nottinghamshire Pension Fund Committee. The Local Pensions Board helps the Nottinghamshire Pension Fund Committee ensure that the pension scheme is properly run by:

- Assisting the Administering Authority in securing compliance with pension legislation and regulations
- Ensuring the effective and efficient governance and administration of the pension scheme

Officers working on behalf of the Nottinghamshire Pension Fund support the Board. The Board also has an independent external adviser, John Raisin, operating on behalf of John Raisin Financial Services Limited (JRFS).

Board membership

The Board provides a specific forum for both employers and members to be actively involved in the governance of the Fund. It is composed of eight members: four employer representatives and four member representatives. This exceeds the minimum membership required under the LGPS Regulations (two employer and two member representatives). From a governance perspective, this is positive as it shows a willingness to seek and facilitate both employer and member representation and involvement.

For a prolonged period, there has been frequent turnover in the Board's membership; it has also carried multiple vacancies. During 2022-23 the Board had five members. This dropped to four members in 2023-24 and through the start of

2024-25. At this point, these four members became a stable core and have provided consistency throughout the year, bringing significant knowledge, skills and experience.

In the autumn of 2024, the Board ran a round of recruitment, following which one new employer representative, Joanne Mitchell, and one new member representative, Kay Thomason-Vardy were appointed. Unfortunately, the exercise did not fill all the vacancies, but it did add resilience and meant that the Board ended the 2024-25 financial year with six members (three member representatives and three employer representatives).

The two new members began their training with online learning from the Pension Regulator's LGPS toolkit and review of key Fund documents. Both members joined their first meeting on 9 January 2025.

The boost in membership is welcome and will positively impact on the ability of the Board to assist the Administering Authority in carrying out its functions.

The Chair of the Board

At the first meeting of each municipal year, the Board elects the Chair from its membership. On 27 June 2024, the Board elected Thulani Molife, a member representative who has sat on the Board since 2016, as its Chair for the year.

Support provided to the Local Pensions Board

Officers working across pensions administration, investment and governance have supported the Board during 2024-25, providing reports and updates at both public meetings and pre-agenda meetings.

To complement the information provided by officers, the Board had access to an Independent Adviser. JRFS was appointed as Adviser to the Board in 2015 following a competitive tender process and was reappointed in 2021 following a further competition. Throughout 2024-25 JRFS has continued providing regular reports for the Board and input at Board meetings. JRFS has also led on the Board's training strategy and its delivery and engaged in regular discussions with the Chair and officers between Board meetings.

In this annual review, the Board wishes to express its gratitude to John Raisin, who has advised the Board since its inception. John's tenure will end during the 2025-26 financial year (June 2025). While his final meeting will be in April 2025 and therefore covered as part of next year's annual review, the timing of this report provides an excellent opportunity to acknowledge John's contribution to, and support of, the work of the Board.

Throughout his time as the Board's Adviser, its members have appreciated John's insight and thoughtful advice, the way he has worked alongside Board members and the support he has given.

Board meetings

The Board's Code of Practice requires that it meets at least twice a year. At an informal workshop in 2021, Board members indicated they would like to meet more regularly, with four meetings a year the preference. In both 2021-22 and 2022-23 the Board met three times. This fell in 2023-24, when it met on two occasions. In 2024-25 the Board met three times on:

- 27 June 2024
- 31 October 2024
- 9 January 2025

It is worth noting, however, that while the Board only met three times during the financial year, it did meet four times during the municipal year. The municipal year is used by the council in scheduling meetings, running from one Annual Council meeting to the next (May to May). The fourth meeting of the municipal year was held on 3 April 2025. This is the first time that the Local Pensions Board has met the requirement to hold four meetings within a year, all of which were quorate and enjoyed full agendas covering a broad range of topics.

Training and development

Sufficient and effective training and development is required to ensure Board members can properly discharge their responsibilities. Knowledge and understanding requirements for Local Pensions Board members are set out in the Public Service Pensions Act 2013. They were also covered in a module within the Pension Regulator's General Code of Practice, which was published in January 2024 and came into effect in March 2024.

At its meeting on 14 November 2024, the Nottinghamshire Pension Fund Committee approved a Training Strategy for the Fund, which set out training requirements for different individuals or bodies, including the Local Pensions Board. This strategy complemented the requirements of both legislation and the General Code. It also set out suggested options for meeting those requirements.

On 13 February 2025, the Committee agreed a Training Needs Analysis which will be used to measure knowledge and understanding against the requirements set out in the Fund's Training Strategy. This will be rolled out to members of both the Board and Committee following the County Council elections on 1 May 2025. Feedback from this process will inform the training plan for the coming year. Members will be asked to review this analysis annually to identify areas where further input on different skills, knowledge and understanding is required.

Information on training, including attendance at training events is reported in the Fund's Annual Report.

An overview of the training that the Board received during 2024/25 is provided below.

Annual report and accounts

On 27 June 2024 the Adviser to the Board, led a training session on pensions accounting, audit and the Annual Report. During the session, the Adviser explained the updated requirements for Fund Annual Reports. Funds were expected to meet these new requirements on a best endeavours basis for Annual Reports covering 2023-24, fully implementing the new requirements in Annual Reports covering 2024-25 onwards. The session also included discussion of Pension Fund accounts which are a key element of the Annual Report.

Cyber

On 12 September 2024 Board members joined a cyber training session with members of the Nottinghamshire Pension Fund Committee. The session was delivered by Aon, which was working with the Fund on its cyber work programme. During the session, members of the Board learned about the work that had already been completed, work that was in train, and activity that was planned for the coming months. It also provided context around the importance of cyber and making sure the conditions were in place to mitigate the various cyber risks faced by the Fund.

Pooling

In advance of the meeting on 31 October 2024, the Board received a training session on pooling. Once again, this session was delivered by the Adviser to the Board. The presentation included an overview of the legislative and regulatory framework around pooling, and the LGPS Investment consultation that was carried out in 2023 and its outcomes.

Pensions and Lifetime Savings Association (PLSA) Local Authority Conference 2024

The Chair of the Local Pensions Board attended the PLSA Local Government Conference in June 2024 with the Service Director, Finance, Infrastructure and Improvement and a member of the Nottinghamshire Pension Fund Committee. Key topics covered during the conference included: a view on what lies ahead for the LGPS (particularly in light of the General Election which took place in July 2024, within a few weeks of the conference), funding strategies, environmental, social and governance (ESG) considerations for investment, investing in growth in the UK and place-based investment, and pensions dashboards.

Board business

The agenda items considered at each Board meeting held during the Scheme year are shown in the following table:

	27 June 2024	31 Oct 2024	9 Jan 2025
Election of Chair / membership	✓		✓
Minutes	✓	✓	✓
Apologies for absence	✓	✓	✓
Declarations of interest by members and officers	✓	✓	✓
Work programme	✓	✓	✓
Local Pensions Board Adviser's LGPS update	✓	✓	✓
Local Pensions Board Annual Review	✓		
LGPS Annual Conference, January 2024	✓		
Pensions Regulator's General Code of Practice	✓		✓
Transforming pensions administration	✓		
Risk register	✓		
LGPS Central Ltd Update		✓	
Cyber security		✓	
Pensions administration team presentation		✓	✓
Pensions administration performance report			✓
Local Pensions Board Code of Practice			✓
Risk management strategy			✓

Below is an overview of significant items considered by the Board during the year.

LGPS updates

At every Board meeting the Adviser to the Board provided a report highlighting the main developments since the last meeting. During 2024/25, these update reports covered the following topics:

- Investment consultation 2023 and its outcome
- Climate risk reporting
- Pension Fund Annual Report – new guidance
- LGPS accounts and audit
- The Pensions Regulator's General Code of Practice
- Ministerial letter of 15 May 2024
- New Government Ministers following the General Election
- The Government's pensions review
- Scheme Advisory Board statement on fiduciary duty and lobbying
- Review of the 2022 actuarial valuation by the Government Actuary
- LGPS pooling

- Local investment
- Governance of LGPS funds and pools, including the Government's 'Fit for the Future' consultation

Pensions administration

The Board meeting on 27 June 2024 included an update on the delivery of the key aims of the 'transforming pension administration through digital development and new ways of working programme'. The main aims of the programme are:

- Improving data quality and increased automation moving towards administration by exception
- Providing scheme employers with portal access
- Moving to monthly data returns
- Providing members with a way to self-serve
- Supporting the Fund in meeting increasing regulatory requirements and standards on reporting

Pensions administration was also working on national projects, including Guaranteed Minimum Pension (GMP), McCloud and pensions dashboards.

The report considered by the Board summarised progress made to date, including an overview of the resources available to deliver the programme.

On 9 January 2025 the Board considered the annual administration performance report which covered the 2023/24 Scheme year. It gave an overview of pensions administration tasks carried out during the year, the team structure and the establishment size, a comparison of cost per member with other Funds that use the CIPFA benchmarking club, information about data quality, scheme membership and scheme employer statistics, statistical information about complaints and cases that went through the Internal Dispute Resolution Procedure, and performance data.

During the year, the Board began a programme of presentations from the different teams within pensions administration. On 31 October 2024, the Pensions Systems Team gave their presentation, which was followed by the Employer Support and Compliance Team on 9 January 2025.

The presentation from the Pensions Systems Team covered:

- The role and purpose of the team and the functionality of the Civica UPM system
- The main workstreams in 2024/25, which were the employer hub, McCloud releases, process automation, moving to a cloud-based platform and cyber security
- The employer administration solution
- Process automation
- Future development plans for 2025/26

The presentation from the Employer Support and Compliance Team provided members with:

- A detailed explanation of the role and purpose of the team
- Key issues for the forthcoming year, including:
 - o The triennial valuation
 - o Rollout of the employer portal
 - o Moving from annual data collection to monthly returns
 - o Managing an increased number of employer amalgamations, disaggregations and closures
 - o Ongoing rollout of data improvement and new ways of working

Across both the team presentations, members of the Board were interested in how the key workstreams would affect scheme members and the ways in which they interact with the Fund. The Board was also interested in the relationship between the Fund and its employers, including the support provided, ongoing engagement, and routes of escalation for those employers who were not engaging with the Fund. Members noted the plans in place to review the Administration Strategy with a view to better monitoring of employers' performance. This would help identify how the performance of employers affects the performance of the Fund as a whole.

This programme of presentations will carry on into 2025/26.

The Pension Regulator's General Code of Practice

On 27 June 2024, the Board received a paper explaining that the Pensions Regulator had launched a new General Code of Practice. The Code of Practice had come into effect from 27 March 2024 and it consolidated multiple existing codes that covered a range of schemes.

During its conversation about the new Code, the Board was particularly interested in cyber security. Members asked about the measures the Fund already had in place, and additional measures that were planned.

Following the publication of the single Code, the Fund commissioned its actuary, Barnett Waddingham, to carry out a reverse gap analysis of the Fund's compliance with the Regulator's requirements. This led to a further report at the Board's January 2025 meeting. It summarised the outcome of the gap analysis and included an action plan setting out the steps the Fund was taking so it complied with the General Code.

The Board was able to see measures the Fund had already put in place through some of the other items on the agenda for that meeting. These included new policies and documents, and others that had been amended (including the Local Pensions Board Code of Practice) to meet the new requirements.

The Board took assurance from the information provided, both with the outcome of the review by Barnett Waddingham and the way the Fund had responded with its action plan.

Risk Management Strategy, Risk Register and Cyber

During its meeting on 27 June 2024 the Board received an update on the Fund's risk register and the review that was underway with Zurich, the council's insurer. Members also learned about plans to change the way in which the Fund managed and reviewed risk.

During the year, the Fund's Risk Management Strategy was subject to a comprehensive review to ensure that it was in line with both the requirements of the General Code and the Fund's new approach to managing and reviewing risk. A copy was shared with the Board at its meeting on 9 January 2025.

At the same meeting at which the revised Risk Management Strategy was shared with the Board, it also received the revised risk register. The Board welcomed the work undertaken to modify the approach to risk, including the new reporting and monitoring arrangements. As well as regularly receiving the full risk register at each of its meetings, the Board would have the opportunity to identify an area of risk for a deep dive review. The area for deep dive would be presented to the Nottinghamshire Pension Fund Committee at the next meeting at which it considered risk. The Committee would also choose an area for deep dive at those meetings where risk was included on its agenda, and these in turn would be presented to the Board.

Allied to the Fund's work on risk was its activity around cyber. On 31 October 2024, the Board received an update report on cyber security, which was provided by the Group Manager, Business Services Centre.

The report explained that In November 2023, the Fund established its baseline position using Aon's LGPS Cyber Scorecard. It drew members' attention to the expectations of the Pension Regulator around cyber. It also explained the Fund's relationship with Nottinghamshire County Council as the host authority and the protective measures from which it was therefore able to benefit. Board members were also made aware of work officers were undertaking with Aon and a suite of activities that were in train, including data and asset mapping, the preparation of a cyber strategy and cyber hygiene guidelines, and the planned completion of Aon's LGPS cyber score card.

Having considered the reports, the Board requested that cyber remain on its agenda as a standing item.

The Board planned to bring together the risk and cyber workstreams at the first meeting of the 2025/26 financial year. The meeting would begin a programme of risk deep dives, the first of which would focus on cyber risk. From there, the Board would be given the opportunity to select a risk to look at during its next meeting.

Pooling

At its meeting on 31 October 2024, the Board welcomed representatives from LGPS Central, the pool to which Nottinghamshire Pension Fund belonged: 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).

The presentation explained the structure of LGPS Central, current pooling arrangements, LGPS Central's product development, and investment opportunities. It also covered a broad overview of investment performance, how the organisation sought to invest responsibly and the potential implications of Government's announcements about pooling.

Conclusion and going forwards

The Nottinghamshire Pension Fund operates within the overall regulatory framework as defined by the LGPS Regulations, associated statutory guidance and other overriding legislation, and other recommended principles of best practice. The reports provided to the Board during 2024-25 gave it assurance the Fund was complying with requirements.

There is, however, considerable uncertainty expected in 2025/26. The outcome of the 'Fit for the Future' consultation, which took place at the end of 2024 and beginning of 2025 has yet to be published. The questions in the consultation gave an indication of the changes Funds could expect. When the outcome is published, the Fund will understand the actions it needs to take and by when.

Government has also indicated that during 2025 it will bring forward consultations on workstreams that will affect pensions administration: New Fair Deal, improving data on opt outs, survivor benefit reforms and the gender pensions gap.

The Board will support the Nottinghamshire Pension Fund Committee and the Administering Authority to ensure that the Fund is best placed to meet all the new and updated requirements it faces.

One of the highlights of the year was welcoming two new members to the Local Pensions Board. Bringing Joanne and Kay on board has helped build the board's resilience and added two fresh and valuable perspectives.

Going into 2025/26, the Board will see further change in its membership as Councillor Reg Adair is not seeking re-election. Throughout his tenure, the Board has benefited from Councillor Adair's many years of knowledge and dedication. As with the Board Adviser, Councillor Adair's last meeting will fall within the 2025/26 financial year, but the timing of this report provides an excellent opportunity to acknowledge the contribution he has made.

Further recruitment will also be undertaken to try to fill the remaining vacancies on the Board. The remaining three members who have been the Board's core during 2024/25 will have a valuable role helping the new members settle into their role by sharing their knowledge and experience.

Key areas of planned business include the outstanding administration team presentations, further maturing the Fund's risk management arrangements, and considerable work around cyber. This will be supplemented with a busy programme of work arising from the national programmes currently in the pipeline.

In conclusion 2024/25 has been a busy, but positive year for the Local Pensions Board. Members hope to build on this position throughout 2025/26 as the LGPS begins a significant period of transformation and change.