

Nottinghamshire Pension Fund Committee

Date: Monday, 09 July 2012
Time: 14:00
Venue: County Hall
Address: County Hall, West Bridgford, Nottingham NG2 7QP

AGENDA

- | | | |
|----------|--|----------------|
| 1 | <u>To note the appointment by the County Council at its Annual Meeting on 17th May 2012 of Councillor M</u> | 1-2 |
| | Details | |
| 2 | <u>To note the Membership of the Committee:</u> | 1-2 |
| | <u>Councillors Reg Adair, Michael J Cox, Mrs Kay Cutts, Car</u> | |
| | Details | |
| 3 | <u>Minutes of the last meeting held on 30th April 2012</u> | 3 - 6 |
| | Details | |
| 4 | <u>Apologies for Absence</u> | 1-2 |
| | Details | |
| 5 | <u>Declarations of Interest</u> | 1-2 |
| | (a) Personal | |
| | (b) Prejudicial | |
| 6 | <u>Appointment of Sub-Committees</u> | 7 - 10 |
| | Details | |
| 7 | <u>Pension Fund Accounts 2011-12</u> | 11 - 12 |
| | Details | |
| 8 | <u>Independent Adviser</u> | 13 - 14 |
| | Details | |
| 9 | <u>Property Transaction Approvals</u> | 15 - 16 |
| | Details | |

No. NOTES:-

1-2

(1) 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 08449 80 80 80

(2) 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.

Members or Officers requiring clarification on whether to make a declaration of interest are invited to contact Chris Holmes (Tel. 0115 9773714) or a colleague in the Governance Team prior to the meeting.

(3) Members are reminded that Committee and Sub-Committee papers, with the exception of those which contain Exempt or Confidential Information, may be recycled.



Meeting **PENSIONS COMMITTEE**

Date **Monday, 30th April 2012 at 2pm**

membership

Persons absent are marked with 'A'

COUNCILLORS

Michael J Cox (Chairman)
S Smedley MBE (Vice-Chairman)

A Reg Adair
 Mrs Kay Cutts
 Carol Pepper
 Sheila Place

Ken Rigby
David Taylor
Les Ward

OFFICERS IN ATTENDANCE

Chris Holmes (Democratic Services)
Neil Robinson (Environment & Resources)
Simon Cunnington (Environment & Resources)
Sarah Thurlby (Environment & Resources)
John Fairbanks (Environment & Resources)

MINUTES

The Minutes of the last meeting of the Committee held on 31st October 2011, having been previously circulated, were confirmed and signed by the Chairman.

APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Carol Pepper (personal).

DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS

None

APPLICATIONS FOR TRANSFeree ADMITTED BODY STATUS

(a) **Nottingham Community Housing Association Limited**

(b) **Advance Housing and Support Limited**

Consideration was given to a report which gave details of the admission of two transferee admission bodies into the Nottinghamshire Pension Fund under the provisions of regulation 6 of the Pension Regulations following a delegated decision by the Chief Executive.

RESOLVED 2012/001

That the report be noted.

APPLICATIONS FOR TRANSFeree ADMITTED BODY STATUS

- (a) Mansfield District Leisure Trust Limited**
- (b) Mellors Catering Services Limited**
- (c) Royal Society Mencap**

Consideration was given to a report which gave details of the proposed admission of three transferee admission bodies into the Nottinghamshire Pension Fund under the provisions of regulation 6 of the Pension Regulations.

RESOLVED 2012/002

That the report be noted.

REFERRAL FROM THE PENSIONS INVESTMENT SUB-COMMITTEE

- (a) Pension Fund Cash Flow Forecast and Allocation**
- (b) Chartered Institute of Public Finance and Accountancy (CIPFA) Knowledge and Skills Framework**

Consideration was given to two reports which had considered by the Pensions Investment Sub-Committee. The first was the Pension Fund Cash flow forecast and allocation during 2011/12 and 2012/13. The second was concerning CIPFA's knowledge and skills framework and the associated code of practice.

RESOLVED 2012/003

1. That additional commitments continue to be made to private equity and infrastructure within the allocation level included in the Statement of Investment Principles.
2. That it be agreed in principle to invest £10 million to a local private equity fund to be drawn up by Nottinghamshire County and Nottingham City Councils, subject to suitable due diligence of the fund and management arrangements once it is established; and that the proposal be brought back to the Sub-Committee before any decision to proceed is taken.
3. That the fund does not formally adopt the CIPFA code but continues to promote suitable training for both staff and members and maintain comprehensive records to demonstrate that those charged with decision making and financial management have effective knowledge and skills.

The meeting closed at 2.20pm.

REPORT OF THE CHIEF EXECUTIVE

APPOINTMENT OF SUB-COMMITTEES

Purpose of the Report

1. To note the appointment of Sub-Committees and consider the establishment of a Working Party to assist the work of the Committee on the basis of the terms of reference as set out below.

Information and Advice

2. At the Annual Meeting of the County Council on the 17th May 2012 when the Committee was set up 2 Sub-Committees were also established. The Committee is now requested to note the two Sub-Committees and consider the setting up a Working Party.

2.1 Pensions Investment Sub-Committee (9 County Council Members + 8 Members Appointed by Outside Organisations)

In relation to the appointment of members by outside organisations these representatives were as follows:-

Trade Unions – 2
Nottinghamshire Local Authorities' Association – 2
Scheduled Bodies – 1
Nottingham City Council - 3

Terms of Reference – Responsibility for investment performance management of the Fund Managers and making appropriate recommendations to the Nottinghamshire Pension Fund Committee.

2.2 Pensions Sub-Committee (9 County Council Members + 10 Members Appointed by Outside Organisations)

In relation to the appointment of Members by outside organisations these representatives were as follows:-

Trade Unions – 2
Pensioners – 2
Nottinghamshire Local Authorities' Association - 2
Scheduled Bodies – 1

Terms of Reference – Responsibility for making recommendations to the Nottinghamshire Pensions Fund Committee on matters relating to the administration and investment of the Pensions Fund.

2.3 Pensions Working Party

6 County Councillors

1 representative from the Nottingham City Council

1 representative from the Nottinghamshire Local Authorities' Association

1 representative from Scheduled Bodies

1 representative from Trade Unions

Independent Advisor

Service Director (Finance and Procurements)

Group Manager (Investments)

Team Manager Investments

Terms of Reference – to consider future policy and development in relation to the work of the Pensions Investment Sub-Committee and any urgent investment business and to make recommendations thereon.

RECOMMENDED

3. 1) That consideration be given to the establishment of a Working Party as set out in the report.
- 2) That the establishment of the 2 Sub-Committees as set out in the report be noted.

MICK BURROWS
CHIEF EXECUTIVE

Statutory and Policy Implications

4. This report has been compiled after consideration of implications in respect of finance, equal opportunities, personnel, crime and disorder and those using the service and where such implications are material they have been described in the text of the report.

Service Director (Finance and Procurement) Comments

5. None.

Legal Services Comments (SLB 28/06/12)

6. The Pensions Committee is the appropriate body to consider the content of this report and has authority to consider the matters in it.

Background Papers Available for Inspection -None

ELECTORAL DIVISIONS AFFECTED - ALL

09 July 2012**Agenda Item:7****REPORT OF SERVICE DIRECTOR – FINANCE & PROCUREMENT****PENSION FUND ACCOUNTS 2011/12****Purpose of the Report**

1. To present the pre-audit Pension Fund Accounts for 2011/12.

Information and Advice

2. The Pension Fund accounts are published together with the County Council accounts. Following the introduction of the Accounts and Audit Regulations (England) 2011, the pre-audit accounts are required to be authorised by the Section 151 Officer prior to 30th June and the audited accounts approved by County Council prior to 30th September.
3. The pre-audit Statement of Accounts 2011/12 have been authorised and published on the County Council's internet site. The Pension Fund accounts are presented to the Nottinghamshire Pension Fund Committee for review.
4. The accounts have been compiled in accordance with the *CIPFA Code of Practice on Local Authority Accounting* with reference to *International Financial Reporting Standards* and *Financial Reports of Pension Schemes: A Statement of Recommended Practice* where applicable. The accounts were produced within the statutory timescale and are currently subject to audit by the external auditors, the Audit Commission.
5. The only significant change to the accounts from last year (apart from presentational issues) is a change of accounting policy to value bonds at their 'clean price', i.e. without accrued interest. This has had no overall impact on the net assets of the fund accounts but enables the capital and income elements of investment returns from bonds to be shown more distinctly. The relevant figures for 2010/11 have been restated.
6. The Fund Account shows positive cash inflow of £17m from net dealings with members. This is down by £7m compared to last year but mainly as a result of lower transfers in from other pension funds. Investment income for the year was almost £85m, a slight increase from the previous year, and this offset reductions in market values. Overall, the value of the fund has increased by £64m over the year to stand at £3,072m.

Statutory and Policy Implications

7. This report has been compiled after consideration of implications in respect of finance, equal opportunities, 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 pre-audit Pension Fund Accounts for 2011/12 be noted.

Paul Simpson
Service Director – Finance & Procurement

For any enquiries about this report please contact:
Simon Cunnington
Team Manager – Investments

Constitutional Comments (NAB 28.06.12)

8. This report is for noting only by the Pension Fund Committee. No legal issues arise from this report.

Financial Comments (SRC 27/06/12)

9. The financial implications are as stated in the report.

09 July 2012

Agenda Item:8

REPORT OF SERVICE DIRECTOR – FINANCE & PROCUREMENT

INDEPENDENT ADVISER

Purpose of the Report

1. To seek approval for the extension of contract for the Fund's independent adviser and for attendance by the independent adviser at conferences on behalf of the Fund.

Information and Advice

2. The Fund's independent adviser was appointed for three years from 1 September 2009. The contract allows for a further period of two years and it is proposed to extend the current contract for this period from 1 September 2012.
3. Under the terms of the contract, the independent adviser shall attend, when requested to do so, at meetings of:
 - the Investment Sub-Committee;
 - the Pensions Working Party;
 - the trustees of the Pension Fund; and
 - any other meetings in connection with the Pension Fund (as reasonably required).
4. It is proposed that the independent adviser is authorised to attend conferences on behalf of the Fund when requested to do so and that he is requested to attend the LGC Investment Summit 2012 at Celtic Manor on behalf of the Fund.

Statutory and Policy Implications

5. This report has been compiled after consideration of implications in respect of finance, equal opportunities, 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.

RECOMMENDATIONS

- 1) That the current contract for the Fund's independent adviser be extended for two years from 1 September 2012.
- 2) That approval be given for the Fund's independent adviser to attend conferences on behalf of the Fund when requested to do so.
- 3) That the Fund's independent adviser be requested to attend the LGC Investment Summit 2012 at Celtic Manor.

Paul Simpson
Service Director – Finance & Procurement

For any enquiries about this report please contact:
Simon Cunningham
Team Manager – Investments

Constitutional Comments (NAB 28.06.12)

6. The Pension Fund Committee has authority to approve the recommendations set out in this report.

Financial Comments (SRC 27/06/12)

7. The costs arising from the decisions within the report are a legitimate charge to the Pension Fund.

09 July 2012

Agenda Item:9

REPORT OF SERVICE DIRECTOR – FINANCE & PROCUREMENT

PROPERTY TRANSACTION APPROVALS

Purpose of the Report

1. To outline the process for approving transactions relating to properties owned directly by the Fund and to seek delegated authority to approve purchases and sales of properties after appropriate consultation with Members.

Information and Advice

2. Following the change to a committee system of governance from 17 May 2012 and consequent changes to the Council's constitution, the previous authority to approve transactions relating to the Fund's investment properties has changed.
3. Under the old constitution, property transactions were approved by the Team Manager (Investments) under delegated authority from the Service Director (Finance & Procurement). Additional consultation was required with Members before approving purchases and sales.
4. In the new system, decisions in respect of properties already owned by the Fund (for example lease renewals, new lettings and refurbishments) are operational decisions made by the Team Manager (Investments). These will continue to be reported to the Pensions Investment Sub-Committee on a quarterly basis.
5. For decisions in respect of purchases and sales of investment properties, it is proposed that specific delegated authority be given to the Team Manager (Investments) to approve these decisions following appropriate consultation with the following Members of the Nottinghamshire Pension Fund Committee:
 - The Chairman
 - The Vice Chairman
 - The Majority Party Spokesman

Statutory and Policy Implications

6. This report has been compiled after consideration of implications in respect of finance, equal opportunities, 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.

RECOMMENDATIONS

- 1) That delegated authority be given to the Team Manager (Investments) to approve purchases and sales of investment properties for the Fund following consultation with the following Members of the Nottinghamshire Pension Fund Committee:
 - The Chairman
 - The Vice Chairman
 - The Majority Party Spokesman

Paul Simpson
Service Director – Finance & Procurement

For any enquiries about this report please contact:
Simon Cunningham
Team Manager – Investments

Constitutional Comments (NAB 28.06.12)

7. The Pension Fund Committee has authority to approve the recommendation set out in this report.

Financial Comments (SRC 27/06/12)

8. None.