

Pensions Investment Sub-Committee

Thursday, 05 December 2013 at 10:00

**Offices of Schroders Investment Management Ltd, 31 Gresham Street, London,
EC2V 7QA**

AGENDA

- 1 Minutes of the last meeting held on Monday 2nd September 2013 3 - 6
- 2 Apologies for Absence
- 3 Declarations of Interests by Members and Officers:- (see note below)
(a) Disclosable Pecuniary Interests
(b) Private Interests (pecuniary and non-pecuniary)
- 4 Fund Valuation and Performance 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.

EXEMPT INFORMATION ITEMS

- 6 Fund valuation and Performance
- 7 Exempt Minutes of the last meeting held on 2nd September 2013
- 8 Managers' reports as to:-
 - (a)Schroders Investment Management
 - (b)Aberdeen Property Investors
 - (c)Kames Capital

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 Chris Holmes (Tel. 0115 977 3714) 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.

minutes

Meeting	PENSIONS INVESTMENT SUB-COMMITTEE
Date	Monday 2 nd September 2013 (commencing at 10:30 am)

membership

Persons absent are marked with 'A'

COUNCILLORS

S Smedley MBE JP (Chairman)
Ken Rigby (Vice Chairman)

A	Reg Adair Chris Barnfather Mrs Kay Cutts Glynn Gilfoyle	Sheila Place Darrell Pulk Parry Tsimbiridis
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Nottingham City Council

	Councillor Alan Clark Councillor Thulani Molife
A	Councillor Jackie Morris

Nottinghamshire Local Authorities' Association

	Executive Mayor Tony Egginton
A	Councillor Milan Radulovic MBE

Trades Unions

A	Mr J Hall Mr C King
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Scheduled Bodies

A	Mr N Timms
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Officers in Attendance

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

Also in Attendance

Mr E Lambert (Independent Advisor)

MINUTES

The minutes of the last meeting of the Sub-Committee held on 13th June 2013, having been previously circulated, were confirmed and signed by the Chairman.

MEMBERSHIP

It was reported that Councillor Darrell Pulk had been appointed to the Sub-Committee in place of Councillor John Clarke. It was also reported that Neil Timms had been appointed to the Sub-Committee as the Scheduled Bodies representative following an election.

APOLOGIES FOR ABSENCE

Apologies for absence were received from:

Councillor Reg Adair – other reasons
Councillor Jackie Morris
Mr N Timms

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 30th June 2013.

RESOLVED: 2013/040

That the report be noted.

EXCLUSION OF THE PUBLIC

RESOLVED: 2013/041

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 2013/042

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 13th June 2013

Managers Reports as to:

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

The meeting closed at 12:45pm.

CHAIRMAN

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5 December 2013
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 30 September 2013.

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 over that quarter and the previous year. 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 30 September 2013, together with the comparative position 3 and 12 months previously.

	Latest Quarter		Previous Quarter		Previous Year	
Quarter ended:	30 Sep 2013		30 Jun 2013		30 Sep 2012	
	£m	%	£m	%	£m	%
UK Fixed Interest	322	8%	279	8%	315	11%
Overseas Fixed Interest	81	3%	93	3%	73	2%
Inflation-Linked	58	2%	59	2%	57	2%
UK Equities	1,270	35%	1,207	35%	1,058	34%
Overseas Equities	1,235	35%	1,202	35%	1,005	32%
Private Equity	78	2%	82	2%	71	2%
UK Property	324	9%	318	9%	308	10%
Overseas Property	84	3%	87	3%	84	3%
Cash	94	3%	119	3%	119	4%
TOTAL	3,547	100%	3,444	100%	3,090	100%

4. The Fund has increased by £103 million (3%) since the previous quarter and is £457 million (15%) higher than the same period last year. The table below shows the provisional Fund Account for 2013/14 to the end of September along with the full year figures for 2012/13.

Summary Fund Account	2013/14 To 30/09/13 £000	2012/13 Full year £000
Employer contributions	(63,132)	(127,132)
Member contributions	(21,124)	(42,829)
Transfers in from other pension funds	(4,071)	(11,535)
Pensions	66,429	127,078
Commutation of pensions and lump sums	12,935	28,187
Lump sum death benefits	2,517	3,714
Payments to and on account of leavers	6,684	16,048
Administration Expenses	764	1,409
Net additions from dealings with members	1,002	(5,060)
Investment Income	(45,519)	(88,307)
Profits & losses on disposals & changes in value	(27,779)	(334,869)
Taxes on income	485	580
Investment management expenses	2,054	3,506
Net Returns on Investments	(70,759)	(419,090)
 Net (increase)/decrease in net assets	 (69,757)	 (424,150)

5. Contributions from employers and employees total £84 million with £82 million paid out in pensions and lump sum payments. Net transfers out to other funds of just under £3 million mean the Fund has a small net cash outflow from members in the first half year. Net returns on investments total £71 million with investment income making up nearly £46 million. The cash flow position will be closely monitored throughout the rest of the year.

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

