

2023-24

Annual Report



NOTTINGHAMSHIRE
PENSION FUND

lgps

administered by



Nottinghamshire
County Council

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Chairman's Foreword

This year the Fund delivered a portfolio return of 8.5% for the year. Returns were mixed across asset classes and between managers and regions, demonstrating the benefits of a diversified portfolio. 3-year returns were lower at 4.8% and 5-year returns of 5.6% were fractionally below the target annual return of 5.7% but above the discount rate of 4.7% set by the actuary at the last valuation. The Fund will continue to be carefully managed focussing on long-term returns from a diverse portfolio.

Work continues with LGPS Central Ltd, the multi-asset investment pool Nottinghamshire has formed with seven other Midlands based funds. Investments under Pool management increased during the year as asset values increased and a new allocation was made to Index Linked Gilts. Additionally, a small commitment was made to the new LGPS Central Property fund. Investments managed by LGPS Central amounted to £1,384m on 31 March 2024.

Focussing on fund administration, the Nottinghamshire Pension Fund continues to see changes in employer membership. A total of 21 employers joined the scheme and 24 left the scheme during the year. The increasing trend of scheme members wishing to access their benefits continues as it appears that members re-assess their priorities post COVID.

Technology plays a vital role in the delivery of our pension administration service. The Fund maintains its partnership with Civica for its pension administration system. The system provides us with a solid platform to continue to invest in the development and implementation of our ongoing digital transformation and new ways of working.

Data is key to pension administration. The Team continues to work closely with employers to drive up the quality of the data

we hold. This becomes even more important in the context of the new Government-led National Pensions Dashboard, which LGPS Funds are required to connect to by October 2026. The Dashboard will give UK citizens access to information about all the pension benefits (including the state pension and all employer and private schemes) they are entitled to, in one place.

The service has continued to support scheme employers to meet their statutory requirements through the Administration Strategy which outlines the responsibilities and procedures to be followed by employers. It must be emphasised that the administration service is not just the responsibility of the administering authority but is dependent on effective joint working with all scheme employers. Timeliness and accuracy of data submitted by employers is an essential element of delivering a high-quality service to scheme members. Legislation dictates the minimum standards that pension schemes should meet. To support this, the Fund has been working on two specific initiatives – an employers' hub, and monthly data returns that will start to be deployed later on in 2024 which will modernise the way we interact with scheme employers and continue to drive data improvement.

Work continues to progress on the McCloud Judgement. This activity follows an Appeal Court decision that the LGPS rules needed to be changed to automatically provide eligible younger members with protection equal to that provided to older members. The activities to collect and verify the required data from Scheme Employers are nearing completion. This is a significant piece of work for all LGPS funds across the country.

I was delighted to welcome four pension apprentices to the Administration Team in January, as part of our Fund's approach to "growing our own". The 18-month apprenticeship will cover all aspects of

pensions and provide our apprentices with a solid base to enable them to develop their career in the world of pensions.

In accordance with the Investment Strategy Statement, the Fund continues a long-term responsible investment approach, actively engaging with equity holdings by exercising voting rights and engaging with companies through its investment managers, our pooling partners LGPS Central and membership of the Local Authority Pension Fund Forum (LAPFF). This engagement approach continues to highlight and improve the resilience of corporate strategies at global resource companies in the wake of climate change agreements. The Fund publishes annual Taskforce on Climate-related Financial Disclosures (TCFD) reports, a triennial climate risk analysis and has a Climate Stewardship

Plan with progress reported to the committee on an annual basis demonstrating the ongoing engagement with the key companies identified in the climate risk report. More details of our engagement can be found on the Pension Fund website in the Investments section.

Looking forward, we will continue to collaborate with our employer partners and Fund members to ensure that we fulfil our obligation to deliver the future secure pensions for our LGPS members.

Cllr Eric Kerry

Chairman of the Nottinghamshire Pension Fund Committee

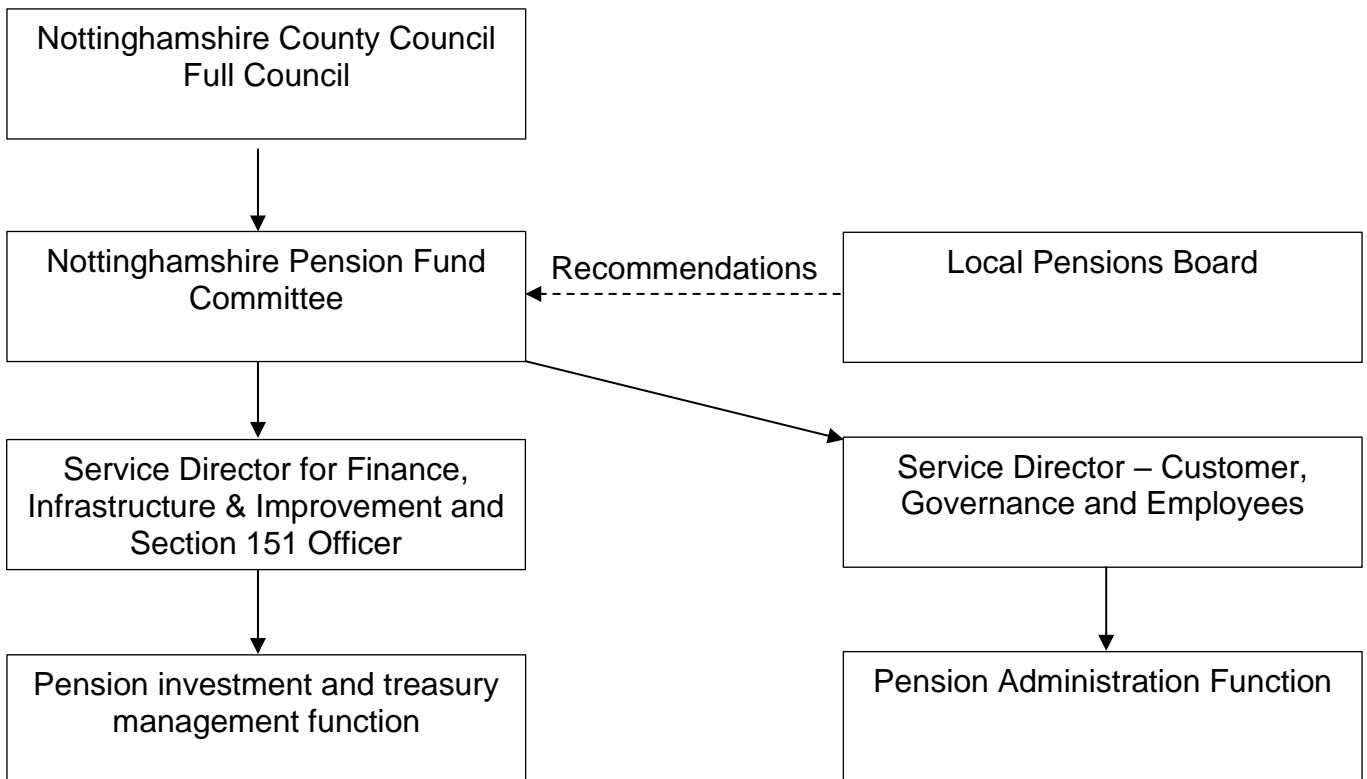
Scheme Governance

Nottinghamshire County Council is the Administering Authority for the Local Government Pension Scheme (LGPS) within Nottinghamshire. The LGPS is a statutory scheme administered by individual pension funds. The benefits within the scheme are determined by regulation and are guaranteed by statute. The Pension Fund exists to help defray the cost of paying the pension benefits. Members make contributions to the Fund as specified in the regulations, and employers make contributions as determined by the Fund's actuary as part of the triennial valuation of the Fund. All new employees are brought into the scheme automatically unless a positive election not to participate is received from the employee.

The Authority administers the Pension Fund for approximately 320 participating employers and approximately 160,000 members. The employers include the County Council, the City Council, district councils and organisations which used to be part of local government (such as Nottingham Trent University, colleges, police civilian staff and academies). They also include organisations which satisfy the conditions to participate in the LGPS and have been admitted to the Fund by the Authority. In general, these organisations are non-profit making, or are undertaking a service which was, or could be, carried out by a local authority.

Governance structure, roles and responsibilities

The functions of the Council as administering authority of the Pension Fund are delegated to the Nottinghamshire Pension Fund Committee, which in turn guides and directs the work of the two service directors who oversee both aspects of LGPS fund management: investments and pensions administration. This is illustrated in the diagram below:



Nottinghamshire Pension Fund Committee

The members of the Nottinghamshire Pension Fund Committee are drawn from the County Council, other large fund employers, trades unions, and the members themselves, and it has responsibility for determining the investment strategy, asset allocation, and management arrangements for the Fund in order to meet the long-term funding objective of achieving and then maintaining sufficient assets to cover 100% of the Fund's projected accrued liabilities.

The Committee is composed of 11 members of Nottinghamshire County Council, appointed in accordance with political balance requirements for local government committees. The Nottinghamshire County Councillors on the committee all have voting rights. The committee also includes 10 co-opted members who do not have voting rights. They represent employers, scheme members and pensioners.

The Committee separately approves and oversees the implementation of the Funding Strategy Statement and the Investment Strategy Statement, and its terms of reference are set out in the Council's Constitution, which can be viewed on the council's website - [Constitution \(nottinghamshire.gov.uk\)](http://nottinghamshire.gov.uk).

Local Pensions Board

The Local Pensions Board assists the administering authority with securing compliance with the LGPS Regulations and other legislation relating to the governance and administration of the scheme. The Board has eight members, comprising four employer representatives and four member representatives.

The terms of reference for the Local Pensions Board are set out in the Council's Constitution and can be viewed on the council's website - [Constitution \(nottinghamshire.gov.uk\)](http://nottinghamshire.gov.uk).

Scheme management and advisers

The Fund employs and/or receives advice from a number of different individuals and organisations, as listed below:

Within Nottinghamshire County Council:

| | |
|---|-----------------|
| Service Director – Finance, Infrastructure & Improvement | Nigel Stevenson |
| Senior Accountant – Pensions & Treasury Management | Tamsin Rabbitts |
| Service Director – Customers, Governance and Employees | Marjorie Toward |
| Group Manager – Business Services Centre & Pensions Admin Manager | Sarah Stevenson |

Other organisations/individuals used by the Fund:

| | |
|---|---|
| Main Investment Managers used by the fund | Schroders |
| | Legal & General Investment Management |
| | Aegon Asset Management |
| | abrtn |
| Regional Pool Operator | LGPS Central Ltd |
| Voting agent | Hermes EOS |
| Fund custodian | State Street |
| Fund AVC providers | Prudential |
| | Scottish Widows |
| Fund actuary | Barnett Waddingham Public Sector Consulting |
| Banker to the Fund | Barclays Bank |
| The Fund's auditor | Forvis Mazars |
| Independent adviser | William Bourne |
| Adviser to the Local Pensions Board | John Raisin |
| Legal advisers | Anthony Collins Freeths Browne Jacobson |

Any of these may be contacted either by clicking on their websites in the table above or by emailing local.governmentpensions@nottsc.gov.uk

Policy Statements

The operation of the Fund is set out in published policy statements. The most recent versions of the statements listed below can be found, unless specified otherwise, on the [Governance and Strategies](#) page of the Fund's [website](#).

Under the [Governance Compliance Statement](#), the functions as administering authority of the Fund are delegated to the Nottinghamshire Pension Fund Committee assisted in compliance matters by the Local Pensions Board. The Governance Compliance Statement sets out the governance arrangements of the pension fund and covers:

- the delegation of authority to the Nottinghamshire Pension Fund Committee
- the functions and responsibilities of this committee
- the representation of members, employers and trade unions
- stakeholder engagement
- compliance with best practice.

The [Funding Strategy Statement](#) (FSS) sets out the aims and purpose of the Pension Fund and the responsibilities of the administering authority as regards funding the scheme with regard to the most recent [Actuary's Statement](#) (which can be found on the [Aims and Purpose of the Fund](#) webpage). Its purpose is to explain:

- explain how the costs of the benefits provided under the Local Government Pension Scheme (LGPS) are met through the Fund.
- set levels of employer contribution that will build up a fund of assets 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 as stable as possible.

The [Investment Strategy Statement](#) (ISS) recognises that investment returns play a significant role in defraying the cost of providing pensions by mitigating the contributions required from employers. It sets out detailed responsibilities relating to the overall investment strategy of the Fund, including the proposed asset allocation, restrictions on investment types, the types of investment management used, and performance monitoring. It also states the Fund's approach to Responsible Investment (RI) and corporate governance issues.

The following principles underpin the Fund's investment strategy:

- The Fund will aim to be sufficient 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 way that is responsible in the long-term.

The Joint Administration Strategy / Service Level Agreement sets out the quality and performance standards expected of Nottinghamshire County Council in its role of administering authority and scheme employer, and those expected of other scheme employers within the Fund.

The Communications Strategy Statement details the overall strategy for involving stakeholders in the Fund. A key part of this strategy is a dedicated Fund website. This annual report, along with previous years' reports, is accessible via the pension fund website.

The Taskforce on Climate-Related Financial Disclosures Report (TCFD) (found on the Fund's [Environmental Risk](#) webpage) and the Climate Strategy outline how the Fund takes a holistic approach to managing this risk through portfolio construction, engagement, and policy advocacy for a low-carbon economy, and describes the way in which climate-related risks are currently managed within the Fund.

Risk management

The Fund's arrangements for the identifying and managing risks are set out in the Risk Management Strategy, the most recent version of which can be found on the [Fund's website](#). The Strategy also sets out how the management of risks is integrated within the Fund's management of risks including the roles that the Nottinghamshire Pension Fund Committee and the Local Pensions Board play in managing risks. The Fund has a risk register which is a key tool to help it manage risk. Zurich, the Council's insurer, has also supported the Fund in its risk management and review work.

Risks on the risk register are categorised as strategic risks, investment risks, pensions administration risks and governance risks. The risks are then assessed to identify the likelihood that risk will materialise and the impact it will have. It also sets out the controls to mitigate and manage those risks.

The Fund's risk register currently includes the following risks:

Strategic risks

- Vacancies and turnover across the Local Pensions Board and the Nottinghamshire Pension Fund Committee impacting the effectiveness of the Fund's governance arrangements
- Lack of performance data and capacity of internal and external resources creating the potential for missing poor performance or poor performance not being addressed
- The availability of adequate resources to manage the pension fund
- Inappropriate investment strategies
- Lack of compliance with statutory responsibilities by scheme employers directly impacting the Fund's ability to meet its statutory requirements
- Changes in legislation
- Persistent volatile markets impacting on the Fund's assets which are assessed as insufficient to meet long-term liabilities
- Significant variations from assumptions used in the actuarial valuation

- Cyber threats

Investment risks

- Continued high inflation impacting on Fund pension costs requiring increased funding and cash demands
- The impact of volatile markets on the Fund's assets which are assessed as insufficient to meet long-term liabilities
- Significant variations from assumptions used the actuarial valuation
- Inadequate controls to safeguard pension fund assets
- Loss of assets caused by custody failures associated with information/reports from systems being inaccurate or not up-to-date, incurring additional costs
- Being unable to publish the annual report on time and in good order
- Failure to implement pension fund controls, regulations, policies and procedures as a result of resourcing capacity
- Resourcing impacting on stewardship and responsible investment with the risk of the fund not being seen to be acting as appropriate stewards
- LGPS Central incurs net costs or decreases investment returns as future pooling of assets impacts on returns
- Climate change affects the financial returns of the fund, and requiring additional associated reporting
- Cyber threats to the fund

Administration risks

- An inability to establish and operate internal controls that are adequate for securing the scheme is administered and managed in accordance with its rules and within the requirements of the law
- Cyber threats
- Failure to provide reports and assurance of statutory duties to the Local Pensions Board and Nottinghamshire Pension Fund Committee
- Pension scams

Governance risks

At present there are no risks on the governance risk register because they are listed as cross-cutting strategic risks.

Cyber risk

Cyber sits across the strategic, administration and investments risk registers to reflect the breadth of the strategic and operational risks it poses.

As part of its assessment and management of cyber risk, the Fund has been working with AON. The results of this are being used to inform the Fund's cyber action plan and training programme. Training has been provided to members of the Nottinghamshire Pension Fund Committee and Local Pensions Board. The Fund also works with suppliers when entering new contracts to gain assurance about protecting it from cyber risk.

Assessing risk

Each risk is given a score based on its likelihood and impact to give an inherent risk score. Controls are identified and implemented, and the risk is rescored to give a current risk score. This allows for any further mitigations to be identified to further reduce the impact or likelihood associated with the risk.

Business Continuity

Both the Pensions Administration and Investments teams have business continuity plans to help ensure the continuation of critical services in the event of an emergency/unplanned incident.

Risks relating to investment and pooling arrangements

The Fund's approach to managing investment risk is set out in the Investment Strategy Statement. The Nottinghamshire Pension Fund Committee has regular sessions where it can ask the main investment managers that work with the Fund about their performance. As well as investment performance members can explore governance matters, which could include raising any concerns regarding risk management.

Further information on the nature and extent of risks arising from financial instruments is detailed in note 12(c) of the Statement of Accounts, which forms part of this report.

The Fund invests through LGPS Central Ltd to deliver pooling. Any change in investment risks generating returns which may be lower than the previous investment, and this is equally the case with pooled investments. In addition, there are costs incurred in operating LGPS Central which may or may not be offset by savings. Nottinghamshire Pension Fund are shareholders in LGPS Central and have significant influence on them through involvement in Shareholders Forum, Joint Committee and PAF. Costs and performance are monitored and savings, costs and the cumulative position are reported in the annual report.

Third parties

The Pension Fund has contracts for services across both investments and administration. These are managed through regular monitoring and discussion, where necessary agreeing actions and improving services.

Membership, attendance and voting rights

Register of Member attendance 2023/24

Nottinghamshire Pension Fund Committee

✓ - Present

Ap – Apologies given

Ab – Absent, no apologies

Where a box is shaded, the member was not part of the committee or board at the time of that meeting.

| | 27 Apr 23 | 8 Jun 23 | 6 July 23 | 14 Sep 23 | 12 Oct 23 | 14 Dec 23 | 11 Jan 24 (AGM) | 7 Mar 24 |
|---|-----------------|-------------|--------------|-----------------|-----------------|-----------------|-----------------------|----------------|
| Nottinghamshire County Council Councillors (All Nottinghamshire County Council members and their substitutes have voting rights) | | | | | | | | |
| Councillor Eric Kerry (Chairman) | ✓ | ✓ | ✓ | ✓ | Ap | ✓ | ✓ | ✓ |
| Councillor Mike Introna (Vice Chairman) ¹ | ✓ | ✓ | Ap | ✓ | ✓ | | | |
| Councillor Sue Saddington (Vice Chairman) ² | | | | | | ✓ | ✓ | ✓ |
| Councillor Richard Butler ³ | | | | | ✓(as sub) | ✓(as sub) | ✓(as sub) | ✓ |
| Councillor André Camilleri ⁴ | ✓ | ✓ | ✓ | Ab | Ap | ✓ | ✓ | |
| Councillor John Clarke MBE | ✓ | Ap | Ap | Ap | ✓ | ✓ | ✓ | ✓ |
| Councillor Bethan Eddy | ✓ | ✓ | Ap | ✓ | Ab | ✓ | Ap | ✓ |
| Councillor Stephen Garner | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | Ap |
| Councillor Roger Jackson | ✓ | ✓ | ✓ | ✓ | Ap | Ap | Ap | ✓ |
| Councillor Sheila Place | ✓ | ✓ | ✓ | ✓ | Ap | Ap | Ap | Ap |
| Councillor Francis Purdue-Horan | ✓ | Ap | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Councillor Tom Smith | ✓ | ✓ | ✓ | Ap | Ap | ✓ | ✓ | ✓ |
| Councillor Lee Waters | Ap | ✓ | ✓ | ✓ | ✓ | Ap | ✓ | ✓ |
| Councillor Reg Adair (substitute) | | | | | ✓ | | | |
| Councillor Pauline Allan (substitute) | | ✓ | | ✓ | | | ✓ | |
| Councillor Chris Barnfather (substitute) | | | | ✓ | | | | |

| | 27 Apr 23 | 8 Jun 23 | 6 July 23 | 14 Sep 23 | 12 Oct 23 | 14 Dec 23 | 11 Jan 24 (AGM) | 7 Mar 24 |
|--|-----------------|-------------|--------------|-----------------|-----------------|-----------------|-----------------------|----------------|
| Councillor Jim Creamer (substitute) | | | | | ✓ | | | ✓ |
| Councillor Errol Henry JP | | | ✓ | | | | | |
| Councillor John Lee (substitute) | | | | | ✓ | | | |
| Councillor Nigel Turner (substitute) | | | ✓ | | | | | |
| Councillor Jonathan Wheeler (substitute) | | | ✓ | | ✓ | | | |
| Nottingham City Council Councillor (No voting rights) | | | | | | | | |
| Cllr Graham Chapman | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Cllr Sally Longford ⁵ | Ap | | | | | | | |
| Cllr Zafran Khan | Ap | ✓ | ✓ | ✓ | ✓ | ✓ | Ab | ✓ |
| Cllr AJ Matsiko ⁶ | | | | | | Ap | Ab | ✓ |
| District / Borough Council Councillors (No voting rights) | | | | | | | | |
| Cllr David Lloyd, Newark & Sherwood ⁷ | Ab | | | | | | | |
| Cllr Gordon Moore, Rushcliffe ⁸ | ✓ | | | | | | | |
| Cllr Dan Henderson, Bassetlaw ⁹ | | | Ab | Ab | Ab | Ab | Ab | Ab |
| Cllr Davinder Viridi, Rushcliffe ¹⁰ | | Ap | Ab | Ab | Ab | Ab | Ab | Ab |
| Trade Unions (No voting rights) | | | | | | | | |
| Chris King ¹¹ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | |
| Yvonne Davidson | ✓ | Ap | Ap | Ap | ✓ | Ap | Ab | Ap |
| Scheduled Bodies (No voting rights) | | | | | | | | |
| Sue Reader | Ap | Ap | Ap | Ap | Ap | Ap | Ap | Ap |

¹ Vice-Chair until 8 December 2023

² Vice-Chair from 8 December 2023

³ Member from 21 February 2024

⁴ Member until 20 February 2024

⁵ Member until 8 May 2023

⁶ Member from 29 November 2023

⁷ Member until 8 May 2023

⁸ Member until 8 May 2023

⁹ Member from 15 June 2023

¹⁰ Member from 1 June 2023

¹¹ Member 2 February 2024

While co-opted members of the committee do not have voting rights, they are welcome to fully participate in debate and ask questions of any officers or advisers during meetings. They are also able to play a full and active role during any working party meetings.

Nottinghamshire Local Pensions Board

All members of the Local Pensions Board have voting rights.

| | 15 June 2023 | 30 Nov 2023 |
|--|--------------|---------------|
| Employee representatives | | |
| Thulani Molife (Chair) | ✓ | ✓ |
| Mark Heppenstall | ✓ | ✓ |
| Employer representatives | | |
| Councillor Reg Adair (Nottinghamshire County Council) | ✓ | ✓ |
| Councillor Dr Nayab Patel (Nottingham City Council) ¹ | ✓ | In attendance |
| Councillor Imran Jalil (Nottingham City Council) ² | | ✓ |
| Becky Smeathers (Nottinghamshire Fire and Rescue) ³ | ✓ | |

¹ Until 28 November 2023

² From 28 November 2023

³ Until 18 July 2023

Scheme member and employer representation

Nottinghamshire Pension Fund Committee

On Nottinghamshire Pension Fund Committee, scheme employers are represented by:

- 11 members of Nottinghamshire County Council (voting)
- 3 members of Nottingham City Council (non-voting)
- 2 members representing district and borough councils in Nottinghamshire (non-voting)
- 1 scheduled and admitted bodies representative (non-voting)

On Nottinghamshire Pension Fund Committee, scheme members are represented by:

- 2 pensioner representatives (non-voting)
- 2 trade union representatives (non-voting)

Non-voting members are able to fully participate in debate at committee meetings and ask any questions they wish.

There was turnover in the city, district and borough council members, due primarily to the quadrennial elections. The district and borough councils were asked to make new nominations. Those city council members who remained councillors continued as its nominees, its final position remained vacant until it confirmed its final appointments in the autumn of 2023.

During the 2023/24 financial year the committee was carrying two vacancies for pensioner representatives following an unsuccessful attempt to recruit. One of the trade union representative roles became vacant-in year following the retirement of the previous postholder; the union was asked to nominate a new representative in their place.

Local Pensions Board

On the Local Pensions Board, scheme employers are represented by four members, with a further four members representing scheme members. The employer representatives are composed of one member from Nottinghamshire County Council, one from Nottingham City Council, one from a large employer and one from a small employer. All members of the Local Pensions Board have voting rights.

Membership has seen some fluctuation during the year. One of the employer representative roles became vacant in-year. There was also a changeover in the appointed representative of Nottingham City Council. The two employee representatives and the county council representative remained consistent.

Knowledge and skills

At its meeting on 14 November 2024, the Fund approved a [Training Strategy](#), which set out expectations of committee and board members and officers in respect of knowledge and understanding. The [Training Strategy](#) can be viewed on the [Fund's website](#). An overview of training delivered in 2023/24, including member attendance has been produced below:

Training undertaken

Nottinghamshire Pension Fund Committee

During 2023/24 members of the Nottinghamshire Pension Fund Committee were given access to a range of training opportunities, which are set out in the table below:

| Date | Topic | Provider |
|------------------|---|--------------|
| 13 & 14 May 2023 | Property | Abrdn |
| 12 October 2023 | Stewardship | LGPS Central |
| 12 October 2023 | Risk | Zurich |
| 12 January 2024 | Climate and responsible investment (RI) | LGPS Central |
| 7 March 2024 | Index linked gilts | LGPS Central |

The table below shows the members who completed each training session:

| Committee member | Property | Stewardship | Risk | Climate & RI | Index linked gilts |
|--|----------|-------------|------|--------------|--------------------|
| Voting members | | | | | |
| Councillor Eric Kerry (Chair) | ✓ | ✓ | ✓ | ✓ | ✓ |
| Councillor Mike Introna (Vice-Chair until 08/12/23) | ✓ | ✓ | ✓ | | |
| Councillor Sue Saddington (Vice-Chair from 08/12/23) | | | | ✓ | |
| Councillor Richard Butler (from 21/02/24) | | | | ✓ | ✓ |
| Councillor Andre Camilleri (until 20/02/24) | | | | | |
| Councillor John Clarke MBE | | ✓ | ✓ | ✓ | ✓ |
| Councillor Bethan Eddy | ✓ | | | | ✓ |

| Committee member | Property | Stewardship | Risk | Climate & RI | Index linked gilts |
|--|-----------------|--------------------|-------------|-------------------------|---------------------------|
| Councillor Stephen Garner | ✓ | | | ✓ | |
| Councillor Roger Jackson | ✓ | | | | ✓ |
| Councillor Sheila Place | ✓ | | | | |
| Councillor Francis Purdue-Horan | ✓ | ✓ | ✓ | ✓ | ✓ |
| Councillor Tom Smith | | ✓ | ✓ | | ✓ |
| Councillor Lee Waters | | ✓ | ✓ | ✓ | |
| Substitute members | | | | | |
| Councillor Jim Creamer | | ✓ | ✓ | | |
| Non-voting members | | | | | |
| Councillor Graham Chapman (city council rep) | ✓ | ✓ | ✓ | | ✓ |
| Councillor Zafran Khan (city council rep) | ✓ | ✓ | ✓ | | ✓ |
| Councillor Sally Longford (city council rep until May 2023) | | | | | |
| Councillor AJ Matsiko (city council rep from November 2023) | | | | | ✓ |
| Councillor David Lloyd (district/borough rep until May 2023) | | | | | |
| Councillor Gordon Moore (district/borough rep until May 2023) | | | | | |
| Councillor Dan Henderson (district/borough rep from June 2023) | | | | | |
| Councillor Davinder Viridi (district/borough rep from June 2023) | | | | | |
| Yvonne Davidson (trade union rep) | ✓ | ✓ | ✓ | | |
| Chris King (trade union rep to 02/02/24) | ✓ | ✓ | ✓ | | |
| Sue Reader (scheduled bodies rep) | | | | | |

LGPS Fundamentals

Both voting and non-voting members of the committee are strongly recommended to complete the Local Government Association's Fundamentals training. As this training only runs in the autumn, no sessions were available for those appointed to committee from October 2023 onwards. The following members have completed the training:

| Member | Completed |
|---|------------------|
| Voting members | |
| Councillor Eric Kerry (Chair) | Yes |
| Councillor Mike Introna (Vice-Chair until 08/12/23) | Yes |
| Councillor Sue Saddington (Vice-Chair from 08/12/23) | |
| | |
| Councillor Richard Butler (from 21/02/24) | Booked 2024 |
| Councillor Andre Camilleri (until 20/02/24) | Yes |
| Councillor John Clarke MBE | |
| Councillor Bethan Eddy | Yes |
| Councillor Stephen Garner | Yes |
| Councillor Roger Jackson | Yes |
| Councillor Sheila Place | Yes |
| Councillor Francis Purdue-Horan | Yes |
| Councillor Tom Smith | Yes |
| Councillor Lee Waters | Yes |
| | |
| Non-voting members | |
| Councillor Graham Chapman (city council rep) | Yes |
| Councillor Zafran Khan (city council rep) | Yes |
| Councillor Sally Longford (city council rep until May 2023) | |
| Councillor AJ Matsiko (city council rep from November 2023) | |
| Councillor David Lloyd (district/borough rep until May 2023) | |
| Councillor Gordon Moore (district/borough rep until May 2023) | Yes |

| Member | Completed |
|--|------------------|
| Councillor Dan Henderson (district/borough rep from June 2023) | |
| Councillor Davinder Viridi (district/borough rep from June 2023) | |
| Yvonne Davidson (trade union rep) | Yes |
| Chris King (trade union rep to 02/02/24) | Yes |
| Sue Reader (scheduled bodies rep) | CIPFA training |

Both voting and non-voting members of the Nottinghamshire Pension Fund Committee have the chance to attend conferences. Members of the committee were delegates at the following conferences:

- PLSA Local Authority Conference 2023 – Chris King
- LAPF Strategic Investment Forum 2023 – Councillor Mike Introna
- Local Authority Pension Fund Forum Annual Conference 2023 – Councillor Stephen Garner

Local Pensions Board

Members of the Local Pensions Board also have access to training and conferences. Sessions available to the board during the year were:

| Date | Topic | Provider |
|-----------------|---|-----------------------------------|
| 7 June 2023 | Legislation, governance, roles and responsibilities | John Raisin, Adviser to the Board |
| 15 June 2023 | Actuarial valuation training | Barnett Waddingham |
| 12 October 2023 | Risk | Zurich |

During the year, the board also received input on the following topics:

- Implementation of the McCloud remedy
- Emerging legislation
- Emerging developments around good governance and the Pension Regulator's new General Code

The Board's chair, Thulani Molife, attended the Local Government Pension Scheme Conference in January 2024.

Work programme

Business breakdown by meeting

The following tables show the range of business conducted by both the Nottinghamshire Pension Fund Committee and Local Pensions Board. It also provides an indication where matters were the subject of discussion at more than one meeting. Full details about those items that were considered can be found within the papers for each meeting on the [Council's website](#).

The committee also agreed to exclude the press and public where there were items that contained exempt information.

Nottinghamshire Pension Fund Committee

| Business Item | Committee date | | | | | | |
|--|----------------|----------------|-------------|-----------------|-----------------|----------------|----------------|
| | 27 April 2023 | 8 June 2023 | 6 July 2023 | 14 Sept 2023 | 12 Oct 2023 | 14 Dec 2023 | 7 March |
| Minutes of previous meeting | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Apologies for absence | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Declarations of interest by members and officers | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Work programme | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Noting of Chair and Vice-Chair | | ✓ | | | | | |
| Committee membership | | ✓ | ✓ | | | | ✓ |
| Results of the triennial valuation | ✓ | | | | | | |
| Review of Pension Fund strategies | ✓ ¹ | | | | | | |
| Climate Stewardship Plan | ✓ | | | | | | |
| Review of progress on the Climate Action Plan | ✓ | | | | | ✓ | |
| Treasury management outturn | ✓ | | | | | | |
| Proxy voting | ✓ | | ✓ | | ✓ | | |
| Local Authority Pension Fund Forum business meeting | ✓ | | ✓ | | ✓ | | |
| Conference reports | ✓ ² | | | ✓ ³ | ✓ ⁴ | | ✓ ⁵ |
| Independent Adviser's Report | | ✓ | | ✓ | | ✓ | ✓ |
| Fund valuation and performance (including exempt appendix) | | ✓ | | ✓ | | ✓ | ✓ |
| Fund manager presentations (exempt) | | ✓ ⁶ | | ✓ ⁷ | | ✓ ⁸ | ✓ ⁹ |
| Guaranteed minimum pension rectification | | | ✓ | | | | |
| LGPS Central update presentation | | | ✓ | | | | |
| Consultation responses | | | | ✓ ¹⁰ | ✓ ¹⁰ | | |

| Business Item | Committee date | | | | | | |
|--|----------------|-------------|-------------|--------------|-------------|-------------|---------|
| | 27 April 2023 | 8 June 2023 | 6 July 2023 | 14 Sept 2023 | 12 Oct 2023 | 14 Dec 2023 | 7 March |
| Pensions Administration Performance report | | | | | ✓ | | |
| McCloud update and impact | | | | | | ✓ | |
| Pension administration transformation | | | | | | ✓ | |
| Committee composition and voting rights | | | | | | ✓ | |
| Treasury management mid-year report | | | | | | ✓ | |
| Climate risk analysis and taskforce on climate-related financial disclosures | | | | | | ✓ | |
| Working Party | | | | | | | ✓ |
| Treasury management strategy | | | | | | | ✓ |
| Conferences and training report | | | | | | | ✓ |
| Pension Administration System (including exempt appendix) | | | | | | | ✓ |

¹ This included the Fund's:

- Administration Strategy
- Breaches Policy
- Climate Strategy
- Communication Strategy and Plan
- Funding Strategy Statement including contribution review policy and deferred debt and debt spreading agreement policies
- Governance Compliance Statement
- Investment Strategy Statement
- Risk management strategy and risk register

² LGPS Governance Conference

³ Pensions and Lifetime Savings Association Local Authority Conference

⁴ Local Authority Strategic Investment Forum Conference

⁵ Local Authority Pension Fund Forum Annual Conference

⁶ LGPS Central and Aegon

⁷ Schroders and Abrdn

⁸ LGIM and LGPS Central

⁹ Abrdn and Schroders

¹⁰ Department of Levelling Up, Housing and Communities consultation on investments

The following items of business were heard at the Fund’s Annual General Meeting, which was held on 11 January 2024:

- Welcome and Introduction
- Apologies for absence
- Declarations of interest by members and officers
- Notes of the AGM held on 12 January 2023
- Actuarial issues – presentation by Barnett Waddingham
- Management and financial performance
- Investment performance
- Pensions administration
- Pre-submitted questions (on this occasion no questions were submitted)

Local Pensions Board

| Business Item | Board date | |
|---|--------------|-------------|
| | 15 June 2023 | 30 Nov 2023 |
| Minutes of previous meeting | ✓ | ✓ |
| Apologies for absence | ✓ | ✓ |
| Declarations of interest by members and officers | ✓ | ✓ |
| Work programme | ✓ | ✓ |
| Pensions Board Chairs of LGPS Central Funds meeting | ✓ | |
| LGPS scheme valuation | ✓ | |
| LGPS Update | ✓ | ✓ |
| Pension Fund risk register | ✓ | ✓ |
| Nottinghamshire Pensions Board Annual Review | | ✓ |
| Pension administration performance | | ✓ |
| Guaranteed minimum pension rectification | | ✓ |

| | | |
|-----------------------------------|--|---|
| McCloud update and impact | | ✓ |
| Review of fund strategy documents | | ✓ |
| Training | | ✓ |

Annual review

The Local Pensions Board's Annual Review 2023-24 was agreed at its meeting on 27 June 2024 and endorsed its referral to the committee. It provides commentary on the work undertaken by the Board during the year and can be viewed on the Fund's [Local Pensions Board](#) website.

Conflicts of interest

Conflicts of interest are managed through the County Council's own processes as the administering authority. All members of Nottinghamshire County Council who sit on the board or committee have their register of interests published on the [Council's website](#).

Representatives of district and borough councils who sit on the committee or board have their registers of interest published on the website of their appointing councils. Other members are required to register their interests by filling in the same form as members of Nottinghamshire County Council.

At the start of each meeting of the committee and board, the chair asks all members whether they have any interests to disclose. Should any member or officer disclose an interest in any item that will be considered, that interest is recorded in the minutes of the meeting and the member or officer may be required to refrain from participating in discussion and/or leave the meeting, as required by the Council's Code of Conduct which is included in the [Council's Constitution](#).

At its meeting on 14 November 2024 the Fund approved a [Conflicts of Interest Protocol](#). It complements the arrangements Nottinghamshire County Council (as the Administering Authority) has in place for managing conflicts of interest. In addition to making the arrangements for dealing with conflicts of interests for members of the committee and board, it outlines arrangements for officers and advisers to both bodies. The [Conflicts of Interest Protocol](#) can be viewed on the [Fund's website](#).

Oversight and governance of the asset pool

At 4 meetings each year, the Nottinghamshire Pension Fund Committee receives a report summarising the performance of assets. Asset managers also appear regularly before Committee to provide updates and give members an opportunity to ask questions, challenge and seek assurance. Outside these assigned meetings, investment managers may be invited to provide updates at additional meetings about significant developments and matters of interest. During those meetings where investment managers do not make presentations to the Committee, it receives a report which updates it on proxy votes cast on the Fund's behalf and Local Authority Pension Fund Forum meetings.

Outside meetings, Pension Fund committee members had training sessions led by different investment managers about the Fund's investment through them and key investment principles.

Members can participate in property inspections to view assets held by the Fund and undertake training, with support from investment managers, outside meetings. Copies of quarterly reports produced by Fund Managers are also shared with Members.

Other key elements of the governance structure, e.g. key officers

Both the Nottinghamshire Pension Fund Committee and the Local Pensions Board each have their own independent advisers. Support is provided to both bodies by officers from the Pensions Administration and Investments teams with responsibility for the Pension Fund.

Annual Voting Record

The Pension Fund is committed to supporting best practice in corporate governance and has adopted the *UK Stewardship Code* as recommended by the CIPFA *Principles for investment decision making and disclosure*. The *UK Stewardship Code*, issued in September 2012 by the Financial Reporting Council, and revised in 2020, highlights the responsibilities of institutional investors such as the Nottinghamshire Pension Fund. It defines stewardship as ‘the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society’. Stewardship includes, among other things, having a clear policy on voting and on the disclosure of voting activity.

Alongside this the CIPFA *Principles for investment decision making and disclosure* require administering authorities to include a statement of their policy on responsible investment in the Investment Strategy Statement and report periodically on the discharge of such responsibilities. The Fund’s statement on responsible investment states that ‘the Fund continues to exercise its ownership rights by adopting a policy of actively voting stock it holds’.

The Fund retains responsibility for voting any directly held shares (rather than delegating this to investment managers) and votes the majority of its equity holdings in the UK, Europe, US and Japan. Since 2020 voting has been undertaken by Hermes EOS in line with the voting principles of LGPS Central. An overview of this voting activity during the year is shown below.

In summary, during 2023/24 Hermes EOS voted Nottinghamshire Pension Fund shares at 2,782 meetings (a total of 36,490 resolutions). Hermes opposed one or more resolutions at 1,831 meetings and voted with management by exception at 101 meetings and abstained at 3 meetings. Hermes supported management on all resolutions at 847 meetings.

Additional information on the issues raised at company AGMs, the Fund’s voting activity, and its engagement on ESG issues can be found on the Fund’s [Responsible Investment](#) webpage. Links to LGPS Central’s quarterly *Stewardship Updates* can also be found on that page.

Nottinghamshire Pension Fund

EOS at Federated Hermes

Over the last quarter we made voting recommendations at 1,746 meetings (25,520 resolutions). At 1,240 meetings we recommended opposing one or more resolutions. We recommended voting with management by exception at 89 meetings and abstaining at one meeting. We supported management on all resolutions at the remaining 416 meetings.

Global

We made voting recommendations at 1,746 meetings (25,520 resolutions) over the last quarter.



- Total meetings in favour 23.8%
- Meetings against (or against AND abstain) 71.0%
- Meetings abstained 0.1%
- Meetings with management by exception 5.1%

Australia & New Zealand

We made voting recommendations at 16 meetings (109 resolutions) over the last quarter.



- Total meetings in favour 12.5%
- Meetings against (or against AND abstain) 75.0%
- Meetings with management by exception 12.5%

Developed Asia

We made voting recommendations at 477 meetings (5,565 resolutions) over the last quarter.



- Total meetings in favour 32.9%
- Meetings against (or against AND abstain) 66.0%
- Meetings with management by exception 1.0%

Emerging & Developing Markets

We made voting recommendations at 169 meetings (2,157 resolutions) over the last quarter.



- Total meetings in favour 27.8%
- Meetings against (or against AND abstain) 68.6%
- Meetings with management by exception 3.6%

Europe

We made voting recommendations at 376 meetings (7,003 resolutions) over the last quarter.



- Total meetings in favour 16.2%
- Meetings against (or against AND abstain) 79.8%
- Meetings abstained 0.3%
- Meetings with management by exception 3.7%

North America

We made voting recommendations at 510 meetings (6,917 resolutions) over the last quarter.



- Total meetings in favour 10.4%
- Meetings against (or against AND abstain) 79.2%
- Meetings with management by exception 10.4%

United Kingdom

We made voting recommendations at 198 meetings (3,769 resolutions) over the last quarter.



- Total meetings in favour 48.5%
- Meetings against (or against AND abstain) 47.0%
- Meetings with management by exception 4.5%

The issues on which we recommended voting against management or abstaining on resolutions are shown below.

Global

We recommended voting against or abstaining on 3,839 resolutions over the last quarter.



- Board Structure 50.6%
- Remuneration 24.4%
- Shareholder Resolution 11.4%
- Capital Structure + Dividends 5.9%
- Amend Articles 1.4%
- Audit + Accounts 4.4%
- Investment/M&A 0.1%
- Poison Pill/Anti-Takeover Device 0.2%
- Other 1.6%

Australia & New Zealand

We recommended voting against or abstaining on 41 resolutions over the last quarter.



- Board Structure 36.6%
- Remuneration 48.8%
- Shareholder Resolution 4.9%
- Capital Structure + Dividends 4.9%
- Audit + Accounts 4.9%

Developed Asia

We recommended voting against or abstaining on 870 resolutions over the last quarter.



- Board Structure 81.8%
- Remuneration 2.2%
- Shareholder Resolution 3.7%
- Capital Structure + Dividends 4.3%
- Amend Articles 0.9%
- Audit + Accounts 6.8%
- Poison Pill/Anti-Takeover Device 0.3%

Emerging & Developing Markets

We recommended voting against or abstaining on 430 resolutions over the last quarter.



- Board Structure 43.0%
- Remuneration 21.2%
- Shareholder Resolution 1.9%
- Capital Structure + Dividends 18.4%
- Amend Articles 4.9%
- Audit + Accounts 6.3%
- Investment/M&A 0.5%
- Other 4.0%

Europe

We recommended voting against or abstaining on 1,137 resolutions over the last quarter.



- Board Structure 38.0%
- Remuneration 36.3%
- Shareholder Resolution 5.2%
- Capital Structure + Dividends 9.1%
- Amend Articles 1.9%
- Audit + Accounts 5.5%
- Poison Pill/Anti-Takeover Device 0.2%
- Other 3.8%

North America

We recommended voting against or abstaining on 1,166 resolutions over the last quarter.



- Board Structure 45.9%
- Remuneration 23.6%
- Shareholder Resolution 28.7%
- Capital Structure + Dividends 0.1%
- Amend Articles 0.3%
- Audit + Accounts 1.4%
- Poison Pill/Anti-Takeover Device 0.1%

United Kingdom

We recommended voting against or abstaining on 195 resolutions over the last quarter.



- Board Structure 31.8%
- Remuneration 61.0%
- Shareholder Resolution 1.5%
- Capital Structure + Dividends 2.1%
- Amend Articles 0.5%
- Audit + Accounts 1.5%
- Poison Pill/Anti-Takeover Device 0.5%
- Other 1.0%

Nottinghamshire Pension Fund

EOS at Federated Hermes

Over the last quarter we made voting recommendations at 277 meetings (3,264 resolutions). At 141 meetings we recommended opposing one or more resolutions. We recommended voting with management by exception at five meetings and abstaining at zero meetings. We supported management on all resolutions at the remaining 131 meetings.

Global

We made voting recommendations at 277 meetings (3,264 resolutions) over the last quarter.



- Total meetings in favour 47.3%
- Meetings against (or against AND abstain) 50.9%
- Meetings with management by exception 1.8%

Australia & New Zealand

We made voting recommendations at 11 meetings (51 resolutions) over the last quarter.



- Meetings against (or against AND abstain) 100.0%

Developed Asia

We made voting recommendations at 42 meetings (358 resolutions) over the last quarter.



- Total meetings in favour 59.5%
- Meetings against (or against AND abstain) 40.5%

Emerging & Developing Markets

We made voting recommendations at 51 meetings (418 resolutions) over the last quarter.



- Total meetings in favour 35.3%
- Meetings against (or against AND abstain) 62.7%
- Meetings with management by exception 2.0%

Europe

We made voting recommendations at 45 meetings (497 resolutions) over the last quarter.



- Total meetings in favour 48.9%
- Meetings against (or against AND abstain) 48.9%
- Meetings with management by exception 2.2%

North America

We made voting recommendations at 26 meetings (310 resolutions) over the last quarter.



- Total meetings in favour 23.1%
- Meetings against (or against AND abstain) 76.9%

United Kingdom

We made voting recommendations at 102 meetings (1,630 resolutions) over the last quarter.



- Total meetings in favour 58.8%
- Meetings against (or against AND abstain) 38.2%
- Meetings with management by exception 2.9%

The issues on which we recommended voting against management or abstaining on resolutions are shown below.

Global

We recommended voting against or abstaining on 337 resolutions over the last quarter.



- Board Structure 45.4%
- Remuneration 31.5%
- Shareholder Resolution 8.6%
- Capital Structure + Dividends 5.6%
- Amend Articles 3.0%
- Audit + Accounts 2.4%
- Poison Pill/Anti-Takeover Device 0.9%
- Other 2.7%

Australia & New Zealand

We recommended voting against or abstaining on 22 resolutions over the last quarter.



- Board Structure 45.5%
- Remuneration 54.5%

Developed Asia

We recommended voting against or abstaining on 56 resolutions over the last quarter.



- Board Structure 64.3%
- Remuneration 3.6%
- Shareholder Resolution 21.4%
- Capital Structure + Dividends 8.9%
- Amend Articles 1.8%

Emerging & Developing Markets

We recommended voting against or abstaining on 86 resolutions over the last quarter.



- Board Structure 48.8%
- Remuneration 20.9%
- Capital Structure + Dividends 12.8%
- Amend Articles 8.1%
- Audit + Accounts 5.8%
- Other 3.5%

Europe

We recommended voting against or abstaining on 61 resolutions over the last quarter.



- Board Structure 41.0%
- Remuneration 34.4%
- Shareholder Resolution 6.6%
- Capital Structure + Dividends 4.9%
- Amend Articles 1.6%
- Audit + Accounts 3.3%
- Other 8.2%

North America

We recommended voting against or abstaining on 50 resolutions over the last quarter.



- Board Structure 46.0%
- Remuneration 26.0%
- Shareholder Resolution 26.0%
- Amend Articles 2.0%

United Kingdom

We recommended voting against or abstaining on 62 resolutions over the last quarter.



- Board Structure 27.4%
- Remuneration 64.5%
- Audit + Accounts 1.6%
- Poison Pill/Anti-Takeover Device 4.8%
- Other 1.6%

Nottinghamshire Pension Fund

EOS at Federated Hermes

Over the last quarter we made voting recommendations at 315 meetings (2,511 resolutions). At 167 meetings we recommended opposing one or more resolutions. We recommended voting with management by exception at three meetings and abstaining at zero meetings. We supported management on all resolutions at the remaining 145 meetings.

Global

We made voting recommendations at 315 meetings (2,511 resolutions) over the last quarter.



- Total meetings in favour 46.0%
- Meetings against (or against AND abstain) 53.0%
- Meetings with management by exception 1.0%

Australia & New Zealand

We made voting recommendations at 98 meetings (544 resolutions) over the last quarter.



- Total meetings in favour 17.3%
- Meetings against (or against AND abstain) 80.6%
- Meetings with management by exception 2.0%

Developed Asia

We made voting recommendations at 54 meetings (322 resolutions) over the last quarter.



- Total meetings in favour 64.8%
- Meetings against (or against AND abstain) 35.2%

Emerging & Developing Markets

We made voting recommendations at 40 meetings (205 resolutions) over the last quarter.



- Total meetings in favour 60.0%
- Meetings against (or against AND abstain) 40.0%

Europe

We made voting recommendations at 28 meetings (223 resolutions) over the last quarter.



- Total meetings in favour 64.3%
- Meetings against (or against AND abstain) 35.7%

North America

We made voting recommendations at 36 meetings (475 resolutions) over the last quarter.



- Total meetings in favour 13.9%
- Meetings against (or against AND abstain) 83.3%
- Meetings with management by exception 2.8%

United Kingdom

We made voting recommendations at 59 meetings (742 resolutions) over the last quarter.

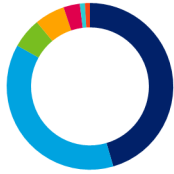


- Total meetings in favour 78.0%
- Meetings against (or against AND abstain) 22.0%

The issues on which we recommended voting against management or abstaining on resolutions are shown below.

Global

We recommended voting against or abstaining on 409 resolutions over the last quarter.



- Board Structure 45.5%
- Remuneration 37.7%
- Shareholder Resolution 5.9%
- Capital Structure + Dividends 5.9%
- Amend Articles 3.2%
- Audit + Accounts 1.0%
- Other 1.0%

Australia & New Zealand

We recommended voting against or abstaining on 172 resolutions over the last quarter.



- Board Structure 31.4%
- Remuneration 61.0%
- Shareholder Resolution 2.3%
- Capital Structure + Dividends 3.5%
- Audit + Accounts 1.2%
- Other 0.6%

Developed Asia

We recommended voting against or abstaining on 52 resolutions over the last quarter.



- Board Structure 78.8%
- Remuneration 5.8%
- Capital Structure + Dividends 11.5%
- Amend Articles 1.9%
- Audit + Accounts 1.9%

Emerging & Developing Markets

We recommended voting against or abstaining on 62 resolutions over the last quarter.



- Board Structure 58.1%
- Remuneration 12.9%
- Capital Structure + Dividends 9.7%
- Amend Articles 17.7%
- Other 1.6%

Europe

We recommended voting against or abstaining on 24 resolutions over the last quarter.



- Board Structure 25.0%
- Remuneration 33.3%
- Shareholder Resolution 8.3%
- Capital Structure + Dividends 20.8%
- Amend Articles 4.2%
- Other 8.3%

North America

We recommended voting against or abstaining on 73 resolutions over the last quarter.



- Board Structure 46.6%
- Remuneration 27.4%
- Shareholder Resolution 24.7%
- Audit + Accounts 1.4%

United Kingdom

We recommended voting against or abstaining on 26 resolutions over the last quarter.



- Board Structure 57.7%
- Remuneration 38.5%
- Capital Structure + Dividends 3.8%

Nottinghamshire Pension Fund

EOS at Federated Hermes

Over the last quarter we made voting recommendations at 444 meetings (5,195 resolutions). At 283 meetings we recommended opposing one or more resolutions. We recommended voting with management by exception at four meetings and abstaining at two meetings. We supported management on all resolutions at the remaining 155 meetings.

Global

We made voting recommendations at 444 meetings (5,195 resolutions) over the last quarter.



- Total meetings in favour 34.9%
- Meetings against (or against AND abstain) 63.7%
- Meetings abstained 0.5%
- Meetings with management by exception 0.9%

Australia & New Zealand

We made voting recommendations at two meetings (11 resolutions) over the last quarter.



- Total meetings in favour 50.0%
- Meetings against (or against AND abstain) 50.0%

Developed Asia

We made voting recommendations at 225 meetings (1,953 resolutions) over the last quarter.



- Total meetings in favour 35.1%
- Meetings against (or against AND abstain) 64.4%
- Meetings with management by exception 0.4%

Emerging & Developing Markets

We made voting recommendations at 60 meetings (520 resolutions) over the last quarter.



- Total meetings in favour 36.7%
- Meetings against (or against AND abstain) 63.3%

Europe

We made voting recommendations at 71 meetings (1,572 resolutions) over the last quarter.



- Total meetings in favour 21.1%
- Meetings against (or against AND abstain) 77.5%
- Meetings abstained 1.4%

North America

We made voting recommendations at 42 meetings (523 resolutions) over the last quarter.



- Total meetings in favour 16.7%
- Meetings against (or against AND abstain) 76.2%
- Meetings with management by exception 7.1%

United Kingdom

We made voting recommendations at 44 meetings (616 resolutions) over the last quarter.



- Total meetings in favour 70.5%
- Meetings against (or against AND abstain) 27.3%
- Meetings abstained 2.3%

The issues on which we recommended voting against management or abstaining on resolutions are shown below.

Global

We recommended voting against or abstaining on 742 resolutions over the last quarter.



- Board Structure 59.4%
- Remuneration 21.4%
- Shareholder Resolution 5.0%
- Capital Structure + Dividends 1.6%
- Amend Articles 2.6%
- Audit + Accounts 6.5%
- Other 3.5%

Australia & New Zealand

We recommended voting against or abstaining on two resolutions over the last quarter.



- Board Structure 50.0%
- Remuneration 50.0%

Developed Asia

We recommended voting against or abstaining on 331 resolutions over the last quarter.



- Board Structure 73.4%
- Remuneration 8.2%
- Shareholder Resolution 3.6%
- Capital Structure + Dividends 0.3%
- Amend Articles 3.0%
- Audit + Accounts 11.5%

Emerging & Developing Markets

We recommended voting against or abstaining on 126 resolutions over the last quarter.



- Board Structure 53.2%
- Remuneration 19.8%
- Shareholder Resolution 1.6%
- Capital Structure + Dividends 3.2%
- Amend Articles 6.3%
- Audit + Accounts 5.6%
- Other 10.3%

Europe

We recommended voting against or abstaining on 184 resolutions over the last quarter.



- Board Structure 48.4%
- Remuneration 39.1%
- Shareholder Resolution 0.5%
- Capital Structure + Dividends 3.8%
- Amend Articles 0.5%
- Audit + Accounts 0.5%
- Other 7.1%

North America

We recommended voting against or abstaining on 82 resolutions over the last quarter.



- Board Structure 40.2%
- Remuneration 30.5%
- Shareholder Resolution 26.8%
- Audit + Accounts 2.4%

United Kingdom

We recommended voting against or abstaining on 17 resolutions over the last quarter.

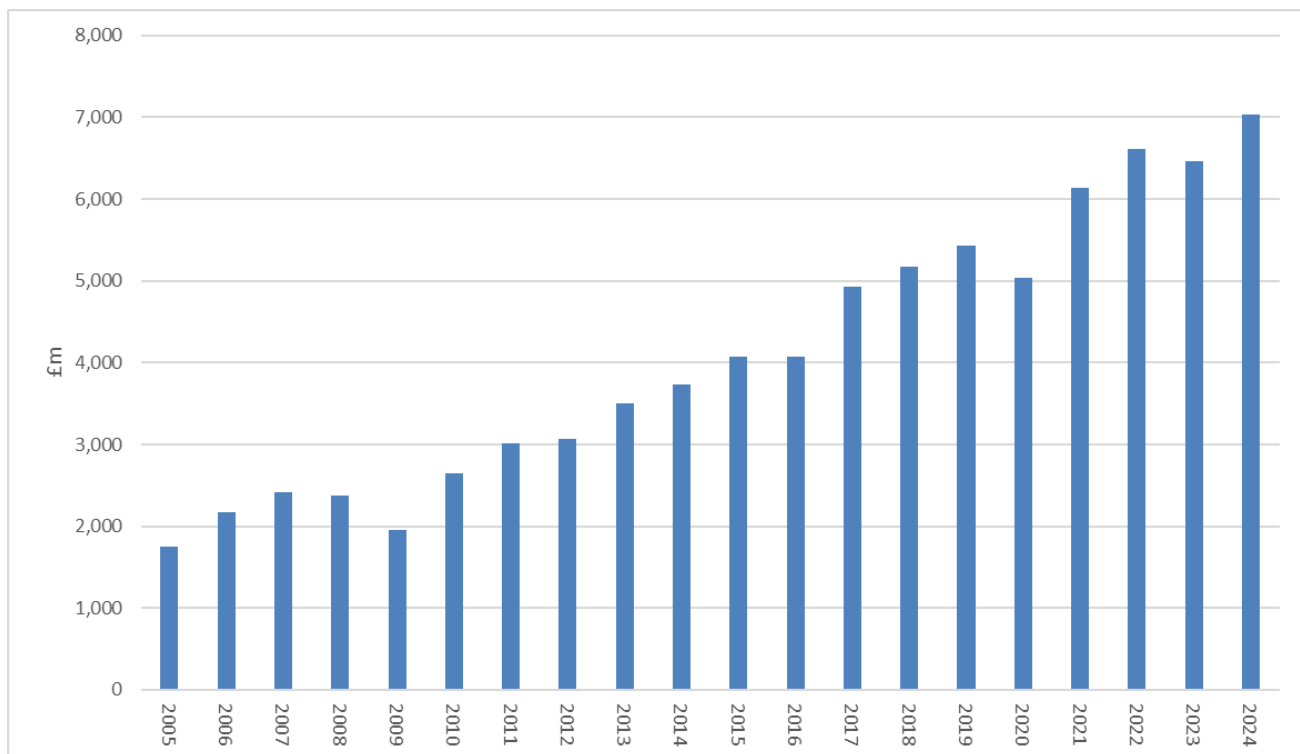


- Board Structure 47.1%
- Remuneration 52.9%

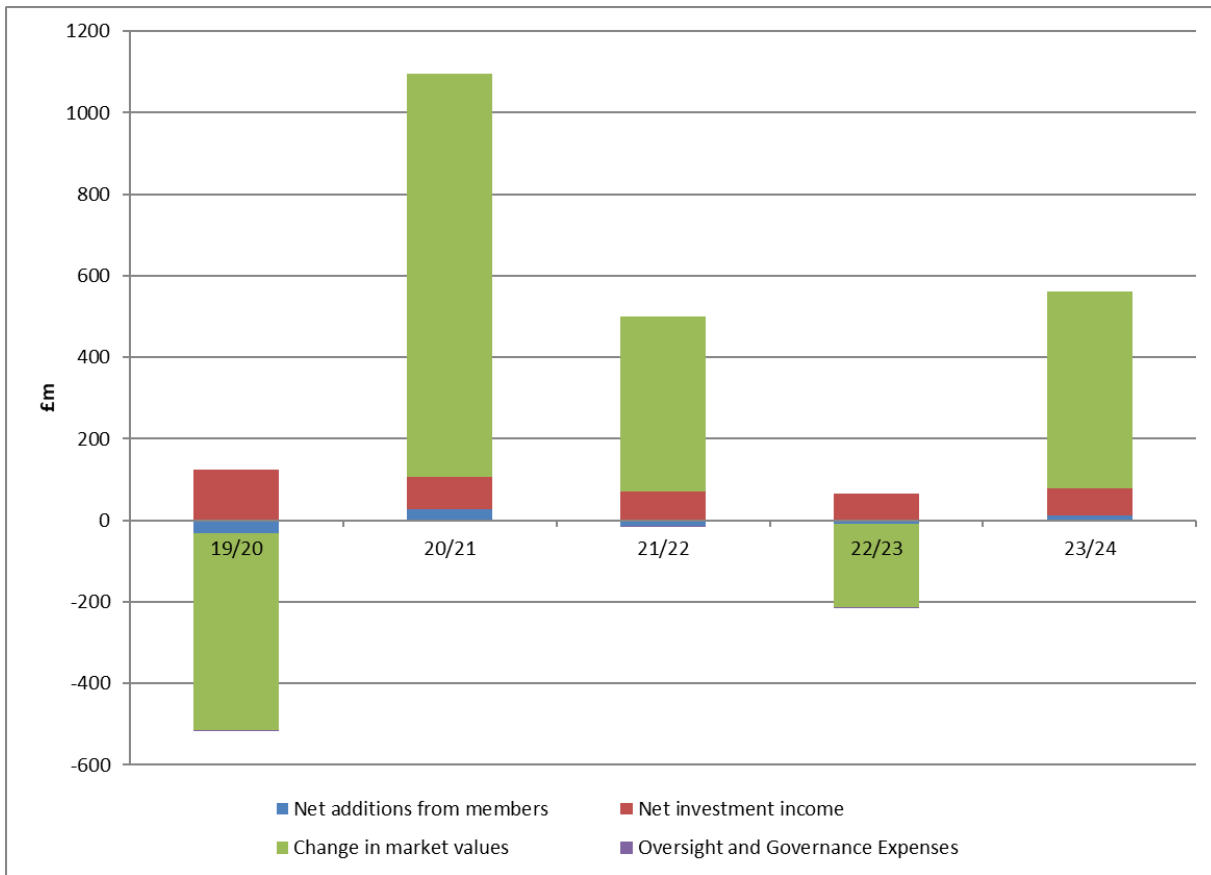
Financial Performance 2023/24

The in-house team of five, led by the Head of Pension Fund Investments, records and accounts for all the Pension Fund investments, producing quarterly valuations for the Nottinghamshire Pension Fund Committee as well as this annual report and the Pension Fund accounts (shown in detail elsewhere in the Annual Report). The team also monitors all externally managed investments.

The Fund Account for 2023/24 shows a net inflow of £11m from dealings with members. Gross investment income for the year was £93m, slightly higher than the previous year's figure of £90m. This is further augmented by a £484m gain relating to the increase in the market value of the Fund's investments. Overall, the value of the fund has increased by £561m over the year to stand at £7,027m, as shown in the chart below:



The chart below shows in greater detail how the three main components have contributed to the Fund's value over the last 5 years.



In 2023/24, the fund's overall return from its investments was 8.5%, underperforming its strategic benchmark of 11.5%. The five-year average return is currently 5.6%, compared to a benchmark of 7.2%. In both cases, although there was some underperformance in some portfolios, the main difference is the weighting to US equities in the high-level strategic benchmark. The Fund's actual listed equities are more diversified than this benchmark. As US equities have performed exceptionally well over this period this results in a gap between performance and the strategic benchmark. This can be seen in the chart below:



A breakdown of investment performance across the different asset classes over 1-year, 3-year, and 5-year periods can be seen in the table below:

| To 31 March 2024 | 1 yr % | 3 yr % | 5 yr % |
|------------------|-------------|-------------|-------------|
| Listed Equities | 12.9 | 7.1 | 8.0 |
| <i>Benchmark</i> | <i>15.1</i> | <i>9.5</i> | <i>9.4</i> |
| Gilts | 0.4 | -7.7 | -3.8 |
| <i>Benchmark</i> | <i>0.0</i> | <i>-7.4</i> | <i>-3.8</i> |
| Property | 1.4 | 1.7 | 0.2 |
| <i>Benchmark</i> | <i>6.5</i> | <i>6.5</i> | <i>3.6</i> |
| Private Equity | 6.4 | 16.2 | 14.0 |
| <i>Benchmark</i> | <i>5.8</i> | <i>5.8</i> | <i>5.8</i> |
| Infrastructure | -3.1 | 3.6 | 4.8 |
| <i>Benchmark</i> | <i>5.8</i> | <i>5.8</i> | <i>5.9</i> |
| Total | 8.5 | 4.8 | 5.6 |
| <i>Benchmark</i> | <i>11.5</i> | <i>7.2</i> | <i>7.2</i> |

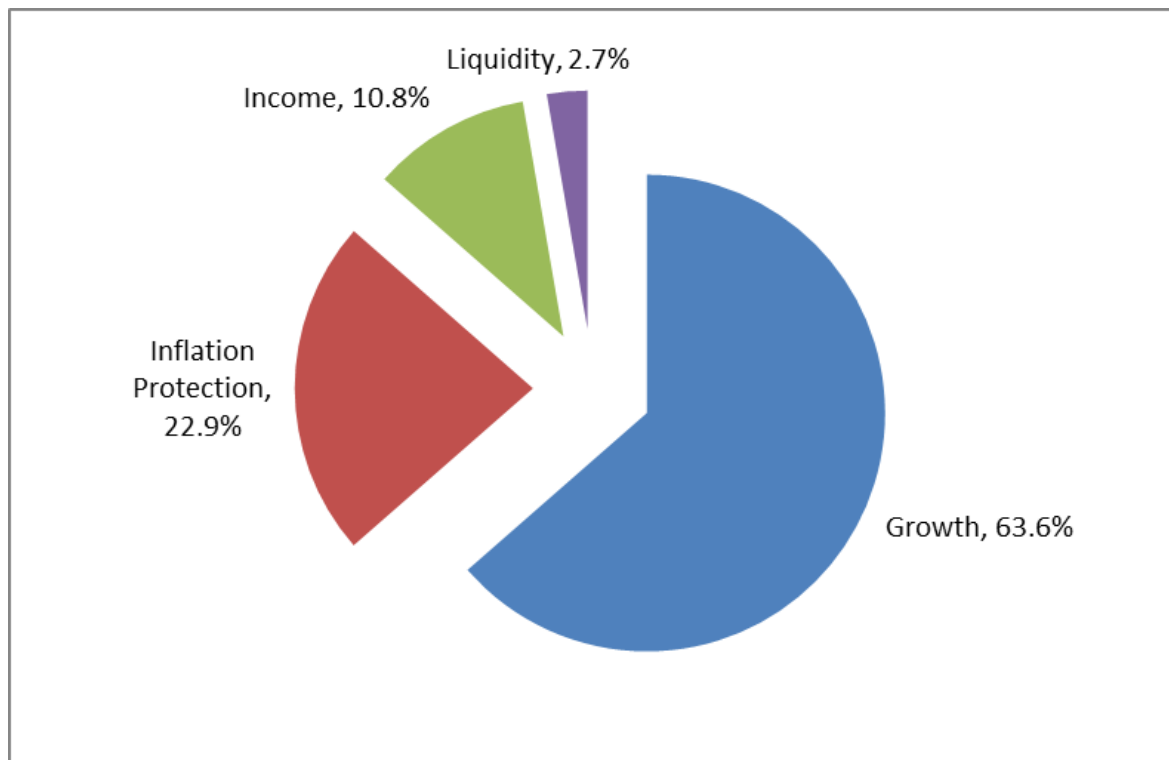
Investment returns data is provided by Ortec.

Asset Allocation

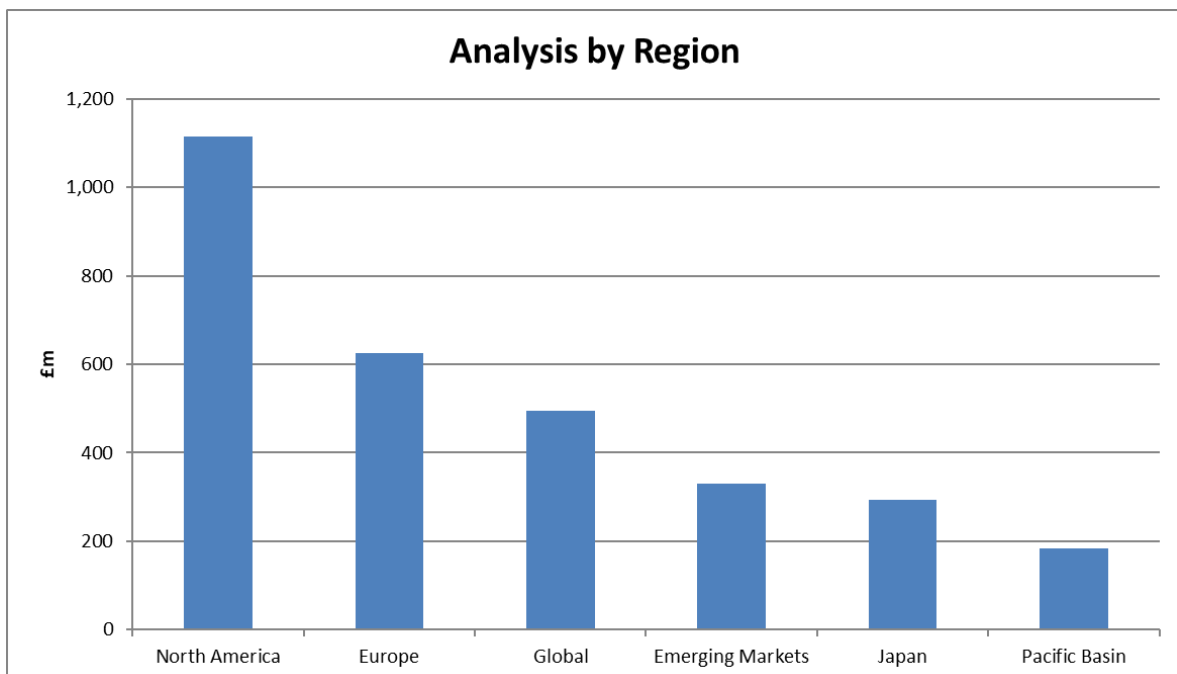
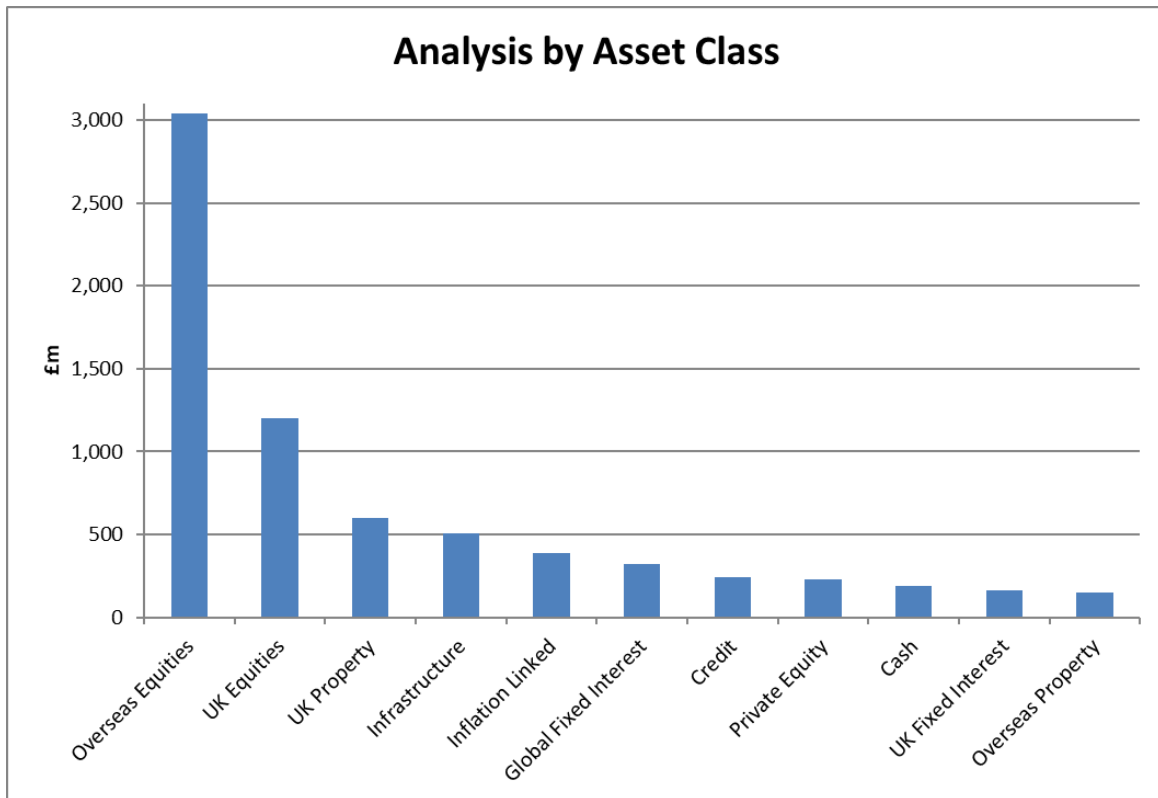
The Fund's asset allocation currently favours 'growth assets' (equities and property) over 'defensive assets' (bonds and cash), as the former are expected to outperform the latter over the long-term. High levels of investment income obviate the need for the Fund to sell assets to pay retirement benefits, and thereby allows the Fund to implement a long-term investment strategy.

The agreed asset allocation ranges for the Fund are shown below, along with the Fund's long term strategic target allocations, together with the actual allocation as at the year-end:

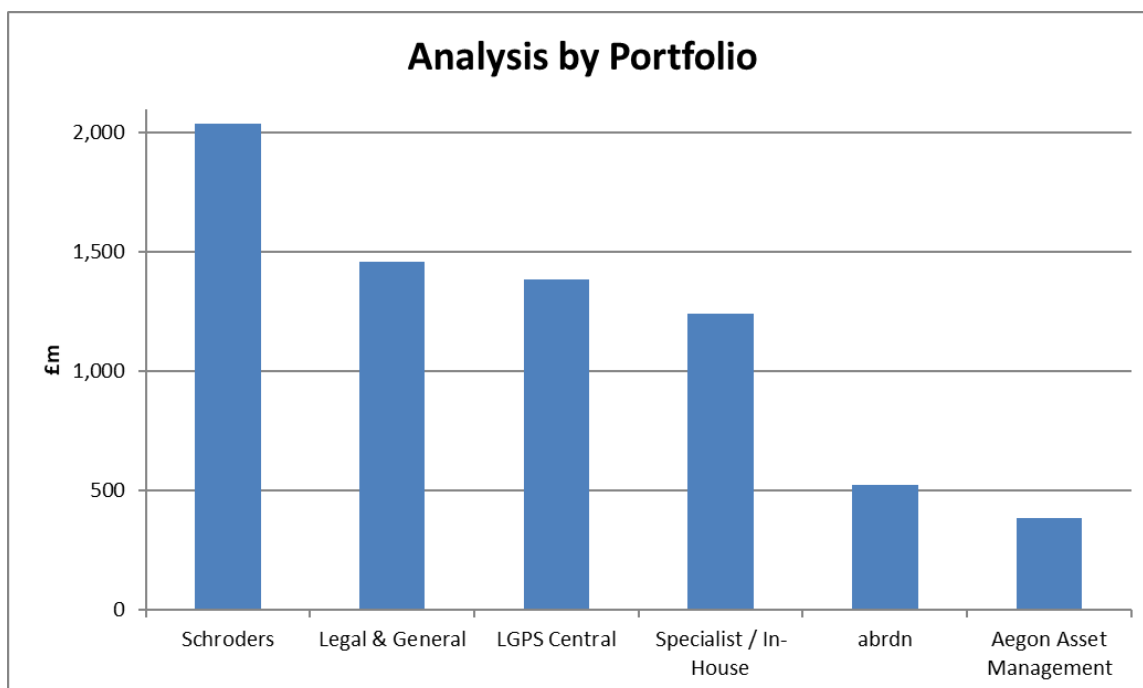
| Outcome | Asset Class | Allocation ranges | Strategic benchmark | | Value (£000) | Allocation at 31 Mar 2024 |
|-------------------------------|--|-------------------|--|-----|--------------|---------------------------|
| | | | | | | |
| Growth | Listed and Private Equity | 47% to 67% | 65% FTSE World ex UK. 35% FT Allshare | 57% | 4,469,358 | 63.6% |
| Inflation protection (income) | Property, Infrastructure, Index Linked Gilts and Diversified Growth fund | 23% to 33% | CPI | 28% | 1,610,597 | 22.9% |
| Income only | Fixed income and credit | 6% to 16% | FTSE UK All Stock | 11% | 759,276 | 10.8% |
| Liquidity | Cash, short term bonds | 0% to 10% | SONIA | 4% | 192,445 | 2.7% |



The charts below show the asset allocation of the Fund on 31 March 2024 in further detail, across classes and regions:



The Nottinghamshire Pension Fund Committee also determines the investment management arrangements to implement the agreed strategy. The assets of the Fund are managed within six portfolios and a breakdown of these at 31 March 2024 is shown below:



The list of the Fund's 20 largest holdings is shown below. Combined, these represent 48.6% of the overall value of the Fund.

| | £m |
|--|---------|
| 1 LEGAL & GENERAL UK EQUITY INDEX | 486.9 |
| 2 AEGON KAMES DIVERSIFIED GROWTH FUND (CLASS B ACC) | 357.0 |
| 3 LGPS CENTRAL GLOBAL ACT CORP BD MULTI MGR FD | 321.4 |
| 4 LEGAL & GENERAL NORTH AMERICA EQUITY INDEX | 320.7 |
| 5 LEGAL & GENERAL EUROPE (EX UK) EQUITY INDEX | 288.1 |
| 6 RWC EURO FOCUS FUND CLASS 3SR - 2018 | 159.6 |
| 7 LEGAL & GENERAL JAPAN EQUITY INDEX | 151.2 |
| 8 LGPS CENTRAL EMERGING MKTS EQ ACT MULTI FUND A | 132.6 |
| 9 LGPS CENTRAL GLOBAL SUSTAINABLE EQ ACTV BROAD FD | 130.7 |
| 10 LEGAL & GENERAL ASIA PAC EX JAP DEV EQTY INDEX | 129.9 |
| 11 LGPS CENTRAL GLOBAL SUSTAINABLE EQ ACTV THEMATIC | 124.3 |
| 12 LGPS CENTRAL GLOBAL ACTIVE MAC MULTI MGR FUND (ACC) | 118.2 |
| 13 SCHRODER INSTL DEV MKTS FUND A UNITS | 113.3 |
| 14 LGPS CENTRAL GLOBAL SUSTAINABLE EQ ACTV TARGETED | 106.9 |
| 15 LGPS CENTRAL CORE/CORE PLUS INFRA PARTNERSHIP LP | 91.9 |
| 16 ABERDEEN STANDARD EUROPEAN PROPERTY GROWTH | 91.6 |
| 17 LEGAL & GENERAL WORLD EMERGING MARKETS | 84.3 |
| 18 SISF GLOBAL SM COS I ACCUMULATION | 80.6 |
| 19 RWC JAPAN STEWARDSHIP FUND PERF FEE CLASS 2 (2017) | 71.5 |
| 20 MICROSOFT CORP COM STK US\$0.00005 | 57.5 |
| | 3,418.3 |

Pension Fund Accounts, Net Assets Statement and Notes

The CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 requires:

- A fund account showing the changes in net assets available for benefits
- A net assets statement showing the assets available at the year end to meet benefits
- Supporting notes.

These are set out over the following pages.

NOTTINGHAMSHIRE COUNTY COUNCIL PENSION FUND

FUND ACCOUNT

| | Notes | 2022/23 £000 | 2023/24 £000 |
|---|-------|------------------|------------------|
| Contributions | 4 | | |
| Employer contributions | | (175,315) | (208,435) |
| Member contributions | | (54,643) | (61,577) |
| | | (229,958) | (270,012) |
| Transfers in from other pension funds | | (18,937) | (16,005) |
| Benefits | 5 | | |
| Pensions | | 197,937 | 221,114 |
| Commutation of pensions and lump sum retirement benefits | | 36,224 | 38,722 |
| Lump sum death benefits | | 6,202 | 6,933 |
| | | 240,363 | 266,769 |
| Payments to and on account of leavers | | 17,991 | 7,945 |
| Net (additions)/withdrawals from dealings with members | | 9,459 | (11,303) |
| Management expenses | 6 | 26,226 | 26,509 |
| Net (additions)/withdrawals after fund management expenses | | 35,685 | 15,206 |
| Investment Income | 7 | (90,118) | (92,709) |
| (Profits)/losses on disposal of investments & changes in value | | 204,164 | (483,520) |
| Taxes on income | | 404 | 335 |
| Net Returns on Investments | | 114,450 | (575,894) |
| Net (increase)/decrease in net assets available for benefits during the year | | 150,135 | (560,688) |
| Opening net assets of the Fund | | 6,616,649 | 6,466,514 |
| Closing net assets of the Fund | | 6,466,514 | 7,027,202 |

The notes on the following pages form part of these Financial Statements.

NOTTINGHAMSHIRE COUNTY COUNCIL PENSION FUND

NET ASSETS STATEMENT FOR THE YEAR ENDED

| | Notes | 31 March 2023 £000 | 31 March 2024 £000 |
|---|--------|-----------------------|-----------------------|
| Investment Assets | 8 & 12 | | |
| Fixed Interest Securities | | 220,346 | 160,957 |
| Index Linked Securities | | - | 33,922 |
| Equities | | 1,663,353 | 1,851,807 |
| Pooled Investment Vehicles | | 4,050,262 | 4,396,245 |
| Property | | 394,825 | 396,300 |
| Cash deposits | | 107,288 | 163,995 |
| Other Investment Balances | 10 | 32,425 | 19,996 |
| Investment liabilities | 10 | (4,575) | (4,433) |
| | | 6,463,924 | 7,018,789 |
| | | | |
| Current assets | 11 | 21,250 | 21,746 |
| | | 6,485,174 | 7,040,535 |
| | | | |
| Current liabilities | 11 | (18,660) | (13,333) |
| Net assets of the fund available to fund benefits at the end of the reporting period | | 6,466,514 | 7,027,202 |

The fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end. The actuarial present value of promised retirement benefits, as required by the *Code of Practice on Local Authority Accounting in the United Kingdom 2023/24*, is shown at note 2d.

The notes on the following pages form part of these Financial Statements.

1. Accounting Policies**(a) Basis of Preparation**

The Pension Fund accounts have been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom 2023/24* (the Code). On issues where there is no clear guidance in the Code, reference has been made under the hierarchy of standards to *Financial Reports of Pension Schemes: a Statement of Recommended Practice 2018* (the Pensions SORP) or to individual International Accounting Standards (IAS). Disclosures required by IFRS 9 and 15 have been reflected in the accounts where material.

The accounts have been prepared on a going concern basis, ie. the functions of the Pension Fund will continue in operational existence for the foreseeable future.

(b) Debtors and Creditors

The accruals concept is applied to these accounts in compliance with the Code.

(c) Investments

Pension Fund investments are carried at fair value in accordance with the Code. Fair value is defined as 'the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date'. Where an active market exists, the quoted market price is used. Where there is no active market, fair value is established by using valuation techniques.

Specific details on the valuation methods for particular classes of assets are listed below:

- Equities traded through a stock exchange are valued at the latest quoted price. Where more than one price is quoted the 'bid' price is used.
- Unit Trusts and managed funds are valued at the closing single price or the bid price where applicable. These reflect the market value of the underlying investments.
- Unquoted securities and pooled private equity investments are valued at fair value by the fund managers based on earnings, revenues and comparable valuations in accordance with industry accepted guidelines. Where these valuations are not available at the time of compiling the financial statements, the most recent valuation is used as an estimate as adjusted for any cash flows before year end as a best estimate of year end valuation.
- The market value of fixed interest investments is based on the 'clean price', i.e. excludes income accrued at 31 March but not yet due for payment.
- Property investments are stated at open market value based on a quarterly independent external valuation in accordance with the Royal Institute of Chartered Surveyors' Valuation Standards at the Net Assets Statement date based on lease terms, nature of tenancies, covenant strength, vacancy levels, estimated rental growth and discount rate.

Transaction costs arising on all investment purchases and sales are included in the Fund Account against 'Profits & losses on disposal of investments & changes in value' by adding to purchase costs and netting against sale proceeds, as appropriate, for all investment types. This achieves consistency between asset classes and ensures all transaction costs are charged to the Fund Account. It also ensures that the financial statements faithfully represent the economic substance of the transactions. The economic substance of purchases and sales of all asset types is to generate returns for the Fund to help mitigate the cost to employers of providing pensions. Transaction costs are ancillary to this purpose.

The change in fair value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments and unrealised changes in market value.

(d) Investments Income

Income is accounted for on an accruals basis for the following:

- interest on cash deposits and fixed interest securities is accrued on a daily basis.
- dividends from equities are accrued when the stock is quoted ex-dividend.
- rental income from operating leases on properties owned by the Fund is recognised on a straight line basis over the term of the lease. Any lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(e) Taxes on Income

UK equity dividends are quoted and accounted for at the net rate. The tax credit, which the Fund is unable to recover, is not recognised (in accordance with the Pensions SORP). Overseas equity dividends are accounted for gross of withholding tax, where this is deducted at source. Partial reclaims of withholding tax, where allowed, are adjusted at the year end by outstanding claims.

(f) Foreign Currencies

Assets and liabilities in foreign currencies are expressed in sterling at the rates of exchange ruling at the year-end. Income from overseas investments is translated into sterling at the rate ruling on the date of the transaction. Surpluses and deficits arising on conversion or translation are dealt with as part of the change in market value of investments.

(g) Contributions

Normal contributions, both from the employees and employers, are accounted for in the payroll month to which they relate. The employee rates are determined by statute and vary according to the employee's amount of pensionable pay. Employer contribution rates (and adjustments) differ from employer to employer. These rates are calculated by the Fund's actuary, based on the the overall funding level determined at the triennial valuation when the actuarial present value of promised retirement benefits is compared to the value of the Fund's investments. The actuarial valuation report covering this calculation can be found on the Fund's website at www.nottspf.org.uk/about-the-fund/aims-and-purpose/

(h) Benefits Payable

The scheme provides all members and their nominated beneficiaries with a secure future income, independent of share prices and stock market fluctuations. Pensions paid also receive an annual cost of living increase. Under the rules of the scheme, members can opt to receive a lump sum retirement grant in addition to a reduced annual pension. Lump sum retirement grants are accounted for from the date of retirement. Where a member can choose whether to take a greater retirement grant in return for a reduced pension these lump sums are accounted for on an accruals basis from the date the option is exercised. Other benefits are accounted for on the date the member leaves the scheme or on death.

(i) Transfers to and from Other Schemes

Transfer values represent the capital sums either receivable (in respect of members from other pension schemes of previous employers) or payable (to the pension schemes of new employers for members who have left the scheme). They take account of transfers where the trustees (or administering authority) of the receiving scheme have agreed to accept the liabilities in respect of the transferring members before the year end, and where the amount of the transfer can be determined with reasonable certainty.

(j) Other Expenses

Management expenses are accounted for on an accruals basis. Expenses are recognised net of any recoverable VAT. Nottinghamshire County Council charges the Fund with the costs it incurs in administering the Fund. Fees and charges within pooled investment vehicles have the effect of reducing the fair value of those investments. These embedded costs are disclosed at note 6.

(k) Property related income

Property related income consists primarily of rental income. Rental income from operating leases on properties owned by the Fund is recognised on a straight line basis over the term of the lease. Any lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(l) Additional Voluntary Contributions

The amount of separately invested Additional Voluntary Contributions (“AVCs”) paid by members during the year and their value at the net assets statement date are not included in the Pension Fund financial statements in accordance with Regulation 4 (1)(b) of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016. Members’ AVCs are disclosed in Note 13 of these accounts.

(m) Accounting standards that have been issued but not yet adopted

Accounting standards that have been issued before 1 January 2023 but not yet adopted by the Code relate to: **IFRS 16 Leases** - the new Standard replaces IAS 17 Leases and comes into effect 1 April 2024 (deferred from April 2022). The new Standard changes the accounting for leases substantially. It eliminates a lessee’s classification for leases as either operating leases or finance leases. Instead, all leases are treated in a similar way to finance leases applying IAS 17 meaning that the leases will be brought on to the balance sheet. The introduction of the above accounting standard is not expected to have a material impact on the Pension Fund Accounts.

2. Operation of the Fund

(a) General

Nottinghamshire County Council is the Administering Authority for the Local Government Pension Scheme (LGPS) within Nottinghamshire. The scheme is governed by the Public Service Pensions Act 2013. The Fund is administered in accordance with the following secondary legislation:

- the Local Government Pension Scheme Regulations 2013 (as amended)
- the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

The LGPS is a statutory scheme administered by individual pension funds. The benefits within the scheme are determined by regulation and are guaranteed by statute. The Pension Fund exists to help defray the cost of paying the pension benefits. Members make contributions to the Fund as specified in the regulations and employers make contributions as determined by the Fund’s actuary as part of the triennial valuation of the Fund. All new employees are brought into the scheme automatically, unless a positive election not to participate is received from the employee.

The Authority administers the Pension Fund for over 320 participating employers and over 160,000 members. The employers include Nottinghamshire County Council, Nottingham City Council, District Councils and organisations which used to be part of local government (such as Nottingham Trent University, Colleges, Police civilian staff and Academies). They also include organisations which satisfy the conditions to participate in the LGPS and have been admitted to the Fund by the Authority. In general, these organisations are non-profit making, or are undertaking a service which was, or could be, carried out by a local authority.

The operation of the Fund is set out in a number of published policy statements. Under the Nottinghamshire County Council Constitution, the functions as administering authority of the Fund are delegated to the Nottinghamshire Pension Fund Committee.

The Funding Strategy Statement sets out the aims and purpose of the Fund and details the responsibilities of the administering authority as regards funding the scheme.

The Investment Strategy Statement sets out more detailed responsibilities relating to the overall investment strategy of the Fund including the proposed asset allocation, restrictions on investment types, the type of investment management used and performance monitoring. It also states the Fund's approach to responsible investment and corporate governance issues.

The Communications Strategy Statement details the overall strategy for involving stakeholders in the Fund. A key part of this strategy is a dedicated Fund website (available at www.nottspf.org.uk).

A separate annual report for the Fund is also produced and this, along with previous years' reports, will be accessible via the pension fund website. The annual report includes the accounts and the published policies as well as information on the performance of the Fund.

The accounts of the Fund are set out in these pages. The CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 requires:

- a Fund Account showing the changes in net assets available for benefits;
- a Net Assets Statement showing the assets available at the year end to meet benefits;
- supporting notes.

(b) Contributions and Solvency

With effect from 1 April 2008 The Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 were introduced. The principal changes from the 1997 regulations were: the replacement, for future service, of the existing benefits structure (based on a pension of 1/80th of pensionable pay for each year of pensionable service plus an automatic lump sum of three times this amount) by one based on 1/60th of pensionable pay for each year of pensionable service and no automatic lump sum. Under the 2008 scheme, employees were required to make percentage contributions by deduction from earnings at a rate between 5.5% and 7.5% depending on salary.

From 1 April 2014 the new Local Government Pension Scheme was introduced for service accruing after that date. This is a career average revalued earnings (CARE) scheme with an accrual rate of 1/49th of pensionable pay and a retirement age linked to the state retirement age. Employee contribution rates in the new scheme range from 5.5% to 12.5% depending on salary.

Employers are required to make such balancing contributions, determined by the Actuary, as will maintain the Fund in a state of solvency, having regard to existing and prospective liabilities.

(c) Actuarial Valuations

As required by the Regulations an Actuarial Valuation of the Fund was carried out as at 31 March 2022. The smoothed market value of the Fund's assets at the valuation date was £6,498 million. The Actuary has estimated that the value of the Fund is sufficient (at Fund level) to meet 100% of its expected future liabilities in respect of service completed to 31 March 2022. The full actuarial valuation report is available on the Fund's website at www.nottspf.org.uk.

The key assumptions used in the Actuarial Valuation are shown below:

| 31 March 2022 | |
|--------------------------------|-----|
| % pa | |
| Expected investment returns: | |
| Equities | 6.9 |
| Gilts | 2.0 |
| Property and Infrastructure | 6.4 |
| Discount Rate | 4.7 |
| Consumer price inflation (CPI) | 2.9 |
| Long term pay increases | 3.9 |
| Pension Increases | 2.9 |

The 2022 valuation produced an average employer contribution rate of 21.0%. Employer contributions were certified by the actuaries for the years 2023/24 to 2025/26. For the majority of employers, the rate for future service accrual was certified as a percentage of salary with an additional cash amount specified for deficit recovery. The following list shows the contributions payable by the main employers as certified in the final report:

| Certified employer contributions | 2023/24 | 2024/25 | 2025/26 |
|---|----------------|----------------|----------------|
| Nottinghamshire County Council | 19.8% | 19.8% | 19.8% |
| Plus: | £3,880,000 | £2,050,000 | £60,000 |
| Nottingham City Council | 18.5% | 18.5% | 18.5% |
| Plus: | £6,810,000 | £5,380,000 | £3,810,000 |
| Ashfield District Council | 19.3% | 19.3% | 19.3% |
| Plus: | £1,400,000 | £1,300,000 | £1,190,000 |
| Bassetlaw District Council | 20.3% | 20.3% | 20.3% |
| Plus: | £799,000 | £695,000 | £583,000 |
| Broxtowe Borough Council | 19.0% | 19.0% | 19.0% |
| Plus: | - | - | - |
| Gedling Borough Council | 19.6% | 19.6% | 19.6% |
| Plus: | £241,000 | £148,000 | £48,000 |
| Mansfield District Council | 20.2% | 20.2% | 20.2% |
| Plus: | £1,700,000 | £1,570,000 | £1,420,000 |
| Newark and Sherwood District Council | 18.6% | 18.6% | 18.6% |
| Plus: | £459,000 | £477,000 | £495,000 |
| Rushcliffe Borough Council | 18.5% | 18.5% | 18.5% |
| Plus: | £840,000 | £720,000 | £600,000 |

(d) Actuarial Present Value of Promised Retirement Benefits

The actuarial present value of promised retirement benefits has been calculated by the Fund's actuaries in accordance with IAS 26. To do this, the actuaries rolled forward the value of the Employers' liabilities calculated for the Triennial valuation as at 31 March 2022 allowing for the different financial assumptions required under IAS 26. The assumptions used for the purposes of the IAS 26 calculations (which are consistent with IAS 19) are as follows:

| | 31 March 2022 | | 31 March 2023 | | 31 March 2024 | |
|--|---------------|-----------|---------------|-----------|---------------|-----------|
| | % pa | Real % pa | % pa | Real % pa | % pa | Real % pa |
| CPI increases | 3.25 | - | 2.90 | - | 2.90 | - |
| Salary Increases | 4.25 | 1.00 | 3.90 | 1.00 | 3.90 | 1.00 |
| Pension Increases | 3.25 | - | 2.90 | - | 2.90 | - |
| Discount Rate | 2.60 | -0.65 | 4.80 | 1.90 | 4.90 | 2.00 |
| Mortality assumptions: | | | | | | |
| Longevity at 65 for current pensioners | | | | | | |
| Men (years) | | | | 20.7 | | 20.4 |
| Women (years) | | | | 23.5 | | 23.3 |
| Longevity at 65 for future pensioners | | | | | | |
| Men (years) | | | | 22.0 | | 21.7 |
| Women (years) | | | | 25.0 | | 24.7 |
| Estimated return on assets | | | | -2.09% | | 8.46% |

Members will exchange half of their commutable pension for cash at retirement.

The net liability under IAS 26 is shown below.

| | 31 March 2022 £000 | 31 March 2023 £000 | 31 March 2024 £000 |
|---|--------------------------|--------------------------|--------------------------|
| Present value of funded obligation | 10,848,228 | 6,972,910 | 7,104,275 |
| Net assets of the fund available to fund benefits | 6,577,989 | 6,466,514 | 7,027,202 |
| Net Liability | 4,270,239 | 506,396 | 77,073 |

The present value of funded obligation consists of £7,027.4 million in respect of vested obligation and £76.8 million in respect of non-vested obligation.

A ruling has been made regarding age discrimination arising from public sector pension scheme transition arrangements put in place when moving from final salary to average salary scheme arrangements. Court of Appeal judgements were made in cases affecting judges' pensions (the McCloud Judgement) and firefighter pensions. The ruling will have implications for the Local Government Pension Scheme which also moved from a final salary to a career average salary scheme. The IAS 26 figures included in the accounts reflect the estimated impact of the McCloud Judgement.

On 25 July 2024, the Court of Appeal dismissed the appeal in the Virgin Media Ltd v NTL case. There is much that is uncertain, and HM Treasury is currently assessing the implications for all public service pension schemes.

These figures are presented only for the purposes of IAS 26. In particular, they are not relevant for calculations undertaken for funding purposes or for other statutory purposes under UK pensions legislation.

(e) Investment Strategy

The investment strategy of the Fund is designed to maximise growth within acceptable risk parameters to help meet the future liabilities. The powers of investment are governed by the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009. The current investment policy is set out in the Fund's Investment Strategy Statement, a copy of which is available on the pension fund website.

During 2023/24 the Nottinghamshire Pension Fund Committee was responsible for determining the investment strategy of the Fund and the type of investment management to be used. The Nottinghamshire Pension Fund Committee consisted of eleven elected County Councillors (voting members), three representatives of Nottingham City Council, two representatives of the District Councils, two representatives of the Trade Unions, a representative elected by the other scheduled and admitted bodies and two appointed pensioner representatives (non voting members). Meetings were also attended by an independent adviser and representatives of the Chief Financial Officer.

The investments were managed by officers of the Authority or by organisations specialising in the management of pension fund assets. The Nottinghamshire Pension Fund Committee was responsible for monitoring performance of the fund and met on a quarterly basis to review the Fund's main investment managers and their performance.

(f) Major sources of estimation uncertainty

In applying the accounting policies set out in Note 1 above, the Authority has had to make certain estimates about complex transactions or those involving uncertainty about future events. Estimates and assumptions are made taking into account historical experience, current trends and other relevant factors. However, the nature of estimation means that the actual results could differ from the assumptions and estimates.

Property Investments - Valuation techniques are used to determine the carrying amount of pooled property funds and directly held freehold and leasehold property. Where possible these valuation techniques are based on observable data but where this is not possible management uses the best available data, eg. comparable sales, market trends, zoning, physical condition, location, and environmental factors. The impact of a variation of 10% on valuation is shown in Note 12b.

Level 3 Investments - Private equity investments are valued at fair value in accordance with International Private Equity and Venture Capital Valuation Guidelines (2018). Investments are not publicly listed and as such there is a degree of estimation - surrounding discounted cashflow forecasts, comparable companies, or precedent transactions - involved in the valuation. The impact of a variation of 20% on valuation is shown in Note 12b.

(g) Critical Judgements

The Fund's investment portfolio includes a number of directly owned properties which are leased commercially to various tenants. The Fund has determined that these contracts all constitute operating lease arrangements under the classifications permitted by the Code, therefore the properties are retained on the net asset statement at fair value. Rental income is recognised in the fund account on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. if there is a premium paid at the inception of the lease).

(h) External Audit

A separate fee is payable to Forvis Mazars LLP for audit of the Pension Fund. All fees have been included in the accounts for the period to which they relate. The fee for 2023/24 is £94,120, which excludes an estimated additional £30,000 for IAS19 assurance (£70,656 including £17,600 for IAS 19 assurance for 2022/23, audited by Grant Thornton UK LLP).

3. Contributors and Pensioners

| | Members at 31 March 2024 | | | | Total |
|------------------------|--------------------------|--------------|-------------------|--------|----------------|
| | County Council | City Council | District Councils | Other | |
| Contributors | 13,070 | 9,033 | 3,550 | 22,102 | 47,755 |
| Deferred Beneficiaries | 26,995 | 12,984 | 4,419 | 22,777 | 67,175 |
| Pensioners | 20,712 | 9,497 | 5,536 | 11,140 | 46,885 |
| | | | | | 161,815 |

| | Members at 31 March 2023 | | | | Total |
|------------------------|--------------------------|--------------|-------------------|--------|----------------|
| | County Council | City Council | District Councils | Other | |
| Contributors | 13,023 | 7,972 | 3,372 | 22,771 | 47,138 |
| Deferred Beneficiaries | 26,840 | 12,941 | 4,416 | 20,930 | 65,127 |
| Pensioners | 19,904 | 9,033 | 5,382 | 10,034 | 44,353 |
| | | | | | 156,618 |

4. Analysis of Contributions

| | Employers | | Members | | Total | |
|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2022/23 £000 | 2023/24 £000 | 2022/23 £000 | 2023/24 £000 | 2022/23 £000 | 2023/24 £000 |
| County Council | | | | | | |
| Normal | 41,621 | 47,601 | 13,951 | 14,970 | 55,572 | 62,571 |
| Deficit Recovery | 0 | 3,880 | | | 0 | 3,880 |
| Other | 48 | 288 | 23 | 24 | 71 | 312 |
| Scheduled Bodies | | | | | | |
| Normal | 108,777 | 132,753 | 38,030 | 43,839 | 146,806 | 176,591 |
| Deficit Recovery | 13,674 | 13,646 | | | 13,674 | 13,646 |
| Other | 2,366 | 2,370 | 426 | 423 | 2,792 | 2,792 |
| Admitted Bodies | | | | | | |
| Normal | 6,459 | 6,815 | 2,211 | 2,319 | 8,670 | 9,134 |
| Deficit Recovery | 2,037 | 1,076 | | | 2,037 | 1,076 |
| Other | 333 | 6 | 2 | 2 | 334 | 8 |
| | 175,315 | 208,435 | 54,643 | 61,577 | 229,958 | 270,011 |

5. Analysis of Benefits

| | 2022/23 £000 | 2023/24 £000 |
|--------------------------|-----------------|-----------------|
| Pensions | 197,937 | 221,114 |
| Commutation and lump sum | 36,224 | 38,722 |
| Lump sum death benefits | 6,202 | 6,933 |
| | <u>240,363</u> | <u>266,769</u> |
| Comprising of: | | |
| County Council | 89,092 | 95,976 |
| Scheduled Bodies | 139,829 | 157,526 |
| Admitted Bodies | 11,442 | 13,267 |
| | <u>240,363</u> | <u>266,769</u> |

6. Management Expenses

| | 2022/23 £000 | 2023/24 £000 |
|---|-----------------|-----------------|
| Administration expenses | 2,687 | 3,164 |
| Oversight and governance expenses | 1701 | 1875 |
| Investment Management Expenses: | | |
| Custody fees | 262 | 256 |
| Investment management fees | 4,520 | 5,051 |
| Estimated embedded costs within pooled investment funds | 16,948 | 16,112 |
| Other external fees | 53 | 22 |
| Administering Authority Costs | 55 | 28 |
| | <u>26,226</u> | <u>26,509</u> |

The investment management fees shown above are those fees attributable to external managers and charged directly to the Fund. Additional fees and charges are incurred through pooled investment vehicles. These have the effect of reducing the fair value of the investments. The estimated embedded costs within pooled investment vehicles were £16.1 million or 0.56% of the associated assets in 2023/24 (£16.9 million or 0.60% in 2022/23). Investment Management Fees have been grossed up in line with the Code.

7. Investment Income

| Analysis by type of investment | 2022/23 £000 | 2023/24 £000 |
|---|-----------------|-----------------|
| Interest from fixed interest securities | (6,877) | (4,659) |
| Interest from index-linked securities | - | (44) |
| Dividends from equities | (44,718) | (47,646) |
| Income from pooled investment vehicles | (5,082) | (3,962) |
| Income from property pooled vehicles | (7,709) | (6,277) |
| Net rents from property | (19,655) | (18,966) |
| Interest on cash deposits | (3,127) | (9,188) |
| Other | (2,950) | (1,967) |
| | <u>(90,118)</u> | <u>(92,709)</u> |

Analysis of property rents:

| | | |
|--------------------------------|-----------------|-----------------|
| Rental income | (21,431) | (21,201) |
| Less operating expenses | 1,776 | 2,235 |
| Net rents from property | <u>(19,655)</u> | <u>(18,966)</u> |

The future minimum lease payments receivable by the Fund are as follows:

| | 2022/23 £000 | 2023/24 £000 |
|---|-----------------|-----------------|
| Within one year | 21,503 | 21,416 |
| Between one and five years | 68,422 | 77,256 |
| Later than five years | 157,326 | 155,089 |
| Future lease payments due under existing contracts | <u>247,251</u> | <u>253,761</u> |

8. Investments

| (a) Investment Analysis | 31 March 2023 £000 | 31 March 2024 £000 |
|--------------------------------------|-----------------------|-----------------------|
| Fixed Interest Securities | | |
| UK Public Sector | 133,618 | 134,148 |
| UK Other | 86,728 | 26,809 |
| Index Linked Securities | | |
| Public Sector | - | 33,922 |
| Equities | | |
| UK | 794,607 | 814,653 |
| Overseas | 866,746 | 1,035,154 |
| Unlisted | 2,000 | 2,000 |
| Pooled Investment Vehicles | | |
| Unit Trusts | 1,433,591 | 1,579,678 |
| Other Managed Funds | 2,262,361 | 2,487,763 |
| Pooled Vehicles Invested in Property | | |
| Property Unit Trusts | 161,424 | 127,199 |
| Other Managed Funds | 192,886 | 201,606 |
| Property | 394,825 | 396,300 |
| Cash and Currency | 107,288 | 163,995 |
| Total Investments | <u>6,436,074</u> | <u>7,003,227</u> |

The original values of investments are based on purchase cost plus transaction costs. If any investments have been held since 1 April 1974 (when the Authority was given the responsibility for the Fund) these are included at the market value as at that date.

To the value of the Total Investments shown above must be added any cash amounts due from/to the Fund's various fund managers on 31 March. These amounts are shown as Other Investment Balances and Investment Liabilities in the Net Assets Statement, and also in note 10.

| | 31 March 2023 £000 | 31 March 2024 £000 |
|---|-----------------------|-----------------------|
| Market Value | 6,436,074 | 7,003,227 |
| Original Value | 5,582,679 | 5,732,604 |
| Excess of Market Value over Original Value | 853,395 | 1,270,623 |

(b) Reconciliation of Opening and Closing Values of Investments 2023/24

| | Value at 31 March 2023 £000 | Purchases at Cost £000 | Proceeds of Sales £000 | Embedded Fees £000 | Change in Market Value £000 | Value at 31 March 2024 £000 |
|----------------------------|--------------------------------------|------------------------------|------------------------------|--------------------------|--------------------------------------|--------------------------------------|
| Fixed Interest Securities | 220,346 | 15,696 | (75,089) | | 4 | 160,957 |
| Index Linked Securities | - | 30,012 | - | | 3,910 | 33,922 |
| Equities | 1,663,353 | 465,313 | (461,009) | | 184,150 | 1,851,807 |
| Pooled Investment Vehicles | 3,695,952 | 99,038 | (28,578) | (16,112) | 317,141 | 4,067,441 |
| Property Pooled Vehicles | 354,310 | 28,909 | (31,334) | | (23,080) | 328,804 |
| Property | 394,825 | 80 | - | | 1,395 | 396,300 |
| | 6,328,786 | 639,048 | (596,010) | (16,112) | 483,520 | 6,839,231 |
| Cash deposits | 107,288 | | | | | 163,995 |
| | 6,436,074 | | | | | 7,003,226 |

Reconciliation of Opening and Closing Values of Investments 2022/23

| | Value at 1 April 2022 £000 | Purchases at Cost £000 | Proceeds of Sales £000 | Embedded Fees £000 | Change in Market Value £000 | Value at 31 March 2023 £000 |
|----------------------------|-------------------------------------|------------------------------|------------------------------|--------------------------|--------------------------------------|--------------------------------------|
| Fixed Interest Securities | 343,093 | 103,922 | (189,254) | | (37,415) | 220,346 |
| Equities | 1,916,522 | 502,485 | (730,242) | | (25,412) | 1,663,353 |
| Pooled Investment Vehicles | 3,361,347 | 475,545 | (84,117) | (16,948) | (39,875) | 3,695,952 |
| Property Pooled Vehicles | 309,469 | 64,962 | (6,057) | | (14,064) | 354,310 |
| Property | 500,950 | (490) | (18,237) | | (87,398) | 394,825 |
| | 6,431,381 | 1,146,424 | (1,027,907) | (16,948) | (204,164) | 6,328,786 |
| Cash deposits | 161,973 | | | | | 107,288 |
| | 6,593,354 | | | | | 6,436,074 |

Transaction costs are included in the cost of purchases and sale proceeds. The costs charged directly to the Fund, such as fees, commissions and stamp duty, amounted to £1.9 million in 2023/24 (£1.7 million in 2022/23). In addition, indirect costs are incurred through the bid-offer spread on investments. This amount is not separately provided. All net gains and losses on financial instruments relate to financial assets held at fair value through profit and loss. In 2023/24, net gains on financial assets and financial liabilities measured at fair value were £483.521 (£204.164m net loss in 2022/23).

(c) Management Arrangements

The assets of the Fund are managed within six portfolios and a breakdown of these as at the Net Assets Statement date is shown below:

| | 31 March 2023 | | 31 March 2024 | |
|--------------------------|------------------|---------------|------------------|---------------|
| | £000 | | £000 | |
| Core Index (LGIM) | 1,286,977 | 20.0% | 1,462,071 | 20.9% |
| Schroder Active Equities | 1,772,074 | 27.6% | 2,037,769 | 29.0% |
| LGPS Central | 1,194,989 | 18.6% | 1,383,991 | 19.8% |
| Fixed Interest (Aegon) | 86,728 | 1.3% | 26,809 | 0.4% |
| Property (abrdn) | 536,142 | 8.3% | 523,630 | 7.5% |
| Specialist (In house) | 1,559,164 | 24.2% | 1,568,957 | 22.4% |
| Total | 6,436,074 | 100.0% | 7,003,226 | 100.0% |

The following investments represent over 5% of the net assets of the Fund.

| | Market Value | | Market Value | |
|---------------------------------|---------------|-----------|---------------|-----------|
| | 31 March 2023 | | 31 March 2024 | |
| | £000 | % of Fund | £000 | % of Fund |
| Legal & General UK Equity Index | 448,630 | 7.0% | 486,877 | 7.0% |
| Aegon Diversified Growth Fund | 326,264 | 5.1% | 357,020 | 5.4% |

(d) Asset Allocation

The asset allocation of the Fund as at the Net Assets Statement date is shown below:

| | 31 March 2023 | | 31 March 2024 | |
|-------------------------------|------------------|---------------|------------------|---------------|
| | £000 | | £000 | |
| UK Fixed Interest Bonds | 220,346 | 3.4% | 160,957 | 2.3% |
| Global Fixed Interest Bonds | 296,110 | 4.6% | 321,386 | 4.6% |
| Index Linked Securities Bonds | - | - | 33,922 | 0.5% |
| UK Equities | 1,113,252 | 17.3% | 1,201,156 | 17.2% |
| Overseas Equities: | | | | |
| US | 922,778 | 14.3% | 1,114,219 | 15.9% |
| Europe | 559,984 | 8.7% | 626,404 | 8.9% |
| Japan | 256,918 | 4.0% | 293,857 | 4.2% |
| Pacific Basin | 175,704 | 2.7% | 182,599 | 2.6% |
| Emerging Markets | 309,951 | 4.8% | 330,208 | 4.7% |
| Global Equities | 426,948 | 6.6% | 494,146 | 7.1% |
| UK Property | 627,421 | 9.7% | 596,768 | 8.5% |
| Overseas Property | 139,769 | 2.2% | 149,377 | 2.1% |
| Private Equity | 242,194 | 3.8% | 226,769 | 3.2% |
| Infrastructure | 508,054 | 7.9% | 507,432 | 7.3% |
| Credit | 203,093 | 3.2% | 243,011 | 3.5% |
| Multi-Asset | 326,264 | 5.1% | 357,020 | 5.1% |
| Forward Foreign Exchange | - | - | - | - |
| Cash | 107,288 | 1.7% | 163,995 | 2.3% |
| Total | 6,436,074 | 100.0% | 7,003,226 | 100.0% |

(e) Property

Direct property is shown at the open market value as at 31 March 2024 (as defined by the International Valuation Standards Committee) as determined by Knight Frank LLP.

The analysis of property is:

| | 31 March 2023 | 31 March 2024 |
|------------------------------|-----------------------|-----------------------|
| | £000 | £000 |
| Freehold | 369,025 | 369,225 |
| Leasehold more than 50 years | 25,800 | 27,075 |
| | <u>394,825</u> | <u>396,300</u> |

Details of movements on directly owned properties are as follows:-

| | 31 March 2023 | 31 March 2024 |
|---|-----------------------|-----------------------|
| | £000 | £000 |
| Opening balance | 500,950 | 394,825 |
| Additions: | | |
| Purchases | (550) | (21) |
| New construction | - | - |
| Subsequent expenditure | 60 | 101 |
| Disposals | (18,237) | - |
| Net increase/(decrease) in market value | (87,398) | 1,395 |
| Closing balance | <u>394,825</u> | <u>396,300</u> |

Note that final cash adjustments to property purchases made in a prior year may appear as a negative figure in the year in which they are reported.

(f) Analysis of Pooled Investment Vehicles

The underlying economic exposure of pooled investment vehicles is shown below:

| | 31 March 2023 | 31 March 2024 |
|--------------------|-------------------------|-------------------------|
| | £000 | £000 |
| Bonds | 296,110 | 321,386 |
| UK Equities | 476,030 | 523,779 |
| Overseas Equities: | | |
| US | 252,799 | 320,754 |
| Europe | 421,804 | 455,820 |
| Japan | 198,331 | 222,753 |
| Pacific Basin | 175,704 | 182,599 |
| Emerging Markets | 309,951 | 330,208 |
| Global | 426,948 | 494,145 |
| UK Property | 222,934 | 186,921 |
| Overseas Property | 131,376 | 141,884 |
| Private Equity | 240,194 | 224,769 |
| Infrastructure | 368,724 | 391,196 |
| Credit | 203,093 | 243,011 |
| Multi-Asset | 326,264 | 357,020 |
| Total | <u>4,050,262</u> | <u>4,396,245</u> |

(g) Private Equity and Infrastructure Funds

Commitments to these funds are drawn over time as underlying investments are made. Total undrawn commitment as at 31 March 2024 was £384.6 million (£362.4 million at 31 March 2023). The following were new commitments made during 2023/24:

| | Currency | Commitment millions |
|---|----------|------------------------|
| Dorchester Credit Secondaries Offshore VI | USD | 10 |
| Cheyne SVC Hybrid | GBP | 25 |
| YFM Buyout Fund III LP | GBP | 20 |
| Coller International IX | USD | 49 |
| LGPS Central PE Primary 2023 LP | GBP | 35 |

(h) Analysis of derivatives

There were no derivatives held at 31 March 2024 or 31 March 2023.

9. Contingent Liabilities

The Fund has no contingent liabilities.

10. Other Investment Balances and Liabilities

| | 31 March 2023 £000 | 31 March 2024 £000 |
|-------------------------------------|-----------------------|-----------------------|
| Other investment balances | | |
| Outstanding investment transactions | 12,332 | 3,394 |
| Investment income | 20,093 | 16,602 |
| | <u>32,425</u> | <u>19,996</u> |
| Investment Liabilities | | |
| Investment income | (4,575) | (4,433) |
| | <u>(4,575)</u> | <u>(4,433)</u> |

11. Current Assets and Liabilities

| | 31 March 2023 £000 | 31 March 2024 £000 |
|----------------------------------|-----------------------|-----------------------|
| Current assets | | |
| Contributions due from employers | 18,877 | 19,294 |
| Other | 2,373 | 2,452 |
| | <u>21,250</u> | <u>21,746</u> |
| Current Liabilities | | |
| Sundry creditors | (17,927) | (12,311) |
| Other | (733) | (1,022) |
| | <u>(18,660)</u> | <u>(13,333)</u> |

12. Financial Instruments and Property Investments

(a) The various financial instruments held by the Fund are valued at fair value or amortised cost. The following tables analyse the value of financial assets and liabilities by asset class.

Property assets are not included in this table as they are not financial instruments, which is otherwise consistent with the figures in note 8.

| | 31 March 2024 | | | Totals £000 |
|------------------------------|--|---|--|------------------|
| | Financial assets measured at Fair Value through profit and loss £000 | Financial assets at amortised cost £000 | Financial liabilities at amortised cost £000 | |
| Financial Assets | | | | |
| Fixed Interest Securities | 160,957 | - | - | 160,957 |
| Index Linked Securities | 33,922 | - | - | 33,922 |
| Equities | 1,851,807 | - | - | 1,851,807 |
| Pooled Investment Vehicles | 4,067,441 | - | - | 4,067,441 |
| Property Pooled Vehicles | 328,805 | - | - | 328,805 |
| Cash deposits | - | 163,995 | - | 163,995 |
| Other investment balances | - | 19,996 | - | 19,996 |
| | 6,442,932 | 183,991 | - | 6,626,923 |
| Financial Liabilities | | | | |
| Investment Liabilities | - | - | (4,433) | (4,433) |
| | 6,442,932 | 183,991 | (4,433) | 6,622,490 |

| | 31 March 2023 | | | Totals £000 |
|------------------------------|--|--|--|------------------|
| | Financial assets measured at Fair Value through profit and loss £000 | Assets at amortised cost £000 | Financial liabilities at amortised cost £000 | |
| Financial Assets | | | | |
| Fixed Interest Securities | 220,346 | - | - | 220,346 |
| Equities | 1,663,353 | - | - | 1,663,353 |
| Pooled Investment Vehicles | 3,695,952 | - | - | 3,695,952 |
| Property Pooled Vehicles | 354,310 | - | - | 354,310 |
| Cash deposits | - | 107,288 | - | 107,288 |
| Other investment balances | - | 32,425 | - | 32,425 |
| | 5,933,961 | 139,713 | - | 6,073,674 |
| Financial Liabilities | | | | |
| Investment Liabilities | - | - | (4,575) | (4,575) |
| | 5,933,961 | 139,713 | (4,575) | 6,069,099 |

No financial assets were reclassified during the accounting period.

(b) Valuation of financial instruments and Property Investments carried at fair value

The valuation of investments has been classified into three levels according to the quality and reliability of information used to determine fair values.

- Level 1 Fair values derived from quoted market price.
 - this includes all quoted equity, fixed interest and index linked instruments and quoted funds.
- Level 2 Fair values derived from valuation techniques based significantly on observable inputs.
 - this includes unquoted funds containing equity, fixed interest and index linked instruments and unquoted property funds which are regularly traded.
- Level 3 Fair values derived from valuation techniques where at least one significant input is not based on observable market data.
 - this includes unquoted securities and investments in private equity funds.
 - following IFRS13 guidance property and property funds are generally classified as level 3.

In the table below all private equity, infrastructure, credit, and property funds are considered level 3 (except for the Aegon (Kames) Active Beta Property Fund which, since it is 'active', is level 2). All listed securities are level 1, except for listed funds that hold underlying unquoted funds and so are considered level 2.

The basis of valuation, inputs and key sensitivities for level 2 and 3 investments are described below.

| Description of asset | Basis of valuation | Observable inputs | Unobservable inputs | Key sensitivities affecting the valuations provided |
|--|---|--|---|--|
| Unquoted pooled fund investments (Level 2) | Average of broker prices | Evaluated price feeds | | None |
| Pooled property funds and hedge funds where regular trading takes place (Level 2) | Closing bid price | NAV-based pricing set on a forward pricing basis | | None |
| Pooled property funds and hedge funds where no regular trading takes place (Level 3) | Property fund valuations are based on an independent external valuation at the Net Assets Statement date. | <ul style="list-style-type: none"> • lease terms • vacancy levels • discount rate | <ul style="list-style-type: none"> • nature of tenancies • covenant strength • estimated rental growth | General changes to market prices affecting specific sectors of the property rental market. |
| Freehold and leasehold properties (Level 3) | Property investments are stated at open market value based on a quarterly independent external valuation in accordance with the Royal Institute of Chartered Surveyors' Valuation Standards at the Net Assets Statement date. | <ul style="list-style-type: none"> • lease terms • vacancy levels • discount rate | <ul style="list-style-type: none"> • nature of tenancies • covenant strength • estimated rental growth | Significant changes in rental growth, vacancy levels or the discount rate could affect valuations as could more general changes to market prices |
| Unquoted securities (Level 3) | Unquoted securities and pooled private equity and property investments are valued at fair value by the fund managers in accordance with industry accepted guidelines. | <ul style="list-style-type: none"> • earnings • revenue | • comparable valuations | Valuations could be affected by post balance sheet events, changes to expected cashflows, or by any differences between audited and unaudited accounts |

| As at 31 March 2024 | Level 1 £000 | Level 2 £000 | Level 3 £000 | Total £000 |
|------------------------------------|------------------|------------------|------------------|------------------|
| Financial Assets | | | | |
| Fair value through profit and loss | | | | |
| Financial instruments | 2,328,309 | 2,936,471 | 1,178,151 | 6,442,931 |
| Non Financial Assets | | | | |
| Fair value through profit and loss | | | | |
| Freehold and leasehold property | - | - | 396,300 | 396,300 |
| Total | 2,328,309 | 2,936,471 | 1,574,451 | 6,839,231 |

| As at 31 March 2023 | Level 1 £000 | Level 2 £000 | Level 3 £000 | Total £000 |
|------------------------------------|------------------|------------------|------------------|------------------|
| Financial Assets | | | | |
| Fair value through profit and loss | | | | |
| Financial instruments | 2,132,569 | 2,800,717 | 1,000,676 | 5,933,961 |
| Non Financial Assets | | | | |
| Fair value through profit and loss | | | | |
| Freehold and leasehold property | - | - | 394,825 | 394,825 |
| Total | 2,132,569 | 2,800,717 | 1,395,501 | 6,328,786 |

Reconciliation of Fair Value measurements within Level 3

| | Freehold and leasehold property £000 | Unquoted securities £000 |
|-----------------------------------|--|-----------------------------|
| Market value 1 April 2023 | 394,825 | 1,000,676 |
| Purchases during the year | 80 | 10,254 |
| Sales during the year | - | (3,536) |
| Unrealised gains / (losses) | 4,561 | 147,941 |
| Realised gains / (losses) | (3,166) | 22,816 |
| Market value 31 March 2024 | 396,300 | 1,178,151 |
| | | |
| Market value 1 April 2022 | 500,950 | 905,282 |
| Purchases during the year | (490) | 77,928 |
| Sales during the year | (18,237) | (5,263) |
| Unrealised gains / (losses) | (84,232) | 15,798 |
| Realised gains / (losses) | (3,166) | 6,931 |
| Market value 31 March 2023 | 394,825 | 1,000,676 |

Sensitivity of assets valued at level 3

| | Assessed valuation range (+/-) | Value at 31 March 2024 £000 | Value on increase £000 | Value on decrease £000 |
|---------------------------------|--------------------------------------|-----------------------------------|------------------------------|------------------------------|
| Freehold and leasehold property | 10% | 396,300 | 435,930 | 356,670 |
| Unquoted securities | 20% | 1,178,151 | 1,413,781 | 942,521 |
| Total | | 1,574,451 | 1,849,711 | 1,299,191 |

| | Assessed valuation range (+/-) | Value at 31 March 2023 £000 | Value on increase £000 | Value on decrease £000 |
|---------------------------------|--------------------------------------|-----------------------------------|------------------------------|------------------------------|
| Freehold and leasehold property | 10% | 394,825 | 434,308 | 355,343 |
| Unquoted securities | 20% | 1,000,676 | 1,200,811 | 800,541 |
| Total | | 1,395,501 | 1,635,119 | 1,155,884 |

The potential movement of 20% for unquoted securities is derived from changes in the underlying profitability of component companies/partnerships noting that the components are forward priced.

(c) Nature and extent of risks arising from financial instruments

The aims of the Fund are to:

- manage employers' liabilities effectively
- ensure that sufficient resources are available to meet all liabilities as they fall due
- maximise the returns from investments within reasonable risk parameters
- enable employer contribution rates to be kept as nearly constant as possible and at reasonable cost to the taxpayers, scheduled, resolution and admitted bodies.

The key risks to the achievement of these aims, as well as measures to mitigate those risks, are set out in the various Fund policies (available at www.nottspf.org.uk) including:

- Investment Strategy Statement
- Funding Strategy Statement
- Governance Compliance Statement
- Risk Management Strategy and Risk Register

The Risk Register identifies the highest risks as arising from:

- Inadequate resources are available to manage the Pension Fund
- Fund assets are assessed as insufficient to meet long term liabilities
- Standing data and permanent records are not accurate
- Significant variations from assumptions used in the actuarial valuation

Actions have been agreed to mitigate these risks.

The Fund's primary risk is that its assets fall short of its long term liabilities. The Funding Strategy Statement states that the funding objectives are to:

- Set levels of employer contribution rates to target a 100% funding level over an appropriate time period and using appropriate actuarial assumptions, while taking into account the different characteristics of participating employers.
- Build up the required assets in such a way that employer contribution rates are kept as stable as possible, with consideration of the long-term cost efficiency objective.

The most significant effect on the funding level arises from changes in the discount rate used by the actuaries. The Fund was assessed at the last triennial valuation as being fully funded.

The Fund continues to receive significant investment income and is therefore unlikely to need to sell assets in order to meet pension benefits in the near future. This allows the Fund to implement a long term investment strategy and minimise the impact of short term fluctuations in investment and currency markets. The strategy, and the assumptions that underpin it, are reviewed on a regular basis and cash flows are monitored closely to ensure there is sufficient liquidity to meet forecast cash flows.

The investment strategy is aimed at achieving best returns in line with the requirements of the triennial valuation whilst minimising risk and overall variability in future employers' contribution rates. Specific risks arising from financial instruments include market risk, interest rate risk, currency risk, credit risk and liquidity risk (described in more detail below). These risks are managed within the Fund through diversification of assets, careful selection of managers and counter parties, and prudent treasury management. The level of risk in the equities block is managed by a balance between passive and active management.

Policies are reviewed regularly to reflect changes in activity and in market conditions. Responsibility for reviewing and revising the policies rests with the Nottinghamshire Pension Fund Committee.

Market risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix. The objective of the fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, while optimising investment return.

In consultation with its advisers, the Fund has determined that the following movements in market price risk are reasonably possible in 2024/25. Data is provided on the basis of a 1 standard deviation move, which might be expected to happen either up or down approximately one year in three. It is assumed that all other variables, in particular foreign exchange rates and interest rates, remain the same. The same table from the previous year is shown as a comparator.

| Asset type | Value as at 31 March 24 £000 | Potential market movements (+/-) | Value on increase £000 | Value on decrease £000 |
|-------------------------|------------------------------------|-------------------------------------|------------------------------|------------------------------|
| UK Fixed interest | 160,957 | 10.7% | 178,179 | 143,735 |
| Global Fixed interest | 321,386 | 8.0% | 347,097 | 295,675 |
| Index Linked Securities | 33,922 | 15.9% | 39,316 | 28,528 |
| UK Equities | 1,201,156 | 16.6% | 1,400,548 | 1,001,764 |
| Overseas equities | 3,041,433 | 17.3% | 3,567,601 | 2,515,265 |
| Property | 746,145 | 10.0% | 820,760 | 671,531 |
| Private Equity | 226,769 | 21.5% | 275,524 | 178,014 |
| Infrastructure | 507,432 | 14.6% | 581,517 | 433,347 |
| Credit | 243,011 | 10.1% | 267,555 | 218,467 |
| Multi-asset | 357,020 | 10.0% | 392,722 | 321,318 |
| Total | 6,839,231 | | 7,870,819 | 5,807,643 |

| Asset type | Value as at 31 March 23 £000 | Potential market movements (+/-) | Value on increase £000 | Value on decrease £000 |
|-----------------------|------------------------------------|-------------------------------------|------------------------------|------------------------------|
| UK Fixed interest | 220,346 | 11.9% | 246,567 | 194,125 |
| Global Fixed interest | 296,110 | 8.4% | 320,983 | 271,237 |
| UK Equities | 1,113,252 | 19.4% | 1,329,223 | 897,281 |
| Overseas equities | 2,652,283 | 20.2% | 3,188,044 | 2,116,522 |
| Property | 767,190 | 11.5% | 855,417 | 678,963 |
| Private Equity | 242,194 | 23.6% | 299,352 | 185,036 |
| Infrastructure | 508,054 | 15.9% | 588,835 | 427,273 |
| Credit | 203,093 | 9.9% | 223,199 | 182,987 |
| Multi-asset | 326,264 | 11.3% | 363,132 | 289,396 |
| Total | 6,328,786 | | 7,414,752 | 5,242,820 |

Interest rate risk

The fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Long-term average rates are expected to move less than 1% from one year to the next.

A 1% increase in interest rates will not affect the interest received on fixed interest assets but will reduce their fair value, and vice versa. Changes in interest rates do not impact on the value of cash balances but they will affect the interest income received on those balances.

The analysis that follows assumes that all other variables, in particular exchange rates, remain constant, and shows the effect in the year on the net assets available to pay benefits of a +/- 1% change in interest rates. Comparator tables from the previous year are also shown.

| Exposure to interest rate risk from directly held investments | Asset values as at 31 March 24 | Impact of 1% decrease | Impact of 1% increase |
|--|---------------------------------------|------------------------------|------------------------------|
| | £000 | £000 | £000 |
| Cash | 163,995 | 163,995 | 163,995 |
| Fixed interest bonds | 160,957 | 226,923 | 94,991 |
| Total | 324,952 | 390,918 | 258,986 |

| Exposure to interest rate risk from directly held | Asset values as at 31 March 23 | Impact of 1% decrease | Impact of 1% increase |
|--|---------------------------------------|------------------------------|------------------------------|
| | £000 | £000 | £000 |
| Cash | 107,288 | 107,288 | 107,288 |
| Fixed interest bonds | 220,346 | 239,048 | 205,955 |
| Total | 327,634 | 346,336 | 313,243 |

The Fund is also indirectly exposed to interest rate risk within some pooled investments.

| Exposure to interest rate risk | Interest receivable 2023/24 | Value on 1% increase | Value on 1% decrease |
|---------------------------------------|------------------------------------|-----------------------------|-----------------------------|
| | £000 | £000 | £000 |
| Cash | (9,188) | (11,004) | (7,372) |
| Fixed interest bonds | (4,659) | (4,659) | (4,659) |
| Total | (13,847) | (15,663) | (12,031) |

| Exposure to interest rate risk | Interest receivable 2022/23 | Value on 1% increase | Value on 1% decrease |
|---------------------------------------|------------------------------------|-----------------------------|-----------------------------|
| | £000 | £000 | £000 |
| Cash | (3,127) | (4,683) | (1,571) |
| Fixed interest bonds | (6,877) | (6,877) | (6,877) |
| Total | (10,004) | (11,560) | (8,448) |

Currency risk

Currency risk represents the risk that future cash flows will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on any cash balances and investment assets not denominated in Sterling. The Fund considers the likely volatility associated with foreign exchange movements to be not more than 15%. A 15% strengthening/weakening of the pound against the various currencies in which the Fund holds investments would increase/decrease the net assets available to pay benefits as follows.

| Assets directly exposed to currency risk | Asset value as at 31 March 24 | Potential market movement | Value on increase | Value on decrease |
|---|--------------------------------------|----------------------------------|--------------------------|--------------------------|
| | £000 | £000 | £000 | £000 |
| Overseas equities | 1,035,154 | 155,273 | 1,190,427 | 879,881 |
| Overseas pooled funds | 264,508 | 39,676 | 304,184 | 224,832 |
| Total change in assets available to pay benefits | 1,299,662 | 194,949 | 1,494,611 | 1,104,713 |

| Assets directly exposed to currency risk | Asset value as at 31 March 23 | Potential market movement | Value on increase | Value on decrease |
|---|--------------------------------------|----------------------------------|--------------------------|--------------------------|
| | £000 | £000 | £000 | £000 |
| Overseas equities | 866,746 | 130,012 | 996,758 | 736,734 |
| Overseas pooled funds | 797,912 | 119,687 | 917,599 | 678,225 |
| Total change in assets available to pay benefits | 1,664,658 | 249,699 | 1,914,357 | 1,414,959 |

The Fund is also indirectly exposed to currency risk within other investments.

Credit risk

Credit risk represents the risk that the counterparty to a financial transaction will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities. The selection of high-quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure of third parties to settle transactions in a timely manner. The Fund has also set limits as to the maximum sum placed on deposit with individual financial institutions. Money market funds chosen all have AAA rating.

The Pension Fund has experienced no defaults from fund managers, brokers or bank accounts over the past five years.

Liquidity risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The pension fund therefore takes steps to ensure that it always has adequate cash resources to meet its commitments through its daily treasury management processes. This cashflow planning and management ensures that the Fund's liquidity risk is low. The Fund's cash holding under its treasury management arrangements at 31 March 2024 was £164.0m (the holding on 31 March 2023 was £107.3m).

13. Members Additional Voluntary Contributions

The Nottinghamshire Fund provides an additional voluntary contribution (AVC) scheme to enable members to purchase additional benefits. Contributions are paid over to, and invested separately by, the two scheme providers: Prudential and Scottish Widows. The contributions are not included in the Fund's accounts in accordance with regulation 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016. The value of the separately invested AVCs is shown below. Note that the Scottish Widows value remains unchanged from 2022/23 as they have been unable to provide a figure in time for 2023/24.

| | 31 March 2023 £000 | 31 March 2024 £000 |
|------------------------------------|-----------------------|-----------------------|
| Prudential | | |
| AVCs paid by members | 1,961 | 1,988 |
| Values of separately invested AVCs | 32,559 | 19,916 |
| Scottish Widows | | |
| AVCs paid by members | 140 | See above note |
| Values of separately invested AVCs | 3,458 | See above note |

14. Related Party Transactions

Under IAS 24, a party is related to an entity if:

- the party is a member of the key management personnel
- the party is a post-employment benefit plan for the benefit of employees of the entity.

The purpose of related party disclosures is to provide information on transactions and balances that could have an effect on the operations or financial position of an entity. For example, related parties may enter into transactions that unrelated parties would not and transactions between related parties may not be made at the same amounts as between unrelated parties.

Disclosures are required for:

- the nature of the related party relationship.
- key management personnel compensation.
- information about the transactions and outstanding balances necessary for an understanding of the potential effect of the relationship on the financial statements.

Nottinghamshire County Council is the administering authority for the Local Government Pension Scheme (LGPS) within Nottinghamshire and is one of the major employers within the scheme. During the reporting period, the Council incurred costs of £3.20m (£2.48m in 2022/23) in relation to the administration and management of the Fund and was reimbursed by the Fund for these expenses.

Information regarding key management personnel is provided within the main accounts of Nottinghamshire County Council. The proportion recharged to the Pension Fund for 2023/24 is as follows:-

| Post Holder information (Post title and name (where applicable)) | Note | Salary (including fees & allowances) £ | Expenses £ | Compen- sation for Loss of Office £ | Employer Pension contri- butions* £ | Total Remun- eration £ |
|---|------|--|---------------|---|---|---------------------------------|
| Service Director (Customers, Governance and Employees) | 1 | 16,526 | - | - | 7,552 | 24,077 |
| Service Director (Finance, Infrastructure & Improvement) | 2 | 22,034 | 64 | - | 10,069 | 32,167 |

*Pension Contributions are estimated at 21.5% to account for the pensions deficit and are adjusted in accordance with IAS19

1. The Service Director for Customers, Governance and Employees has the statutory responsibility of the Monitoring Officer.
2. The post of Service Director (Finance, Infrastructure and Improvement) has the statutory responsibility of S151 Officer.

Comparative costs from 2022/23 are as follows:

| Post Holder information (Post title and name (where applicable)) | Note | Salary (including fees & allowances) | Expenses | Compensation for Loss of Office | Employer Pension contributions* | Total Remuneration |
|---|-------------|---|-----------------|--|--|---------------------------|
| | | £ | £ | £ | £ | £ |
| Service Director (Customers, Governance and Employees) | | 15,967 | - | - | 7,552 | 23,518 |
| Service Director (Finance, Infrastructure & Improvement) | | 21,289 | 32 | - | 10,069 | 31,390 |

Members and officers of the Council involved in managing the Fund are allowed to be members of the LGPS. All transactions between Nottinghamshire County Council and the Fund and all benefit payments from the Fund are in accordance with the regulations governing the LGPS. There are no transactions therefore that are made on a different basis from those with non-related parties.

LGPS Central Ltd has been established to manage investment assets on behalf of eight LGPS funds across the Midlands. It is jointly owned in equal shares by the eight administering authorities participating in the Pool and is a joint venture in accordance with IFRS 11. Control of LGPS Central Ltd is primarily through the Shareholders Forum, governed by a Shareholders Agreement and operating under company law, which has formal decision making powers. Nottinghamshire Pension Fund has equal voting rights alongside the other participating funds and unanimous decisions are required on key strategic matters. These are specified in the Shareholders Agreement and Articles of Association, and include the appointment and dismissal of the company's senior executives, approval of the company's strategic plan and any significant financial transactions, such as major acquisitions, lending or borrowing.

£1,315,000 has been invested in share capital and £685,000 in a loan to LGPS Central Ltd. This is held at historic cost and are the balances at year end, unchanged from 2022/23. The Fund earned £65,459 in interest during the year (£46,603 in 2022/23). Interest is paid in April but is recognised in the prior year.

LGPS Central Ltd has charged £1,597,000 in operating and investment management costs during the year (£1,384,000 in 2022/23), of which £410,000 (£293,000 in 2022/23) was outstanding at year end.

Nottinghamshire County Council as the Administering Authority of the Nottinghamshire Pension Fund has guaranteed a share of the pension liability relating to employees of LGPS Central Ltd that transferred into the company on creation. If this guarantee is called this will be funded by the Pension Fund.

Over time, LGPS Central Ltd will manage an increasing proportion of the Pension Fund's investments. At 31 March 2024 investments worth £1,384.0 million (31 March 2023 £1,195.3 million) were managed by LGPS Central Ltd.

15. Post Balance Sheet Events

No significant post balance sheet events have been identified.

Independent auditor's statement to the members of Nottinghamshire County Council on the Pension Fund financial statements included within the Nottinghamshire Pension Fund annual report

Report on the financial statements

We have examined the Pension Fund financial statements for the year ended 31 March 2024 included within the Nottinghamshire Pension Fund annual report, which comprise the Fund Account, the Net Assets Statement and the notes to the financial statements, including material accounting policy information.

Opinion

In our opinion, the Pension Fund financial statements are consistent with the audited financial statements of Nottinghamshire County Council for the year ended 31 March 2024 and comply with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

Respective responsibilities of the Service Director of Finance, Infrastructure & Improvement and the auditor

As explained more fully in the Statement of the Service Director of Finance, Infrastructure & Improvement's Responsibilities, the Service Director of Finance, Infrastructure & Improvement is responsible for the preparation of the Pension Fund's financial statements in accordance with applicable United Kingdom law.

Our responsibility is to report to the Members of Nottinghamshire County Council as a body, whether the Pension Fund financial statements within the Pension Fund annual report are consistent with the financial statements of Nottinghamshire County Council.

We conducted our work in accordance with Auditor Guidance Note 07 – Auditor Reporting, issued by the National Audit Office. Our report on the Pension Fund financial statements contained within the audited financial statements of Nottinghamshire County Council describes the basis of our opinions on the financial statements.

Use of this auditor's statement

This report is made solely to the members of Nottinghamshire County Council, as a body and as administering authority for the Nottinghamshire Pension Fund, in accordance with Part 5 paragraph 20(5) of the Local Audit and Accountability Act 2014. Our work has been undertaken so that we might state to the members of Nottinghamshire County Council those matters we are required to state to them and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Nottinghamshire County Council and Nottinghamshire County Council's members as a body, for our audit work, for this statement, or for the opinions we have formed.



Alastair Newall, Key Audit Partner
For and on behalf of Forvis Mazars LLP

One St Peter's Square,
Manchester
M2 3DE

22nd January 2025

LGPS Central pool

Nottinghamshire County Council - in conjunction with the administering authorities of Cheshire, Derbyshire, Leicestershire, Shropshire, Staffordshire, West Midlands and Worcestershire - has established a multi asset investment pool called LGPS Central (LGPSC). LGPSC has a structure that allows participating funds to exercise control (both individually, and collectively), not only as investors in the pooled funds, but also as shareholders (or 'partner funds') of the operator company, LGPS Central Ltd. It opened for business with the launch of 3 new mandates on 3 April 2018, and operates out of Wolverhampton, West Midlands, and Matlock, Derbyshire.

Asset Pooling

The table below provides data on the extent so far of how the Fund has implemented the pooling of its assets in LGPS Central and elsewhere. The Fund is keen to pool assets wherever a cost-effective appropriate investment option exists through the Pool. The Fund is working with LGPS Central to develop these where this can provide best value. However, it is recognised that these solutions are not easy to find and may take some time. Furthermore, many legacy assets are illiquid and would be expensive or impossible to transfer to the Pool. It is anticipated that it may be many years before these assets are pooled.

| Asset values as at 31 March 2024 | Pooled | Under pool manag ement | Not pooled | Total | Explanation / further information |
|---|---------------|---|-----------------------|--------------|--|
| | £m | £m | £m | £m | |
| Equities | | | | | |
| In pooled funds | 546 | | | | |
| In passive equity funds | | | 1,462 | | Invested through a joint procurement process which was a precursor to pooling. NPF considers these pooled. |
| Schroders active equity mandate | | | 1,995 | | Mandate held outside the pool awaiting a solution which enables NPF to maintain a higher UK allocation. |
| Specialist allocation | | | 239 | | Strategy not yet provided by pool |
| | | | | 4,243 | |

| Asset values as at 31 March 2024 | Pooled | Under pool manag ement | Not pooled | Total | Explanation / further information |
|---|---------------|---|-----------------------|--------------|---|
| Bonds | | | | | |
| In pooled funds | 477 | | | | Corporate bonds and listed credit |
| Gilts | | 134 | | | Discretionary mandate |
| Index Linked gilts | | 34 | | | Discretionary mandate |
| Short bonds | | | 27 | | Liquidity management tool outside scope of pooling – UK investment |
| | | | | 672 | |
| Property | | | | | |
| In pooled funds | 8 | | | | |
| Direct property | | | 396 | | UK Legacy assets – not cost effective to pool these without tax exemptions for transfers |
| Specialist property funds | | | 240 | | Legacy assets which will wind down over time |
| Indirect property | | | 14 | | Levelling up UK |
| Indirect property | | | 7 | | Other listed |
| Indirect property | | | 52 | | Specialist funds UK |
| Indirect property | | | 29 | | Legacy illiquid assets UK |
| | | | | 746 | |
| Diversified Growth Funds | | | | | |
| Inflation targeted fund | | | 357 | | Inflation targeted fund which also provides tactical asset allocation that neither the Pool nor NPF are resourced to deliver. |

| Asset values as at 31 March 2024 | Pooled | Under pool manag ement | Not pooled | Total | Explanation / further information |
|---|---------------|---|-----------------------|--------------|---|
| | | | | 357 | |
| Private Equity | | | | | |
| In pooled funds | 60 | | | | |
| Private equity | | | 98 | | Legacy assets which will wind down over time |
| Private equity | | | 29 | | Strategy not yet provided by pool |
| Smaller companies | | | 40 | | Levelling up investments |
| <i>Undrawn commitments</i> | <i>114</i> | | <i>112</i> | | <i>Excluded from total</i> |
| | | | | 227 | |
| Private debt | | | 30 | | Legacy assets |
| Private debt | | | 56 | | Strategy not yet provided by pool |
| | | | | 86 | |
| Infrastructure | | | | | |
| In pooled funds | 125 | | | | |
| Infrastructure | | | 116 | | Listed |
| Infrastructure | | | 265 | | Legacy assets which will wind down over time |
| Local infrastructure | | | 2 | | Levelling up investments |
| | | | | 507 | |
| Cash | | | 164 | 164 | Outside scope of pooling |
| Total | 1,216 | 168 | 5,619 | 7,003 | |

Supplementary table showing investments in the UK:

| Asset values as at 31 March 2024 | Pooled | Under pool manage ment | Not pooled | Total | Explanation / further information |
|---|---------------|---|-----------------------|--------------|--|
| | £m | £m | £m | £m | |
| UK Listed Equities passive | | | 487 | 487 | NPF consider these pooled |
| UK Listed Equities Active | 15 | | 714 | 714 | |
| UK Government Bonds | | 168 | | 168 | |
| UK Corporate bonds | 93 | | 27 | 120 | |
| UK Infrastructure | 35 | | 196 | 231 | |
| UK Private Equity | 3 | | 66 | 69 | |
| UK Property | 8 | | 578 | 779 | |
| UK Credit | 13 | | | 13 | |
| | | | | 2,403 | |

This table excludes some investments where the UK exposure is classified as ‘Europe’ and where the geographic exposure is not reported.

UK investments amount to at least 35% of the Fund (excluding cash).

Annual and cumulative savings arising from pooling

| Yearly figures | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Gross Savings (£m) | 0 | 0 | 0.3 | 0.6 | 1.1 | 2.2 | 2.3 |
| In-Year Costs (£m) | -0.5 | -0.9 | -1.9 | -1.1 | -1.4 | -1.6 | -1.5 |
| Net savings (£m) | -0.5 | -0.9 | -1.6 | -0.5 | -0.3 | 0.6 | 0.8 |
| | | | | | | | |
| Cumulative Net Saving (£m) | -0.5 | -1.4 | -3 | -3.5 | -3.9 | -3.4 | -2.6 |

These figures are calculated according to an agreed methodology for all LGPF schemes, and may include small rounding errors.

The information set out below reflects the information required by partner funds to meet the CIPFA Annual Report Pooling Disclosures.

The analysis provided by LGPSC relates to Nottinghamshire as a specific partner Fund. The information provided by LGPSC to each partner fund can be aggregated and reconciled back to the LGPSC's financial statements.

Set-Up Costs

| Cumulative 2014/15 to 2018/19 | Total £000 |
|------------------------------------|--------------|
| Set Up Costs | |
| Recruitment | 27 |
| Procurement | 2 |
| Professional Fees | 187 |
| IT | 97 |
| Staff Costs | 142 |
| Other Costs (provide details) | |
| Premises | 49 |
| Staffing-Related Costs | 5 |
| Travel and Expenses | 1 |
| Training and Events | 1 |
| FCA Fees | 1 |
| General Admin Costs | 2 |
| Set-Up Costs Before Funding | 514 |
| Share Capital | 1,315 |
| Debt | 685 |
| Other Costs | - |
| Set-Up Costs After Funding | 2,514 |

These remain unchanged since those reported in the 2018/19 Annual Report. The Pool is operational so no further set up costs are anticipated.

Governance, Operator and Product Development Charged by LGPSC to Partner Funds

| £000 | At 1 April-23 | Charges in Year | Settled in Year | At 31 March-24 |
|---------------------------|---------------|-----------------|-----------------|----------------|
| Governance Costs | - | 291 | - | - |
| Operator Costs | - | 886 | - | - |
| IMMC (*) | - | 328 | - | - |
| Product Development Costs | - | 92 | - | - |
| Total | 535 | 1,597 | (1,722) | 410 |

(*) Please note that this is expected to relate to IMMC charges in respect of any discretionary and/or advisory services provided by LGPSC to a Partner Fund.

Other Transactions between Partner Funds and LGPSC (e.g. service support provided by West Midlands to LGPSC / rent payable by LGPSC to Derbyshire County Council)

| £000 | At 1 April-23 | Charges in Year | Settled in Year | At 31 March-24 |
|---------------------------|---------------|-----------------|-----------------|----------------|
| Interest Payable | 46 | 65 | (46) | 65 |
| Shared pool support costs | 29 | 18 | (29) | 18 |
| Total | 75 | 83 | (75) | 83 |

LGPSC Investment Management Expenses Charged to Partner Funds

| £000 | Total | Bps Charge |
|-------------------------------------|--------------|--------------|
| Ad Valorem | 2,303 | 17.76 |
| Subtotal: Management Fees | 2,303 | 17.76 |
| Commissions | 146 | 1.13 |
| Taxes and Stamp Duty | 557 | 4.29 |
| Implicit Costs | 3,011 | 23.22 |
| Subtotal: Transaction Costs | 3,714 | 28.64 |
| Subtotal: Custody/Depositary | 99 | 0.76 |
| Fund Accounting | 116 | 0.89 |
| Transfer Agent | 13 | 0.10 |
| Property Expenses | 19 | 0.15 |
| External Audit | 16 | 0.12 |
| Performance Reporting | 21 | 0.16 |
| Transaction Charges | 113 | 0.87 |
| MACS Fees | 1 | 0.01 |
| Subtotal: Other | 299 | - |
| Grand Total | 6,415 | 49.46 |

Investment Management Expenses by Product / Service

| £000 | 1 | 6 | 10 | 11 | 12 | 13 | Total 2023/24 Costs | AUM At 31 March 2024 £m | 2023/24 Bps Charge |
|-------------------------------|--------------|------------|------------|--------------|-----------|------------|---------------------------|----------------------------------|--------------------------|
| UK Passive | - | - | - | - | - | - | - | - | |
| UK Passive | - | - | - | - | - | - | - | - | |
| Global Passive | 2 | 1 | 1 | - | 1 | 1 | 6 | 16 | 4.29 |
| Global Multi-Manager | 64 | 8 | 9 | 56 | 3 | - | 140 | 36 | 45.16 |
| Emerging Market Equities | 492 | 80 | 125 | 69 | 23 | 20 | 809 | 133 | 63.20 |
| Corporate Bonds | 293 | - | - | 1,172 | 27 | 13 | 1,505 | 321 | 49.83 |
| Emerging Market Debt | 71 | - | - | 1,493 | 3 | 4 | 1,571 | 37 | 462.06 |
| Multi-Asset Credit | 238 | 3 | - | (4) | 10 | 74 | 321 | 118 | 28.41 |
| Direct Property | 21 | - | 391 | - | - | 128 | 540 | 8 | 5400.00 |
| Sustainable Broad | 296 | 9 | 24 | 5 | 11 | 15 | 360 | 131 | 31.58 |
| Sustainable Target | 351 | 22 | 6 | 169 | 11 | 14 | 573 | 107 | 55.63 |
| Sustainable Thematic | 384 | 23 | 1 | 51 | 10 | 30 | 499 | 124 | 46.20 |
| ACS Sub-Funds | 2,212 | 146 | 557 | 3,011 | 99 | 299 | 6,324 | 1,031 | |
| | | | | | | | | | |
| Private Equity 2018 Vintage | 5 | | | | | | 5 | 15 | 3.33 |
| Private Equity 2021 Vintage | 33 | | | | | | 33 | 65 | 12.22 |
| Infrastructure | 32 | | | | | | 32 | 180 | 3.30 |
| Alternative Vehicles | 70 | - | - | - | - | - | 70 | 260 | |
| | | | | | | | | | |
| UK Gilts | 21 | | | | | | 21 | 210 | 1.00 |
| Discretionary Mandate 2 | | | | | | | | | |
| Discretionary Mandates | 21 | - | - | - | - | - | 21 | 210 | |
| | | | | | | | | | |
| Total | 2,303 | 146 | 557 | 3,011 | 99 | 299 | 6,415 | 1,501 | 49.46 |

Items 1, 6, 10, 11, 12, 13 relate to items listed in the Direct Column of 'Investment Management Expenses Charged to Partner Funds' table above

Asset Under Management & Performance by Product / Service

| £000 | AUM At 1 April- 23 £m | AUM At 31 March- 24 £m | One Year Gross Performance % | One Year Net Performance % | Passive Benchmark Used | One Year Passive Index % |
|-------------------------------|--------------------------------|------------------------------|---------------------------------------|----------------------------------|--|-----------------------------------|
| UK Passive | - | - | 8.72% | 8.71% | FTSE All Share (UK) Total Return Index | 8.43% |
| Global Passive | 13 | 16 | 17.79% | 17.77% | FTSE World Europe ex UK TR 33.33%; FTSE All World North America TR 33.33%; FTSE All World Japan TR 16.67%; FTSE All World Pacific ex Japan TR 16.67% | 17.51% |
| Global Multi-Manager | 29 | 36 | 22.52% | 22.28% | FTSE All World Index | 20.98% |
| Emerging Market Equity | 131 | 133 | 2.48% | 1.75% | FTSE Emerging Markets Index | 6.20% |
| Corporate Bonds | 296 | 321 | 8.66% | 8.56% | ICE BofAML Sterling Non-Gilt Index 50%; ICE BofAML Global Corporate Index 50% | 6.29% |
| Emerging Market Debt | 33 | 37 | 12.63% | 12.41% | JPMorgan EMBI Global Diversified Index, hedged to GBP | 10.36% |
| Multi-Asset Credit | 110 | 118 | 6.99% | 6.69% | 3-month GBP SONIA | 5.23% |
| Direct Property | - | 8 | 1.10% | -1.30% | MSCI Quarterly index | 0.50% |
| Sustainable Broad | 107 | 131 | 21.90% | 21.60% | FTSE All World Index | 20.98% |
| Sustainable Target | 103 | 107 | 4.23% | 3.90% | FTSE All World Index | 20.98% |
| Sustainable Thematic | 104 | 124 | 19.93% | 19.53% | FTSE All World Index | 20.98% |
| ACS Sub-Funds | 926 | 1,031 | | | | |
| Private Equity 2018 Vintage | 15 | 15 | | | | |
| Private Equity 2021 V'tage | 120 | 65 | | | | |
| Infrastructure | 195 | 180 | | | | |
| Alternative Vehicles | 330 | 260 | | | | |
| UK Gilts | 206 | 210 | | | | |
| Discretionary Mandate 2 | | | | | | |
| Discretionary Mandates | 206 | 210 | | | | |
| Total | 1,462 | 1,501 | | | | |

Scheme Administrative Arrangements

Introduction

Responsibility for the administration of the Pension Fund is delegated to the Nottinghamshire Pension Fund Committee.

The Fund is administered in-house on a day-to-day basis by the Pensions Team which is part of the Nottinghamshire County Council Business Services Centre.

The Local Government Pension Scheme (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.

During 2023-24, scheme members were required to pay a contribution rate of between 5.5% and 12.5% of their pensionable pay, depending on their pay banding. Employer contribution rates, also expressed as a percentage of pensionable pay, and tailored specifically to each employer in the scheme, were applied to cover the accrual of new benefits earned by members. The contribution to fund any past service deficit was expressed as a cash sum or supplementary percentage of pensionable pay.

The Pensions Office

The Pensions Office is the part of the Nottinghamshire Pension Fund responsible for the administration of the Nottinghamshire Local Government Pension Scheme (LGPS), including the Councillors' LGPS.

Pension 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 benefit
- 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, a 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.

The office is currently separated into the following areas of work:

- Pensions Administration
- Employer Support and Compliance
- Technical, Regulation and Communication
- Pension System Team (Part of the BSC Competency Centre)

The Pensions Team has Full Time Equivalent Staff (FTEs):

| | 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 | N/A | N/A | N/A | N/A | 4 |
| Pension System Team | 4 | 3 | 4 | 4 | 4 |
| GMP Project Manager | 1 | 1 | 1 | 1 | 0 |
| McCloud Project – all posts current offered as fixed term contracts | | | | | |
| Project Manager | 1 | 1 | 1 | 1 | 1 |
| Data Officer | 1 | N/A | 1 | 1 | 1 |
| Admin Team | 7 | N/A | 0 | 1 | 5 |
| Employer Support & Compliance | 1 | N/A | 0 | 1 | 1 |
| | 40.2 | 30.77 | 30.18 | 36.33 | 41 |

The Pensioner payroll is provided by Nottinghamshire County Council Business Services Centre.

Administration Costs and Performance

The Pensions Office has been a member of the Pensions Chartered Institute of Public Finance Limited Administration Benchmarking Club since 2000. The Club enables the administration service to measure its administration cost and performance against other Administering Authorities,

Our performance, in terms of cost per member has always been lower than the national average, and we continue to remain one of the lower cost-per-member authorities for administration in the country.

The Total cost of administration expressed as a cost per member for the past five years was:

| £ per member | 2020 | 2021 | 2022 | 2023 | 2024 |
|--|--------|--------|--------|--------|------|
| The Fund cost per member | £14.08 | £14.08 | £15.35 | £16.65 | TBC |
| Average cost per member in the benchmarking club | £20.02 | £21.05 | £21.69 | £36.19 | TBC |

The Pension Fund Membership Profile is as follows:

| Type of Member | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|-------------------------|----------------|----------------|----------------|----------------|----------------|
| Active Members | 47,841 | 43,957 | 44,299 | 45,758 | 47,140 |
| Deferred members | 56,068 | 60,935 | 62,501 | 65,212 | 54,867 |
| Preserved refunds | | | | | *12,289 |
| Pensioners | 38,923 | 40,481 | 42,715 | 44,732 | 45,896 |
| Total Membership | 142,832 | 145,373 | 149,515 | 155,702 | 160,192 |

*Please note for 2023-24 the number of deferred members and preserved refunds have been split out into separate types of membership.

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.

| Cipfa benchmark Key Performance Indicators - Annual Comparison | | | | | | | | |
|--|---|---|---------------------|---|---|---------------------|--------------------------------------|---------------------|
| Process | 2022 to 2023 | | | 2023 to 2024 | | | Year on Year INCREASE or DECREASE | |
| | Cipfa Benchmark Legal Requirement (from notification) | % of cases completed within the CIPFA KPI | No. cases completed | Cipfa Benchmark Legal Requirement (from notification) | % of cases completed within the CIPFA KPI | No. cases completed | % of cases completed | No. cases completed |
| Deaths (ALL) | 2 Months | 89.14 | 962 | 2 Months | 59.73 | 976 | 📈 1.46% | 📈 14 |
| or | | | | | | | | |
| Deaths – Acknowledging death of member Letter | 2 Months | 82.42 | 421 | 2 Months | 62.22 | 450 | 📈 3.01% | 📈 29 |
| Deaths – Letter notifying amount of dependants pension | 2 Months | 63.77 | 541 | 2 Months | 53.99 | 526 | 📉 -1.56% | 📉 -15 |
| Deferments | 2 Months | 25.74 | 2,887 | 2 Months | 20.79 | 3,738 | 📈 88.46% | 📈 851 |
| Retirements (All) | 2 Months | 88.21 | 7,058 | 2 Months | 89.53 | 7,194 | 📈 14.14% | 📈 136 |
| or | | | | | | | | |
| Retirements – Process & Pay Pension Benefits (at next available payroll) | 2 Months | 85.19 | 2,668 | 2 Months | 84.44 | 2,764 | 📈 9.98% | 📈 96 |
| Retirements – Estimate of retirement benefits Letter (Cat A) | 2 Months | 96.61 | 1,387 | 2 Months | 96.82 | 1,446 | 📈 6.13% | 📈 59 |
| Retirements – Estimate of retirement benefits Letter (Cat B) | 2 Months | 92.11 | 76 | 2 Months | 92.16 | 102 | 📈 2.70% | 📈 26 |
| Deferred Retirement Quotes (No SLA Equiv) | 2 Months | 86.88 | 2,927 | 2 Months | 90.67 | 2,882 | 📉 -4.68% | 📉 -45 |
| Transfer Quotes | 2 Months | 40.72 | 781 | 2 Months | 35.97 | 709 | 📉 -7.48% | 📉 -72 |
| Divorce Quotes (No SLA Equiv) | 3 Months | 97.85 | 279 | 3 Months | 97.95 | 292 | 📈 1.35% | 📈 13 |
| Divorce Settlement (No SLA Equiv) | 3 Months | 27.27 | 11 | 3 Months | 36.36 | 11 | 📊 0.00% | 📊 0 |
| Refund (No SLA Equiv) | 2 Months | 95.38 | 303 | 2 Months | 98.22 | 674 | 📈 38.57% | 📈 371 |

Table 1 - Details the total number of completed processes in the Financial Year

This measurement started in 2018/2019 and the table shows the increase in the number of completed processes year on year with the exception of 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 – Provides a comparison of KPI activities reported in the Pension Administration System

In 2023/24 there was a further increase following the increase in 2022/23. The Pension Admin Team continues to see an increase in work across the functions but in particular year on year increases in retirements especially from deferred members over fifty-five years of age requesting payment of their pension benefits.

| 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% |

Complaints, Appeals & Ombudsman Escalations

The tables below outline the number of written complaints received by the Administering Authority in 2023/24 along with the number of formal 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.

| Recorded Written Complaints | | | | | | |
|-----------------------------|-------|--------|-------------|-----------|-------------------|---------------|
| Date | Total | Closed | Outstanding | Justified | Partial Justified | Not Justified |
| 2023/24 | 31 | 31 | 0 | 4 | 3 | 24 |
| 2022/23 | 23 | 18 | 5 | 4 | 2 | 12 |
| 2021/22 | 31 | 15 | 16 | 7 | 6 | 4 |
| 2020/21 | 26 | 24 | 2 | 14 | 3 | 9 |
| 2019/20 | 25 | 23 | 2 | 4 | 6 | 13 |

Main Reasons

- Transfers in and out - timescales
- Deferred record future review dates
- AVC complaints related to the Prudential
- Benefit calculations

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 x3 | 0 | 1 | 1 |
| IDRP - Stage 2 Appeals against the Administering Authority | | | | |
| Total | Appeals upheld | Appeals dismissed | Progressed Ombudsman | Awaiting Decision |
| 5 | Partial x1 | 1 | 0 | 3 |

Pensions Administration System

The Nottinghamshire Pension Fund administration solution is Universal Pensions Management (UPM) system, provided by Civica UK. UPM was implemented in 2015 and is currently an 'on premise' system with the servers located at the County Hall Data Centre and the Node 4 site, for resilience. The Pension System team partner with Nottinghamshire County Council ICT Service, which manages the ICT infrastructure. System upgrades are applied on a regular basis to ensure the system remains compliant. All new developments and upgrades from the Civica are evaluated, assessed, and deployed in line with the requirements of the Pension Office

Communications

The Fund's Communications Strategy Statement details the overall strategy for involving stake holders in the pension fund. A key part of this strategy is a dedicated pension fund website. This is available at www.nottspf.org.uk and includes all of the policy statements as well as a great deal more information about the investments and benefits of the pension fund. A new

website is currently in development and will be rolled out later this year, which will improve accessibility to pension fund information.

Benefit Statements

The Pensions Office is required each year to send annual benefits statements to its active and deferred members. The statement is intended to inform the scheme member of the value of their benefits and provide an overview of when they may become payable.

Nottinghamshire Pension Fund Website (www.nottspf.org.uk)

The Fund's website covers all aspects of the LGPS and has information for all different types of stakeholders including active and deferred members, pensioners, dependants, councillor members and a dedicated section for scheme employers.

The website meets modern website design criteria and is accessible via multiple devices. The website supports members to self-serve, providing up to date information on the LGPS, as well as enabling members to access a wide range of forms.

Future developments are planned to provide members with restricted access to their own pension record enabling them through secure access to update personal details, complete and submit forms online and against certain criteria simulate pension estimates. Until this development is implemented the Pension Fund continue to improve access to information for members and scheme employers through the website.

There is also a section which provides information on the investment performance of the Fund and related matters.

Employer Support and Compliance Function

The Pension Office Employer Support and Compliance team is responsible for liaison with scheme employers on a range of matters, as well as monitoring their performance and compliance against the Administration Strategy. The team also

- Supports employers in fulfilling their statutory responsibilities.
- Communicating regulation and process changes.
- Resolving problems in relation to the quality of data supplied by employers and undertaking ongoing data audits.
- Supporting employers through the year end process. For the year 2023-2024, participating employers in the scheme were required to provide accurate year-end data by 10 May 2024.
- Ad hoc individual or group support and training sessions with LGPS Employers
- Work on employer acceptance into the scheme, plus also employer closures.

Annual Benefit Statements

The annual benefit statements were issued to deferred members of the scheme in June 2024 with all active member benefit statements issued in batches during August 2024. There will be a further issue of benefit statements, where data was either provided late to the fund or there were queries with the submitted data which had to be rectified before benefit statements could be issued.

Please note - 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.

Membership

The majority of employees of our scheme employers will be brought into the pension scheme automatically, whether through 'contractual enrolment' under the scheme's rules or under the Government's 'auto-enrolment' rules. Members can though elect to opt out of the scheme after their first day of employment if they wish.

The membership of the fund over the past five years has been:

| | 31/03/2020 | 31/03/2021 | 31/03/2022 | 31/03/2023 | 31/03/2024 |
|-------------------|------------|------------|------------|------------|------------|
| Contributors | 48,056 | 43,957 | 44,579 | 47,138 | 47,755 |
| Deferred Benefits | 56,002 | 60,935 | 62,476 | 65,127 | 67,175 |
| Pensioners | 38,754 | 40,481 | 42,518 | 44,353 | 46,885 |
| Total | 142,812 | 145,373 | 149,573 | 156,618 | 161,815 |

List of Active Fund Employers

Academies

Abbey Primary School
Ambleside Primary School
Archbishop Cranmer CE Academy
Archway Learning Trust
Arnbrook Primary School
Arnold Hill Academy
Ashfield School
Barnby Road Trust
Believe Academy Trust
Birklands Primary School
Bishop Alexander LEAD Academy
Blue Bell Hill Primary School
Brunts Academy
Bulwell Academy
Burntstump Seely C of E Academy
Carlton Academy
Carlton Infant Academy
Carlton Junior Academy
Chetwynd Primary Academy
Colonel Frank Seely Academy
Denewood Learning Centre
Diocese of Southwell & Nottingham Multi Academy Trust
Diverse Academies Trust
Djanogly City Academy Nottingham
Djanogly Learning Trust
Dukeries Academy
East Bridgford St Peters CE Academy
East Midlands Education Trust
Edna G Olds Academy
Elizabethan Academy
Ellis Guilford School
Equals Trust
Evolve Trust
Fairfield Primary Academy
Farnborough Academy
Fernwood Academy
Firbeck Academy
Flying High Trust
Forest View Academy
Forge Trust
Foxwood Academy
Garibaldi College
George Spencer Academy
Glapton Academy
Glenbrook Primary School

Greater Nottingham Education Trust
Greenwood Academies Trust
Gunthorpe C of E Primary School
Haggonfields Primary School
Hall Park Academy
Harworth Church of England Academy
Hogarth Primary & Nursery School
Hucknall National C of E Primary School
Huntingdon Academy
John Clifford School
John Hunt Primary School
Jubilee LEAD Academy
King's Church of England Primary Academy
Kingston Park Academy
Kirkby College
Kirkby Woodhouse School
L.E.A.D. Multi Academy Trust
Langold Dyscarr Community School
Leverton CE Academy
Magnus Church of England Academy
Manor Academy Trust
Mansfield Primary Academy
Meden School
Milford Academy
Minster Trust for Education
Mount C of E Primary
Nethergate School
Newark Academy
Norbridge Academy
Nottingham Academy
Nottingham Free School
Nottingham Girls Academy
Nottingham University Samworth Academy
Nottm University Academy of Science & Technology
Oak Tree Primary School
Oakwood Academy
Old Basford School
Our Lady of Lourdes Catholic Multi Academy Trust
Outwood Academy Portland
Outwood Academy Valley
Park Vale Academy
Parkgate Academy
Portland Spencer Academy
Priory Catholic Voluntary Academy
Python Hill Academy
Quarrydale Academy
Radford Academy
Raleigh Learning Trust

Ranskill Primary School
Redhill Academy
Redhill Academy Trust
Robert Mellors Primary School
Robert Miles Infants School
Rosecliffe Spencer Academy
Rushcliffe Academy
Samworth Church Academy
Scotholme Primary School
Selston High School
Serlby Park School
Shine Multi Academy Trust
Sir Donald Bailey Academy
Sir John Sherbrooke Junior School
Skegby Junior Academy
South Nottinghamshire Academy
Southwark Primary School
Sparken Hill Academy
Springbank Academy
St Ann's Well Academy
St Augustine's Academy
St John's Church of England Academy
St Joseph's Catholic Primary School (Retford)
St Mary Magdalene C of E Primary School
St Mary's Church of England Primary School
St Peters Cross Keys C of E Academy
St Swithuns C of E Primary Academy
St. Peters Primary Academy Mansfield
Stonesoup Academy
Sunnyside Spencer Academy
Suther School
Sutton Community Academy
Sycamore Academy
The West Park Academy
Toot Hill School
Transform Trust
Two Counties Trust
Unity Learning Centre
Victoria Primary School
Warren Primary Academy
Wells Academy
Westbury School
Westdale Junior School
White Hills Park Trust
Whitemoor Academy
Windmill LEAD Academy
Winthorpe Primary School
Woodlands School

Worksop Priory C of E Academy

Local Authorities

Ashfield District Council
Bassetlaw District Council
Broxtowe Borough Council
Gedling Borough Council
Mansfield District Council
Newark & Sherwood District Council
Nottingham City Council
Nottinghamshire County Council
Rushcliffe Borough Council

Town & parish councils

Aslockton Parish Council
Balderton Parish Council
Beckingham cum Saundby Parish Council
Bingham Town Council
Blidworth Parish Council
Burton Joyce Parish Council
Calverton Parish Council
Clipstone Parish Council
Cotgrave Town Council
Cropwell Bishop Parish Council
Dunham & District Parish Council
Eastwood Town Council
Edwinstowe Parish Council
Fernwood Parish Council
Greasley Parish Council
Harworth & Bircotes Town Council
Kimberley Town Council
Laneham Parish Council
Langar Cum Barnstone Parish Council
Linby Parish Council
Misterton Parish Council
Newark Town Council
Newstead Parish Council
Nuthall Parish Council
Ollerton & Boughton Town Council
Papplewick Parish Council
Radcliffe on Trent Parish Council
Rainworth Parish Council
Rampton Parish Council
Ravenshead Parish Council
Ruddington Parish Council
Selston Parish Council
South Leverton Parish Council
Southwell Town Council

Stapleford Town Council
Treswell with Cottam Parish Council
Trowell Parish Council
Tuxford Town Council
Warsop Parish Council
Woodborough Parish Council
Worksop Charter Trustees

Other

Accuro FM Limited
Accuro FM Ltd (GNET)
Active4Today Ltd
Arc Property Services Partnership Limited
Ashfield Citizens Advice Bureau
Aspens Services Limited (Becket)
Aspens Services Limited (Creative - Bulwell)
Aspens Services Limited (Meden)
Aspens Services Limited (Minster)
Aspens Services Limited (Newark)
Aspens Services Limited (Nova)
Aspens Services Limited (OLOL)
Aspens Services Limited (OLSE)
Aspens Services Limited (Rosslyn)
Aspens Services Limited (Sneinton St Stephens)
Aspens Services Limited (St Edmund)
Aspens Services Limited (St Patricks)
Aspens Services Limited (TCT)
Aspens Services Limited (Transform)
Aspens Services Limited (WHPT)
Autism East Midlands
Barnsley Premier Leisure
Bassetlaw Citizens Advice Bureau
Bestwood Partnership Forum
Bilborough College
Bramble Academy (GAT)
Bramcote Crematorium Joint Committee
Brunts Academy (GAT)
Bulloughs Cleaning Services Limited
Capita IT Services (BSF) Limited - Bulwell
Carers Federation
Carlton Le Willows Academy
Cater Link Limited (Diverse)
Cater Link Limited (National)
Cater Link Limited (Outwood Kirkby)
Change Grow Live
Child Migrants Trust
Churchill Contract Services Limited (Nova)
Churchill Contract Services Limited (SAT)

Citizens Advice Broxtowe
Clifton Advice Centre
Compass Contract Services (UK) Limited (ATT)
Compass Contract Services (UK) Limited (Leamington)
Coombs Catering Partnership Limited
Cotgrave CofE Primary School
Culture, Learning and Libraries (Midlands)
East Midlands Combined County Authority
East Midlands Crossroads - Caring for Carers
Enerveo Limited
Esteem Multi Academy Trust
Fitzroy Support
Framework Housing Association
FSM Centres Limited
Futures Advice, Skills and Employment Ltd
Gamston St Peter's CofE Primary
Gedling Homes
Greater Nottingham Groundwork Trust
Greenfields Centre Limited
Hi Spec Facilities Services Limited
Holme Pierrepont Leisure Trust
Huthwaite All Saints Church of England Infant & Nursery School
Innovate Services Limited
Institute of Cemetery and Cremation Management
KCLS Limited
Langar C of E Primary School
Liberty Leisure Limited
Linby cum Papplewick C.E. Primary School
LTA Services Limited
Mansfield & District Crematorium Joint Committee
Mansfield Citizens Advice Bureau
Mansfield District Leisure Trust Ltd
Mansfield Road Baptist Housing
Marketing Nottingham & Nottinghamshire
Meadows Advice Group
Mellors Catering Services Limited (Arnbrook)
Mellors Catering Services Limited (Evolve)
Mellors Catering Services Limited (Southwark)
Mellors Catering Services Limited (TCT)
Metropolitan Housing Trust
Millside Spencer Academy
More Leisure Community Trust Limited (Mans)
Newark Emmaus Trust Ltd
Nexus Multi Academy Trust
Nottingham Citizens Advice Bureau
Nottingham City Council - East Midlands Councils
Nottingham City Homes
Nottingham City Homes (Telecare)

Nottingham City Transport Limited
Nottingham College
Nottingham Community Housing Association
Nottingham Ice Centre Ltd.
Nottingham Revenues & Benefits Ltd
Nottingham Trent University
Nottinghamshire Association of Local Councils
Nottinghamshire Combined Fire Authority
Nottinghamshire County Scout Association
Nottinghamshire Deaf Society
Nottinghamshire Sexual Violence Support Services Limited
NTU Union of Students
OCS Group UK Ltd (Project co 1)
OCS Group UK Ltd (Project co 2)
Our Learning Cloud Limited
Parkwood Leisure Limited
Pearsons Young Persons Centre
Pedal Express Limited
Police & Crime Commissioner
Q3 Services Group Limited
Renewal Trust
Royal Society for the Protection of Birds
Royal Society Mencap
Rural Community Action Nottinghamshire
Scape Group Limited
Selston Church of England Infant & Nursery School
Serco Leisure Operating Limited
Sherwood & Newark Citizens Advice Bureau
Sir Edmund Hillary Academy
Skills & Education Group
SLM Limited
Streetwise Environmental Ltd
Tarmac Ltd
The Chief Constable
Thera East Midlands Ltd
Trent Valley Drainage Board
United Response
UPP (Nottingham) Ltd
Vertas Group Limited (Diverse Lot 1)
Vertas Group Limited (Diverse Lot 2)
Via East Midlands Limited
West Nottinghamshire College