

Pensions Investment Sub-Committee

Thursday, 05 June 2014 at 10:00

County Hall, County Hall, West Bridgford, Nottingham, NG2 7QP

AGENDA

- 1 Appointment of Chairman and Vice-Chairman
To note the appointment by the County Council at its Annual Meeting of Councillor Stella Smedley MBE JP as Chairman and Councillor Ken Rigby as Vice-Chairman of the Sub-Committee
- 2 Minutes of the last meeting held on Thursday 13th March 2014 3 - 6
- 3 Apologies for Absence
- 4 Declarations of Interests by Members and Officers:- (see note below)
(a) Disclosable Pecuniary Interests
(b) Private Interests (pecuniary and non-pecuniary)
- 5 Fund Valuation and Performance 7 - 8
- 6 EXCLUSION OF THE PUBLIC
The Sub-Committee will be invited to resolve:-

“That the public be excluded for the remainder of the meeting on the grounds that the discussions are likely to involve disclosure of exempt information described in paragraph 3 of the Local Government (Access to Information) (Variation) Order 2006 and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.”

Note

If this is agreed, the public will have to leave the meeting during consideration of the following items.

EXEMPT INFORMATION ITEMS

- 7 Fund Valuation and Performance

- 8 Exempt Minutes of the meeting held on 13th March 2014
- 9 Members' report as to:-
- (a) Kames Capital
 - (b) Aberdeen Property Investors
 - (c) Schroders Investment Management

Notes

- (1) Councillors are advised to contact their Research Officer for details of any Group Meetings which are planned for this meeting.
- (2) Members of the public wishing to inspect "Background Papers" referred to in the reports on the agenda or Schedule 12A of the Local Government Act should contact:-

Customer Services Centre 0300 500 80 80

- (3) Persons making a declaration of interest should have regard to the Code of Conduct and the Council's Procedure Rules. Those declaring must indicate the nature of their interest and the reasons for the declaration.

Councillors or Officers requiring clarification on whether to make a declaration of interest are invited to contact Sara Allmond (Tel. 0115 977 3794) or a colleague in Democratic Services prior to the meeting.

- (4) Councillors are reminded that Committee and Sub-Committee papers, with the exception of those which contain Exempt or Confidential Information, may be recycled.
- (5) This agenda and its associated reports are available to view online via an online calendar - <http://www.nottinghamshire.gov.uk/dms/Meetings.aspx>



minutes

Meeting PENSIONS INVESTMENT SUB-COMMITTEE

Date Thursday 13th March 2014 (commencing at 10:00 am)

membership

Persons absent are marked with `A`

COUNCILLORS

A S Smedley MBE JP (Chairman)
Ken Rigby (Vice Chairman)- in the Chair

A	Reg Adair	Darrell Pulk
	Chris Barnfather	Parry Tsimbiridis
	Mrs Kay Cutts	John Wilkinson
A	Sheila Place	

Nottingham City Council

A Councillor Alan Clark
Councillor Thulani Molife
Councillor Jackie Morris

Nottinghamshire Local Authorities' Association

A Executive Mayor Tony Egginton
A Councillor Milan Radulovic MBE

Trades Unions

A Mr J Hall
Mr C King

Scheduled Bodies

Mr N Timms

Officers in Attendance

Simon Cunnington (Environment & Resources)
Chris Holmes (Policy, Planning and Corporate Services)
Nigel Stevenson (Environment and Resources)

Also in Attendance

Mr E Lambert (Independent Advisor)

MINUTES

The minutes of the last meeting of the Sub-Committee held on 5th December 2013, having been previously circulated, were confirmed and signed by the Chairman.

APOLOGIES FOR ABSENCE

Apologies for absence were received from:

Councillor S Smedley MBE JP –(illness)
Councillor Reg Adair – (persona)
Councillor Sheila Place- (on other County Council business)
Councillor Alan Clark – (on other City Council business)
Executive Mayor Tony Egginton – (other Council business)

DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS

None

FUND VALUATION AND PERFORMANCE

Consideration was given to a report which summarised the total value of the Pension Fund as at 31st December 2013.

RESOLVED: 2014/001

That the report be noted.

EXCLUSION OF THE PUBLIC

RESOLVED: 2014/002

That the public be excluded for the remainder of the meeting on the grounds that the discussions are likely to involve the disclosure of exempt information as described in paragraph 3 of the Local Government (Access to Information) (Variation) Order 2006 and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

With regard to the position of those persons in attendance at the meeting it was further:-

RESOLVED 2014/003

That arising from the above Mr E. Lambert be authorised to remain in the meeting.

EXEMPT INFORMATION ITEMS

The decisions in relation to the following exempt information items are set out in the exempt minutes:-

Fund Valuation and Performance

Exempt Minutes of the last meeting held on 5th December 2013

Managers Reports as to:

- a) Kames Capital
- b) Aberdeen Property Investors
- c) Schroders Investment Management

The meeting closed at 12:00 noon.

CHAIRMAN

M_13th March2014

5 June 2014

Agenda Item: 5

REPORT OF THE SERVICE DIRECTOR (FINANCE & PROCUREMENT)

FUND VALUATION AND PERFORMANCE

Purpose of the Report

1. To report on the total value and performance of the Pension Fund to 31 March 2014.

Information and Advice

2. This report is to inform the Sub-Committee of the value of the Pension Fund at the end of the latest quarter and give information on the performance of the Fund. Some information relating to this report is not for publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972. Having regard to the circumstances, on balance the public interest in disclosing the information does not outweigh the reason for exemption because divulging the information would significantly damage the Council's commercial position in relation to the Pension Fund. The exempt information is set out in the exempt appendix.
3. The table below shows a summary of the total value of the Fund as at 31 March 2014, together with the comparative position 3 and 12 months previously.

Quarter ended:	Latest Quarter		Previous Quarter		Previous Year	
	31 Mar 2014		31 Dec 2013		31 Mar 2013	
	£m	%	£m	%	£m	%
UK Fixed Interest	323	9%	314	9%	319	9%
Overseas Fixed Interest	38	1%	84	2%	86	3%
Inflation-Linked	103	3%	58	2%	63	2%
UK Equities	1,287	35%	1,337	36%	1,212	35%
Overseas Equities	1,325	35%	1,300	35%	1,232	35%
Private Equity	76	2%	79	2%	75	2%
UK Property	328	9%	319	9%	323	9%
Overseas Property	79	2%	82	2%	87	3%
Cash	154	4%	105	3%	81	2%
TOTAL	3,712	100%	3,678	100%	3,477	100%

4. The Fund has increased by £34 million (0.9%) since the previous quarter and is £235 million (7%) higher than the same period last year. The table below shows the provisional Fund Account for 2013/14 along with the full year figures for 2012/13.

Summary Fund Account	2013/14 Provisional £000	2012/13 Full year £000
Employer contributions	(123,905)	(127,132)
Member contributions	(41,018)	(42,829)
Transfers in from other pension funds	(6,638)	(11,535)
Pensions	132,832	127,078
Commutation of pensions and lump sums	23,115	28,187
Lump sum death benefits	3,793	3,714
Payments to and on account of leavers	15,326	16,048
Administration Expenses	1,442	1,409
Net additions from dealings with members	4,947	(5,060)
Investment Income	(105,388)	(88,307)
Profits & losses on disposals & changes in value	(141,270)	(334,869)
Taxes on income	644	580
Investment management expenses	4,369	3,506
Net Returns on Investments	(241,645)	(419,090)
 Net (increase)/decrease in net assets	 (236,698)	 (424,150)

5. A total of £164.9 million was received in 2013/14 from employer and employee contributions with £159.7 million paid out in pensions and lump sum payments. Net transfers out to other funds of £8.7 million resulted in an overall net cash outflow from members in the year. Net returns on investments were £241.6 million including net investment income of £100.4 million. This produces an income yield of almost 2.7%, ahead of the 2.6% yield assumed by the actuaries in their recent cash flow modelling. The cash flow position will continue to be closely monitored throughout 2014/15.

Statutory and Policy Implications

6. This report has been compiled after consideration of implications in respect of finance, the public sector equality duty, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATION

- 1) That the report be noted.

Name of Report Author: Simon Cunnington

Title of Report Author: Senior Accountant – Pensions & Treasury Management

For any enquiries about this report please contact: Simon Cunnington