

## Pensions Investment Sub-Committee

**Thursday, 05 March 2015 at 10:00**

Offices of Aberdeen Asset Management, 40 Princes Street, Edinburgh, EH2  
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### AGENDA

- |   |  |        |
|---|--|--------|
| 1 | Minutes of the last meeting held on 27 November 2014   | 5 - 6  |
| 2 | Apologies for Absence  |        |
| 3 | Declarations of Interests by Members and Officers:- (see note below)<br>(a) Disclosable Pecuniary Interests<br>(b) Private Interests (pecuniary and non-pecuniary) |        |
| 4 | Valuation and Performance Report   | 7 - 10 |

## 5 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.

- 6 Fund Valuation and Performance Exempt Appendix
- 7 Exempt Minutes of the last meeting held on 27 November 2014
- 8 Managers' reports as to:-
  - (a) Aberdeen Property Investors
  - (b) Kames Capital
  - (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:-

- (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>





Meeting      PENSIONS INVESTMENT SUB-COMMITTEE

Date          Thursday 27 November 2014 (commencing at 10.00 am)

**membership**

Persons absent are marked with 'A'

**COUNCILLORS**

Ken Rigby (Vice Chairman)

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

**Nottingham City Council**

A      Councillor Alan Clark  
Councillor Thulani Molife  
A      Councillor Jackie Morris

**Nottinghamshire Local Authorities' Association**

A      Executive Mayor Tony Egginton  
A      Councillor Milan Radulovic MBE

**Trades Unions**

Mr C King  
Mr A Woodward

**Scheduled Bodies**

A      Mr N Timms

**Officers in Attendance**

Simon Cunnington (Environment & Resources)  
Dave Forster (Policy, Planning and Corporate Services)  
Neil Robinson (Environment and Resources)

**MINUTES**

The minutes of the last meeting of the Sub-Committee held on 4 September 2014, having been previously circulated, were confirmed and signed by the Chairman.

## **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors Clarke and Morris (City Council Members) and Eric Lambert

## **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 30 June 2014.

### **RESOLVED: 2014/017**

That the report be noted.

## **EXCLUSION OF THE PUBLIC**

### **RESOLVED: 2014/018**

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.

## **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 appendix

Exempt Minutes of the last meeting held on 4 September 2014

Managers Reports as to:

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

The meeting closed at 12.05 pm.

## **CHAIRMAN**

**5 March 2015**
**Agenda Item:4**

## 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 December 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 investment assets of the Fund as at 31 December 2014, together with the comparative position 3 and 12 months previously.

Quarter ended:	<b>Latest Quarter</b>		<b>Previous Quarter</b>		<b>Previous Year</b>	
	<b>31 Dec 2014</b>		<b>30 Sep 2014</b>		<b>31 Dec 2013</b>	
	<b>£m</b>	<b>%</b>	<b>£m</b>	<b>%</b>	<b>£m</b>	<b>%</b>
UK Fixed Interest	388	10%	365	9%	314	9%
Overseas Fixed Interest	13	0%	14	0%	84	2%
Inflation-Linked	110	3%	105	3%	58	2%
UK Equities	1,287	33%	1,286	34%	1,337	36%
Overseas Equities	1,415	36%	1,372	36%	1,300	35%
Private Equity	72	2%	73	2%	79	2%
UK Property	368	9%	354	9%	319	9%
Overseas Property	92	2%	78	2%	82	2%
Cash	191	5%	185	5%	105	3%
<b>TOTAL</b>	<b>3,935</b>	<b>100%</b>	<b>3,831</b>	<b>100%</b>	<b>3,678</b>	<b>100%</b>

4. The Fund has increased by £104 million (2.7%) since the previous quarter and is £257 million (7%) higher than the same period last year. The table below shows the provisional Fund Account for 2014/15 to the end of the quarter along with the full year figures for 2013/14.

<b>Summary Fund Account</b>	<b>2014/15 to Qtr Provisional £000</b>	<b>2013/14 Full year £000</b>
Employer contributions	(96,636)	(123,905)
Member contributions	(31,836)	(41,018)
Transfers in from other pension funds	(4,231)	(6,638)
Pensions	103,370	132,832
Commutation of pensions and lump sums	21,269	23,115
Lump sum death benefits	2,788	3,793
Payments to and on account of leavers	5,918	15,326
Administration expenses	499	1,442
<b>Net additions from dealings with members</b>	<b>1,141</b>	<b>4,947</b>
Investment income	(56,366)	(105,388)
Profits & losses on disposals & changes in value	(149,321)	(141,271)
Taxes on income	579	644
Investment management expenses	1,957	4,369
<b>Net Returns on Investments</b>	<b>(203,151)</b>	<b>(241,646)</b>
 <b>Net (increase)/decrease in net assets</b>	 <b>(202,010)</b>	 <b>(236,699)</b>

5. The provisional fund account for 2014/15 to the end of December includes adjustments made for contributions owing to the Fund. No other adjustments have been made for amounts owing (debtors and creditors). The cash flow position of the Fund will continue to be closely monitored throughout 2014/15, in particular to ensure that employer contributions comply with the revised schedule of rates and contributions certified by the actuary.

## **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**

### **Constitutional Comments**

7. Because this report is for noting only, no Constitutional Comments are required.

### **Financial Comments (SRC 24/02/15)**

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

