

**18 April 2013****Agenda Item: 5****REPORT OF SERVICE DIRECTOR – FINANCE & PROCUREMENT****PENSIONS INVESTMENT BUSINESS PLAN****Purpose of the Report**

1. To review the 2012/13 Pensions Investment business plan and agree a business plan and associated budget to support the Sub-Committee in 2013/14.

**Information and Advice**

2. It is considered best practice that a business plan is agreed to support the work of the Committee, including major milestones and issues to be considered during the year including an appropriate provision for training.
3. The Pensions Investment Sub-Committee, at its meeting in March 2012, agreed a Pensions Investment business plan for 2012/13 and this is reviewed at Appendix A. The majority of issues were properly considered and appropriate actions taken but outstanding items that remain relevant have been included in the plan for 2013/14.
4. The investment related activity of the Fund is supported by the Pensions & Treasury Management team within the Finance & Procurement Division. The relevant extracts of the team's service plan for 2013/14 are shown at Appendix B. An appropriate proportion of the costs of the team are recharged to the Fund annually in line with Regulations.
5. The Sub-Committee also agreed that the following conferences should be attended by Members and/or officers.

<b>Conference</b>	<b>Location</b>	<b>Date</b>
NAPF Local Authority Conference	Cotswolds	May
LGC Investment Summit	Celtic Manor	September
LAPFF Conference	Bournemouth	November

6. Reports have been presented on each of these conferences. Additional training for Members has been provided as follows:
  - Training on benchmarking at Pensions Sub-Committee
  - LGE Fundamentals course
  - Property inspection organised by Aberdeen Asset Management.

7. It is proposed to arrange a further property inspection in 2013/14 and to continue to attend the key pension conferences (as below). The approach to additional Member training will be determined following elections in May.

Conference	Location	Date	Attendance
NAPF Local Authority Conference	Cotswolds	May	2 Officers
LGC Investment Summit	Celtic Manor	September	2 Members 1 Officer
LAPFF Conference	Bournemouth	November	1 Member 1 Officer

## **Statutory and Policy Implications**

8. 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/S**

- 1) That the actions on the 2012/13 Business Plan be noted.
- 2) That the 2013/14 Plan be noted.
- 3) That a further property inspection be arranged in 2013.
- 4) That attendance at the key conferences shown at paragraph 7 be agreed and approval sought for attendance by Members as appropriate.

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### **Constitutional Comments (KK 10/04/13)**

1. The proposals in this report are within the remit of the Nottinghamshire Pension Fund Committee.

### **Financial Comments (SRC 10/04/13)**

2. The costs of attendance at conferences will be a charge to the Fund in accordance with governing regulations.

## **Background Papers**

None

## Pensions Investment Business Plan 2012/13

The key issues from the 2012/13 business plan are listed below along with commentary on the actions taken during the year.

Item
<b>1. Business Management System</b> <ul style="list-style-type: none"> <li>- continue work to ensure that BMS functionality and processes enable the Fund to meet its accounting and administration needs</li> <li>- provide support to ensure pensions payroll transfers successfully to BMS</li> </ul> <p><i>Pensions payroll successfully transferred to BMS in May 2012</i></p>
<b>2. Pension fund accounts</b> <ul style="list-style-type: none"> <li>- produce accounts in line with International Financial Reporting Standards and prescribed timescales</li> <li>- liaise with external audit as required</li> </ul> <p><i>The accounts were produced within timescale with an unqualified external audit report.</i></p>
<b>3. Annual report</b> <ul style="list-style-type: none"> <li>- produce the pension fund annual report in line with regulatory requirements</li> </ul> <p><i>The annual report was published on the pension fund website on 26 September 2012 which was within the statutory deadline.</i></p>
<b>4. Impact of the revised LGPS</b> <ul style="list-style-type: none"> <li>- assess detailed proposals as announced in 2012/13</li> </ul> <p><i>The potential impact of the new scheme on investment strategy will be considered as part of the triennial valuation process.</i></p>
<b>5. Triennial Valuation</b> <ul style="list-style-type: none"> <li>- prepare for Triennial Valuation as at 31 March 2013 liaising with Pensions Office and the actuaries as appropriate</li> </ul> <p><i>Meeting held with the actuaries in January 2013 to agree process and timescale for providing information.</i></p>
<b>6. Outstanding actions from the revised Myners Principles</b> <ul style="list-style-type: none"> <li>- consider a medium term business plan for the Fund</li> <li>- consider a performance framework for the Investment Sub-Committee</li> <li>- prepare a review of existing benchmarks</li> <li>- report on transaction related costs</li> <li>- ensure relevant audit reports are presented to the appropriate Sub-Committee</li> </ul> <p><i>Following consideration by the Pensions Sub-Committee, the Nottinghamshire Pension Fund Committee in January 2013 approved the setting of a liability-based benchmark and a strategic benchmark for the Fund. Discussions will be held with the Fund's investment managers regarding changes to their benchmarks within a wider review of strategic asset allocation as part of the triennial valuation process.</i></p>
<b>7. Allocation of cash</b> <ul style="list-style-type: none"> <li>- take decisions on allocating net cash from contributions to new investments or existing managers</li> <li>- continue to consider appropriate private equity and infrastructure investments</li> </ul>

*The Pensions Committee in April 2012 approved additional commitments to private equity and infrastructure within the allocation level included in the Statement of Investment Principles. New commitments were made to 4 funds in 2012.*

*The Nottinghamshire Pension Fund Committee in January 2013 approved allocation of £25m cash to the In-house portfolio in order to increase the Fund's emerging market equity investments as well as a commitment of £10m to an Enterprise Capital Fund to be managed by the Foresight Group once approved by Capital for Enterprise Limited.*

## Pensions Investment Business Plan 2013/14

The key issues to be considered during 2013/14 are listed below.

Output/Tasks	Deadline	Comments
<b>Statement of Accounts</b>		
Prepare statement of accounts	31/05/13	
Report to Pension Fund Committee	16/09/13	
<b>Annual Report</b>		
Prepare annual report	06/09/13	
Publish on website and notify employers	20/09/13	
<b>Triennial Valuation</b>		
Provide data to actuaries	30/08/13	
Meeting re preliminary results	18/10/13	
Communicate results to employers	31/10/13	
Finalise report and publish	30/03/14	
<b>Quarterly Reporting</b>		Reconcile records and prepare reports for Sub-Committee
Quarter end March	05/06/13	
Quarter end June	28/08/13	
Quarter end September	27/11/13	
Quarter end December	05/03/14	
<b>Other</b>		
Determine approach to Member training	01/07/13	Following County Council elections
Consider items for Myners compliance	01/07/13	Outstanding items from 2012/13
Determine approach to Investment Strategy	31/10/13	As part of triennial valuation process
Determine investment impact of new scheme	31/10/13	As part of triennial valuation process
Finalise changes to benchmarks	31/10/13	As part of triennial valuation process
Consider tender for Actuarial Services	31/03/14	Contract expires in 2014
Consider tender for Independent Adviser	31/03/14	Contract expires in 2014
Consider tender for Proxy Voting Services	31/03/14	Contract expires in 2014