

# **Nottinghamshire Pension Fund Annual Meeting**

**Tuesday, 07 October 2014 at 14:00**

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

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## **AGENDA**

1 Welcome and Introduction

2 Apologies for Absence

Notes of the AGM held on 8 October 2013

3 - 6

4 Management and Financial Performance  
Presentation by Neil Robinson ( Financial Management

5 Investment Performance  
Simon Cunnington Senior Accountant ( Pensions and Treasury  
Management)

6 Pensions Administration  
Jon Clewes, Payroll and Pensions Team Manager

7 Pensions Fund Governance - Pensions Board  
Sue Bearman - Senior Solicitor

## **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 Paul Davies (Tel. 0115 977 3299) 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>

**NOTES OF THE PENSION FUND ANNUAL EMPLOYERS AND TRADE UNIONS MEETING HELD AT COUNTY HALL, WEST BRIDGFORD ON TUESDAY 8<sup>TH</sup> OCTOBER 2013 AT 14:00pm.**

**Present**

**Members of the County Council's Pensions Committee**

Councillor Stella Smedley (Chair)  
Councillor Kay Cutts  
Councillor Ken Rigby  
Councillor Reg Adair  
Councillor Parry Tsimbiridis  
Councillor Chris Barnfather  
Councillor Darrell Pulk

**Members of the Pensions Investment Sub-Committee**

Mr. C. King - Trade Union Representative

**Representatives of Employers and Trade Unions**

A Windybank - Greenwood Academies Trust  
A Hall-Wright - Rushcliffe Borough Council  
M Powell - The White Hills Park Federation Trust  
A Cross - Nottingham City Council  
T Kirkham - Nottingham City Council  
M Staley - Broxtowe Borough Council  
C Radford - NOPCC  
P Robinson - Ashfield CAB  
D Straw - Nottm & Notts Futures  
S Thackery - Trent Valley IDB  
K. Braithwaite - NORSACA  
M Hope - Ashfield Homes  
N Lovely - Newark & Sherwood DC  
M Stevenson - Mansfield DC  
J Worrall - Bilborough College

J Gordon - Nottinghamshire Police

**Representatives of the Corporate Director (Environment and Resources)**

Mr S Cunnington  
Mr J Fairbanks  
Ms S Marshall  
Ms N McCormack  
Mr N Robinson  
Mr N. Stevenson  
Mrs S. Stevenson

**Advisor to the Fund**

Mr E Lambert

**Clerk to the Panel**

Mr. C. Holmes - Policy Planning and Corporate Services Department

**NOTE:-**

The list of those present was taken from attendance sheets signed on the day of the meeting. Apologies are however given if all the names are not entirely accurate or representatives did not have a chance to sign these sheets and are, therefore, not shown above.

**1. WELCOME AND OPENING REMARKS**

Councillor Stella Smedley, Chair of the Nottinghamshire Pensions Fund Committee, opened the meeting and welcomed representatives to the Annual Meeting.

She reported that apologies for absence had been received from:-

Councillor Sheila Place  
Councillor Glynn Gilfoyle

**2. NOTES OF THE ANNUAL MEETING HELD ON 1<sup>st</sup> OCTOBER 2012**

The notes of the 2012 meeting, circulated with the papers for the meeting were noted.

**3. MANAGEMENT AND FINANCIAL PERFORMANCE**

Mr Stevenson, Group Manager (Financial Strategy and Compliance) gave a presentation to the meeting on the overview of the management and financial

performance of the Fund. He indicated that the accounts showed the Fund had closing net assets of £3,496 million at the yearend 2012/13. He added that net returns on investment had risen to £419 million. The downward trend of net additions from members had continued. The Fund however still received more in contributions than it paid in benefits.

He referred to the government's call for evidence on the future structure of the Local Government Pension Scheme. He indicated that Nottinghamshire's response included:-

- The level of involvement by employer and member representatives is high. The changes being introduced by the Public Service Pension Act 2013 will increase this accountability further.
- A sensible strategy, simply executed is far better than a complex strategy involving multiple managers in multiple asset classes.
- In house investment may help to improve long term returns as there will generally be less focus on short term gains and trends.
- Simpler investment strategies inevitably mean lower fees.

In conclusion he stated that there was a continuing downward trend in net additions from members but the rate of increase in benefits had slowed. Further analysis would be done on cash flow from members. The Fund still had positive net cash flow and substantial investment income. Net assets were up 28% since the last triennial valuation. The Fund had strong governance, good returns and low costs.

#### **4. INVESTMENT PERFORMANCE**

Mr Cunningham, Senior Accountant (Pensions and Treasury Management), presented the 2012/13 investment performance. He reported that the investment return for the total Fund in 2012/13 was 13.9%. He indicated that the total return over the last 3 years was 8.2% per annum compared with the expected return on assets at the last valuation of 6.8% per annum. He explained that the Fund's statement of investment principles stated that "contribution income currently exceeds benefit payments....This makes it unlikely that assets will have to be realised to meet pension benefits and allows the Fund to implement a long term investment strategy". He commented that long term returns from equities and property were still expected to be higher than bonds and the strategy continued to be to favour these assets.

In conclusion he stated that investment returns continued to be important. Assets have performed well since the last valuation, and long term returns have been strong. The asset allocation still favours growth assets. A long term strategy was vital and cash flow was the key to enable this to continue.

#### **5. PENSIONS ADMINISTRATION THE NEW SCHEME**

John Fairbanks – Acting Pensions Manager (Technical) and Sarah Marshall – Acting Pensions Manager (People) gave a presentation on the changes to the Local Government Pension Scheme from 1<sup>st</sup> April 2014. They referred to the

changes of the annual pensions benefit accrual and indicated that members contribution rates were increasing. They outlined the other key changes to the scheme and they explained the protections for existing members.

They reported on the employer responsibilities for the Local Government Pensions Scheme from 2014. The number of scheme employers had increased from approximately 140 in 2008 to 230+ currently. This was the result of Academy conversions and TUPE arrangements. The role of the Pensions Office was to support scheme employers to undertake their responsibilities in line with the regulations. They outlined the main impact for scheme employers of the 2014 scheme.

## **6. OUTLOOK FOR 2013 ACTUARIAL VALUATIONS...AND BEYOND...**

Alison Hamilton from Barnett Waddingham gave a presentation on outlook for the 2013 actuarial valuation. She explained that one of the purposes of valuations was to determine how much do employers need to pay in future to have enough assets to pay benefits. The triennial funding valuation is set out in the Local Government Pension Scheme Regulations and is to certify levels of employer contributions to secure the solvency of the Fund. The actuary has to “have regard to the desirability of maintaining as stable a contribution rate as possible”. She explained that the first step was a projection of all possible benefit payments for each member. Probabilities were attached to each payment to get “expected” payments. “Expected” payments were then discounted to obtain “present value”.

Her conclusions were that with regard to accrued benefits, the funding level was down a bit but the cash deficit was up a bit. With regard to ongoing employer contributions, average employer contributions would be up a little but the Local Government Pension Scheme 2014 will save a little for some. Overall probably more cash was required but any increases would be phased in and would vary by employer.

She indicated that the changes to the Local Government Pension Scheme from 2014 were in respect of new benefits and contributions. There was a move to an average pay scheme. There was change in pensionable pay definition and a change in member contribution rates.

The meeting closed at 15:15pm.

### **CHAIRMAN**

Notes of AGM – 8 Oct 13