Nottinghamshire County Council

Pensions Sub-Committee

Thursday, 13 December 2012 at 10:30

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

AGENDA

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

Nottinghamshire County Council

Meeting	PENSIONS SUB COMMITTEE
Date	Thursday, 21st June 2012 at 10.30am

membership
Persons absent are marked with `A'

COUNCILLORS

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

	Reg Adair	A	Ken Rigby
	Mrs Kay Cutts	A	David Taylor
A	Carol Pepper	A	Les Ward
	Sheila Place		

Nottingham City Council

	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

A	Mr J Hall
	Mr C King

Scheduled Bodies

A	Mr N Timms

Pensioners

	Mr T V Needham
A	Mr K Stedman

Officers in Attendance

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

Also in Attendance

Mr E Lambert (Investment Adviser)

APPOINTMENT OF CHAIRMAN AND VICE CHAIRMAN

RESOLVED 2012/001

That the appointment by the County Council at its Annual Meeting of Councillor Michael J Cox as Chairman and Councillor S Smedley MBE JP as Vice Chairman of the Sub-Committee be noted.

MEMBERSHIP AND TERMS OF REFERENCE OF THE SUB COMMITTEE

RESOLVED 2012/002

That the membership and terms of reference of the Sub-Committee as set out in the report be noted.

APOLOGIES FOR ABSENCE

Apologies for absence were received from:-

Councillor Carol Pepper	-	(other County Council business)
Councillor Ken Rigby	-	(personal)
Councillor David Taylor	-	(medical / illness)
Councillor Les Ward	-	(medical / illness)
Councillor Jackie Morris	-	(other City Council business)
Mr K Stedman		

DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS

None.

PROXY VOTING

Consideration was given to a report which set out the voting of equity holdings in the first quarter of 2012.

RESOLVED 2012/003

That the report be noted.

NATIONAL ASSOCIATION OF PENSION FUNDS LOCAL AUTHORITY CONFERENCE 2012

Consideration was given to a report on the 2012 conference.

RESOLVED 2012/004

That the report be noted.

BENCHMARKS TRAINING SESSION

A trustee training session was given by Gavin Lewis and Chrispin Lace from Russell Investments on benchmarks and investment strategy.

The meeting closed at 11.58am.

CHAIRMAN M_21June2012

Nottinghamshire County Council

Report to Pensions Sub-Committee

13 December 2012

Agenda Item: 4

REPORT OF SERVICE DIRECTOR – FINANCE & PROCUREMENT

BENCHMARKS

Purpose of the Report

1. To seek approval to recommendations made by the Pensions Working Party regarding changes to the current benchmarks used by the Fund.

Information and Advice

2. At its meeting on 30 October 2012, the Pensions Working Party considered the attached report on benchmarks. The allocation to emerging market equities referred to in the report was considered by the Pensions Investment Sub-Committee at the meeting on 8 November 2012. This report will concentrate on the benchmarks used by the Fund to define and evaluate performance.

3. After in depth discussions involving all members of the Working Party and the Fund's independent adviser, it was agreed that the current benchmarking arrangements do not provide a sufficiently robust link to the returns needed to achieve the long term funding objective and are failing to provide sufficient information on which to measure the overall performance of the Fund.

4. In order to measure whether the Fund is meeting its funding objectives, it is recommended that the following benchmarks be agreed:
   - a liability-based benchmark (LBM)
   - a Fund strategic benchmark

5. The LBM represents the closest match to changes in the value of liabilities and would generally consist of 85-90% long dated index-linked gilts and 10-15% long dated conventional gilts. It is important to note that this would not be used to formulate an investment strategy for the Fund (as the Fund is not approaching maturity and the funding level is not above 100%) but would give an indication of whether the agreed investment strategy is being successful in meeting the funding objective.

6. The investment strategy is decided following the outcome of the triennial valuation as the asset allocation most likely to produce the returns required. The Fund has agreed asset allocation ranges for each major asset class. These are shown below.

Asset Allocation Ranges

Equities	55% - 75%
Property	5% - 25%
Bonds	10% - 25%
Cash	0% - 10%

7. The ranges give flexibility in investment strategy and to cover market movements but it would be difficult to create a benchmark to reflect these. It is suggested, therefore, to construct a benchmark from the mid-point of each range (with the exception of cash which would need to be set at 2.5% in order to add up to 100%). The mid-points are shown below along with the actual asset allocation and WM Local Authority average asset allocation as at 30 September 2012.

	Mid-point	**Actual**	**WM LA**
Equities (inc private equity)	65.0%	69.1%	66.0%
Property	15.0%	12.7%	7.3%
Bonds	17.5%	14.4%	18.3%
Cash	2.5%	3.8%	3.5%
Alternatives			4.9%
	100.0%	**100.0%**	**100.0%**

8. The benchmarks would use high level indices for each asset class and would be determined in conjunction with the Fund's independent adviser. Setting these benchmarks would then enable an assessment of actual performance, in particular the impact of decisions to under or over-weight asset classes relative to the benchmark.

9. In terms of managers' benchmarks, the In-House portfolio and Schroders currently include reference to the CAPS (Mellon) consensus (using the average asset allocations from the BNY Mellon universe of funds). There are question marks over using consensus or average allocations to drive performance. Although it can be useful to compare to other funds, performance benchmarks should link to the Fund's particular circumstances rather than those of an average fund. An alternative would be to set a benchmark based on the proportion of each region in the global stock market. If it is still considered appropriate to use average allocations as a means of setting benchmarks, it would be better if these were based on WM Local Authority average allocations.

10. It would be sensible to involve each manager in discussions regarding changes to their benchmarks and it is suggested that these discussions take place within a wider review of strategic asset allocation as part of the triennial valuation process.

11. The final point considered by the Working Party was quarterly performance reporting. The overall objective of the Fund is very long term in nature but regulations require that performance is monitored on a quarterly basis. However, it is suggested that focusing reporting more on longer term performance would link more clearly to the long term objective of the Fund. If considered appropriate,

changes will be made to the quarterly reporting in conjunction with the Fund's managers.

RECOMMENDATION/S

1) A liability-based benchmark is set for the Fund.
2) A strategic benchmark is set for the Fund based on the mid-point of the strategic asset allocation ranges.
3) Discussions are held with each manager regarding changes to their benchmarks within a wider review of strategic asset allocation as part of the triennial valuation process.
4) Changes are made to quarterly performance reporting in conjunction with managers to focus more on longer time frames in order to more clearly link to the Fund's long term objectives.

Report author:
Simon Cunnington
Senior Accountant – Pensions & Treasury Management

Background Papers

APPENDIX

Nottinghamshire County Council

Report to Pensions Working Party

30 October 2012

REPORT OF TEAM MANAGER - INVESTMENTS

BENCHMARKS

Purpose of the Report

1. To outline the purposes of benchmarks and initiate discussion on current benchmarks used by the Fund and suggestions for change, including specifically whether the exposure to emerging markets should be increased.

Information and Advice

2. A benchmark is defined as a standard by which something can be measured or judged. Benchmarks perform two main functions for a pension fund – firstly to define and evaluate the overall performance of the Fund; secondly to set targets for individual fund managers against which their performance will be measured.

3. The Fund is currently split into five main portfolios:
    - In-house global equities
    - Schroders global equities
    - Kames bonds
    - Aberdeen direct UK property
    - Various pooled equity, property and alternative investments

4. Each main manager has a specific benchmark made up of relevant market indices with a specified target for outperformance. The current benchmark arrangements are shown in Appendix A. The investments within the last portfolio mostly compare performance with a particular market index but, as these are largely pooled investments, the Fund has little control over these benchmarks. The overall performance of the Fund is currently compared to a composite benchmark created by combining the various benchmarks used within each portfolio.

5. Appendix B shows extracts from the Fund's Funding Strategy Statement (FSS) and Statement of Investment Principles (SIP). According to the FSS the long term objective of the Fund is to achieve and then maintain sufficient assets to cover 100% of projected accrued liabilities in order to ensure that liabilities can be met and employers' contribution rates can be kept as nearly constant as possible. It is recognised that investment returns have a valuable role in achieving these aims.

6. The results of the 2010 valuation show the liabilities to be 84% covered by current assets. Future deficit contributions are set to recover the deficit over a period of up to 20 years. However, positive investment returns can help to reduce the deficit and mitigate the impact on employers. For this reason the current strategic asset allocation favours growth assets (equities and property) over defensive assets (bonds and cash).

7. In carrying out the triennial valuation, the actuaries make allowance for the expected long term returns from the Fund's investments. At the 2010 valuation the long term expected returns from the main asset classes were:

Equities/absolute return funds	7.5%
Gilts	4.5%
Bonds & Property	5.6%

   Actual investment returns are incorporated into the next valuation as either a positive or negative inter-valuation factor.

8. The current composite Fund benchmark does not link directly to the Fund's long term objectives. The strategic benchmark should have an explicit link to the liabilities and make clear the long term nature of the objective. It is suggested therefore that a strategic benchmark be set for the Fund that incorporates the expected long term returns from the various asset classes. This would be reviewed and amended as appropriate after each triennial valuation. The strategic asset allocation is then determined with this benchmark in mind. The report provided by Eric Lambert, the Fund's independent adviser, goes into some detail on setting a strategic benchmark as well as suggesting discussion points for individual managers' benchmarks.

9. The benchmarks set for each manager have a dual role. They enable comparison of performance to market indices but they also influence the investment approach of the manager by effectively setting limits over the assets in which they can invest. The performance target also gives an indication of the level of risk that is acceptable. The benchmarks set for each manager should reflect the risk and return expectations arising from the strategic asset allocation.

10. The current benchmarks for the In-House portfolio and for Schroders include reference to the CAPS (Mellon) consensus. These use the average asset allocations from the BNY Mellon universe of funds (the average allocations as at 31 March 2012 are shown in Appendix B). The Fund used to use BNY Mellon for performance measurement but has recently switched to WM as this more closely reflects LGPS funds. If it is considered appropriate to continue using average allocations as a means of setting benchmarks, it is recommended that these be based on WM Local Authority average allocations.

11. There are question marks, however, over using consensus or average allocations to drive performance. Although it can be useful to compare to other funds, performance benchmarks should link to the Fund's particular circumstances rather than those of an average fund. An alternative would be to set a benchmark based on the proportion of each region in the global stock market. These weightings could be adjusted according to Members' views on particular markets.

12. The overall objective of the Fund is very long term in nature but regulations require that performance is monitored on a quarterly basis. However, the guidance on compliance with the revised Myners Principles suggests that 'although returns will be measured quarterly, a longer timeframe (typically 3 – 7 years) should be used to assess the effectiveness of Fund management arrangements'. The Fund has always believed in looking at a manager's long term track record when concerns arise over performance but it is suggested that focusing quarterly reporting more on longer term performance (for example 1 and 3 years) would highlight this belief and also link more clearly to the long term objective of the Fund.

Emerging Markets

13. The recent Celtic Manor conference included a number of sessions on emerging markets and the attendees from the Fund all considered this was an area worth considering for an increased allocation (for both equity and debt).

14. There are two arguments usually put forward for investing in emerging markets:
    - Faster economic growth than developed economies
    - Increased diversification

    The drivers of growth include:
    - Demographics – higher proportion of population of working age
    - Fiscal strength – governments able to spend to boost growth
    - Consumption – rising incomes mean increased spending, often on discretionary items

15. The diversification argument reduces as an emerging economy becomes more integrated with the global economy. Access to diversification is also an issue in countries whose markets are dominated by a small number of large companies (as is the case in China, Russia and Brazil). This can be overcome by more active investment in a wider range of companies although this significantly increases volatility and therefore risk.

16. Allocations to emerging market equities could be increased relatively easily through adjusting the benchmark for either (or both) the In-House and Schroders portfolios. As discussed above, this would have the effect of directing the investment activity of the manager – the manager could underweight the new allocation to emerging markets but at the risk of significant underperformance. Making an allocation to emerging market debt via Kames is slightly more difficult as their agreement specifies that bonds should be 'investment grade'. Further discussions with Kames would therefore be appropriate.

RECOMMENDATION/S

1) A strategic benchmark is set for the Fund with a specific link to the liabilities.
2) Consideration is given to setting managers' benchmarks without reference to average asset allocations. If average allocations are used, it is recommended that these are based on WM Local Authority average allocations.

3) Performance reporting should focus more on longer time frames (eg 1 and 3 years) to more clearly link to the Fund's long term objectives.
4) Consideration is given to increasing the Fund's allocation to emerging market equities and debt.

Report author:
Simon Cunnington
Team Manager – Investments

Background Papers

<u>In-House</u>
Benchmark:
CAPS (Mellon) consensus equities

<u>Schroders</u>
Benchmark:

UK equities	57%
CAPS (Mellon) consensus overseas equities	42.5%
Cash	0.5%

Performance target:
To outperform the benchmark by 0.8% pa (before fees) and to fall not more than 2.5% below the benchmark over rolling three year periods.

Relevant indices for both In-House and Schroders portfolios:

		Average at 31/3/12	
Equity Region	**Index**	**CAPS**	**WM LA**
UK	FTSE All-Share	47.3%	48.8%
US	FTSE AW US	18.6%	19.5%
European	FTSE WI Europe ex UK	15.9%	11.4%
Japanese	FTSE AW Japan	6.2%	5.0%
Pacific ex Japan	FTSE AW Developed Asia Pacific ex Japan	6.9%	7.4%
Emerging Markets	MSCI Emerging Market	4.6%	7.3%
Cash	LIBID 7 day	0.5%	0.5%

<u>Kames</u>
Benchmark:

FTSE-A Gilt All-Stock	40%
Merrill Lynch Sterling Non-Gilt All-Stock	30%
Citigroup WGBI ex-UK (unhedged)	20%
FTSE-A Index-linked Gilt over 5 years	10%

Allocation ranges:

UK Government Bonds	10-70%
UK Corporate Bonds	10-50%
International Government Bonds (including 20% International corporate bonds)	0-40%
UK Index-Linked Bonds	0-30%
Cash	0-15%

<u>Aberdeen</u>
Benchmark:
IPD Annual December Universe

Extracts from the Funding Strategy Statement

3.1 **The aims of the fund are to:**

- enable employer contribution rates to be kept as nearly constant as possible and at reasonable cost to the taxpayers, scheduled, resolution and admitted bodies
- manage employers' liabilities effectively
- ensure that sufficient resources are available to meet all liabilities as they fall due
- maximise the returns from investments within reasonable risk parameters

5.1 To meet the requirements of the Regulations the Administering Authority's long term funding objective is for the Funds to achieve and then maintain sufficient assets to cover 100% of projected accrued liabilities (the "funding target") assessed on an ongoing basis including allowance for projected final pay.

5.2 The principal method and assumptions to be used in the calculation of the funding target are set out in Appendix A. Underlying these assumptions are the following two tenets:

- that the Scheme and the major employers are expected to continue for the foreseeable future; and
- favourable investment performance can play a valuable role in achieving adequate funding over the longer term.

6.1 The investment policy of the funds is set out in the Statement of Investment Principles (SIP). In assessing the value of the Scheme's liabilities in the valuation, the funding basis sets the discount rate to value the liabilities as the expected investment return from the agreed investment strategy taking into account the investment strategy adopted by the Scheme, as set out in the SIP.

6.2 The results of the 2010 valuation in respect of the Nottinghamshire County Council Pension Fund show the liabilities to be 84% covered by the current assets, with the funding deficit of 16% being covered by future deficit contributions.

The current benchmark investment strategy, as set out in the SIP, is:

Equities	55% - 75%
Property	5% - 25%
Bonds	10% - 25%
Cash	0% - 10%

6.3 The Fund will be invested on a core/satellite approach, with approximately 40% of the fund managed in-house on an enhanced index-tracking basis, and the balance with specialist managers who are given targets for out-performance against benchmarks.

Extracts from the Statement of Investment Principles

5.1 Contribution income currently exceeds benefit payments and a recent investment strategy review, carried out by the Fund's actuaries, found that this is likely still to be the case in 20-30 years time. This makes it unlikely that assets will have to be realised in order to meet pension benefits and allows the Fund to implement a long term investment strategy.

5.2 The agreed asset allocation ranges are therefore:-

Equities	55% to 75%
Property	5% to 25%
Bonds	10% to 25%
Cash	0% to 10%

These ranges will be kept under regular review. If it appears likely that these limits might be breached because of market movements, reference will be made to a meeting of the Pensions Working Party for advice. The proportions are those aimed at achieving best returns whilst minimising overall variability in the future employers' contribution rates. These have been confirmed as appropriate by the investment strategy review.

5.3 In carrying out the triennial valuation, the actuaries make allowance for the expected long term additional returns from the Fund's investments relative to a portfolio of Government bonds. The assumed level of out-performance at the most recent valuation was 2.3% per annum. Actual returns will be incorporated into each actuarial valuation.

5.4 The policy of the Fund will be to treat the equity allocation as a block aimed at maximising the financial returns to the funds (and thus minimising the employers contribution) consonant with an acceptable level of risk. The block of Bonds, Property and Cash is aimed at lowering overall risk (at the cost of anticipated lower return). The Fund will vary between the asset classes according to market circumstances, relative performance and cash flow requirements.

Nottinghamshire County Council

Report to Pensions Sub-Committee

13 December 2012

Agenda Item: 5

REPORT OF SERVICE DIRECTOR – FINANCE & PROCUREMENT

NOTTINGHAM & NOTTINGHAMSHIRE INVESTMENT FUND

Purpose of the Report

1. To report on discussions at the Pensions Working Party on progress in establishing a venture capital fund to invest in Nottingham and Nottinghamshire and to seek agreement to a recommendation to commit £10 million to the fund once established.

Information and Advice

2. Nottingham City and Nottinghamshire County Councils have been working together on a proposal to create a venture capital fund to invest in small and medium sized enterprises (SMEs) within Nottingham and Nottinghamshire with the aim of making commercial returns for investors. The original proposal was jointly to procure a fund manager to set up and run the fund after securing commitments from the pension fund and high net worth individuals.

3. This original aim was overtaken by the announcement of the City Deal for Nottingham in which the government agreed to invest £25m in a venture fund if additional funding could be secured. Following further discussions with the City Council, it is clear that the government would prefer to make the investment through an Enterprise Capital Fund (ECF) co-ordinated by Capital for Enterprise (CfEL).

4. CfEL is the government's equity investment vehicle. Their website states that it is 'a fund management company which designs, delivers and manages venture capital and debt guarantee schemes on behalf of the public and private sectors'. It is wholly owned by the Department for Business, Innovation and Skills and is 'the largest single investor in UK venture capital'.

5. ECFs are designed to increase the availability of growth capital to SMEs through fixed term private equity funds, largely structured as English limited partnerships. ECFs are awarded by CfEL following a defined selection process and detailed commercial, financial and legal checks. Government funding in an ECF is normally limited to a third with the manager required to raise the additional capital from other sources. This means that an additional £12.5m would need to be raised to match the £25m government funding. The manager will need to

convince CfEL of their ability to raise this capital and is normally allowed 6 months from the award of an ECF in which to complete the fundraising.

6. The City Council sought proposals from a number of existing venture capital managers in order to select a preferred manager to put forward to CfEL for the ECF process. Interviews were held on 18 October 2012 at which four prospective managers presented and were questioned on their proposals. Foresight Group has been selected as the preferred manager.

7. Foresight Group has been raising and managing investment funds for over 25 years and currently has assets under management of over £650m. It employs 46 professionals and currently manages 60 portfolio companies. Since 2007, it has sold 19 portfolio companies realising an average cash multiple of 4.1x the original investment.

8. The fund's strategy will be to develop a diversified portfolio of unquoted investments to enable the fund to deliver commercial returns to investors. It will be regionally focused on companies based within Nottingham and Nottinghamshire but will not have a regional constraint. The risk adjusted returns will be key in deciding where to invest.

9. The preferred manager is now in discussions with CfEL regarding their proposals. Appendix A shows extracts from CfEL's *Guidance for Prospective Managers* giving brief details of the information required and the assessment criteria used by CfEL.

10. The Fund currently has an agreed target allocation to private equity of 10% of the Fund (which equates to about £300m) and has made commitments totalling approximately £125m. These are shown in the table below. Within this is an existing commitment of £4m to an ECF. The majority of individual commitments are between £5m and £15m in closed funds with terms from 10 to 14 years. Each fund calls capital only when specific companies are identified for investment and it would be expected that distributions are made following successful exits from investments. In this way, the net exposure to an individual fund is unlikely to reach the full commitment level. Quarterly reports are received on each fund.

Fund	**Vintage**	**Commitment**	**Undrawn**
Wilton Private Equity Fund LLC	2001	$14,000,000	$605,622
Pantheon Europe Fund III	2001	€ 10,000,400	€ 1,000,400
East Midlands Regional Venture Capital Fund	2002	£5,000,000	£1,253,333
Coller International Partners IV	2002	$10,000,000	$1,400,000
Schroders Private Equity Fund of Funds III (PEFOF III)	2005	€ 22,000,000	€ 2,750,000
DCM Private Equity Fund II	2005	$18,000,000	$6,552,000
Pantheon Europe Fund V	2006	€ 15,000,000	€ 4,050,000
Coller International Partners V	2006	$18,000,000	$4,059,000
Catapult Growth Fund LP	2006	£4,000,000	£154,822
Altius Associates Private Equity Fund	2007	$10,000,000	$3,455,656
Partners Group Secondary 2008	2007	€ 13,000,000	€ 1,698,357
DCM Private Equity Fund III	2012	$16,000,000	$15,280,000
Coller International Partners VI	2012	$16,000,000	$12,936,526

Altius Associates Private Equity Fund II	2012	$15,000,000	$14,114,658

11. It is proposed that the Fund commits £10m to the new ECF subject to approval by CfEL. Following robust discussions at the meeting on 30 October 2012, the Pensions Working Party recommend that such a commitment be made.

RECOMMENDATION/S

1) That a recommendation is made to the Nottinghamshire Pension Fund Committee to commit £10m to the ECF to be managed by the Foresight Group once approved by CfEL.

Report author:
Simon Cunnington
Senior Accountant – Pensions & Treasury Management

Background Papers
None

ECF award process – extracts from CfEL's *Guidance for Prospective Managers*

Mandatory initial information

- Details of the proposed ECF's investment strategy including, target sectors and investment stages, investment structures and any co-investment agreements, length of investment period and proportion of funding reserved for follow on investment.
- Summary CVs (as an annex) of key investment personnel involved in the fund and details of their proposed role within the ECF.
- Details of any investment track record; from the team as a whole and for individuals within the team (supporting information may be included as an annex).
- Details of private investors willing to back the fund (evidence of commitment e.g. letters of support may be attached as an annex).
- Details of management fee, start up costs and any other fees and costs that will be charged to the fund and details of all fees likely to be charged to investee companies by the fund or linked organisations.
- Level of Government funding sought and level of private investment.
- Details of the Government's fixed profit share (this must be a fixed number that will apply throughout any and all distribution of profits) and how any other profits are to be distributed.
- Acknowledgement that the applicant has read and can accept the terms of the Government‟s draft ECF limited partnership agreement.
- Confirmation that the applicant has read this Guidance and accepts the terms herein.

Assessment criteria

The assessment criteria are broken down under four broad headings:

- strength of investment team, relevant experience and expertise;
- investment strategy;
- sources of private capital; and
- financial terms.

Under each heading, there are certain features that must be present in all proposals, and further criteria that CfEL will take into account when assessing them.

Each of the four broad areas will form an important part of the assessment process, and none will be of overriding importance. This means that the successful proposals will not necessarily be those from teams with most experience, or those offering the most generous financial terms; instead, they will be those that offer the best overall value for money in meeting the Government's objectives.

Nottinghamshire County Council

Report to Pensions Sub-Committee

13 December 2012

Agenda Item: 6

REPORT OF SERVICE DIRECTOR – FINANCE & PROCUREMENT

PENSION FUND RISK REGISTER

Purpose of the Report

1. To present the revised Pension Fund Risk Register and to consider any recommended actions arising from the risks identified.

Information and Advice

2. The Pensions Investment Sub-Committee last reviewed the risk management strategy and corresponding risk register on 16 December 2010. In the light of current challenges facing pension funds such as investment performance, increasing liabilities and regulatory changes, the risk register has been updated.

3. The Pension Fund's Risk Management Strategy is to:-
   a) identify key risks to the achievement of the Fund's aims
   b) assess the risks for likelihood and impact
   c) identify mitigating controls
   d) allocate responsibility for the mitigating controls
   e) maintain a risk register detailing the risk features in a)-d) above
   f) review and update the risk register on an annual basis
   g) report the outcome of the review to the Pensions Committee annually.

4. In order to assess the risks and produce the risk register, a standard format for risk management has been adopted. This uses a simple sliding scale of 1 to 5 to assess both the likelihood of a risk materialising and the impact if it does occur. A 'risk score' is then calculated for each risk by multiplying likelihood by impact.

5. The risk scores are plotted on a matrix (shown in the attached risk register) in order to assess the level of risk (low, medium, high or very high). This allows a more objective ranking of risks to take place and highlights the priority areas for possible further action.

6. The risk register identifies 16 risks in total, 2 of which are assessed as very high, 5 as high, 7 as medium and 2 as low risk. The majority are considered to have sufficient mitigating controls in place. Where further action is considered necessary this is detailed in the risk register.

Statistical and Policy Implications

7. 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.

RECOMMENDATION/S

1) That the additional actions outlined in the revised risk register are considered for implementation.

Report author:
Simon Cunnington
Senior Accountant – Pensions & Treasury Management

For any enquiries about this report please contact: Simon Cunnington

Background Papers
None

Nottinghamshire County Council

PENSION FUND RISK REGISTER – DECEMBER 2012

Objectives

1. The objectives of the Risk Register are to:
   - identify key risks to the achievement of the Fund's objectives
   - consider the risks identified
   - assess the significance of the risks.

Risk Assessment

2. Identified risks are assessed separately and for each the following is determined:
   - the likelihood of the risk materialising
   - the severity of the impact/potential consequences if it does occur.

3. Each factor is evaluated on a sliding scale of 1 to 5 with 5 being the highest value i.e. highest likelihood/most severe impact/consequences. The risk evaluation tables below have been used in order to assess specific risks and to introduce a measure of consistency into the risk assessment process. The overall rating for each risk is calculated by multiplying the likelihood value against the impact value.

LIKELIHOOD:		
1	Rare	0 to 5% chance
2	Unlikely	6 to 20% chance
3	Possible	21 to 50% chance
4	Likely	51 to 80% chance
5	Almost certain	81%+ chance

IMPACT:		
1	Insignificant	0 to 5% effect
2	Minor	6 to 20% effect
3	Moderate	21 to 50% effect
4	Significant	51 to 80% effect
5	Catastrophic	81%+ effect

Having scored each risk for likelihood and impact, the risk ratings can be plotted onto the following matrix to enable risks to be categorised into Low, Medium, High and Very High Risk. The risk rating scores and categories are then used to prioritise the risks shown in the register in order to determine where additional action is required.

Risk Rating Matrix

Relative Impact		(1) Rare	(2) Unlikely	(3) Possible	(4) Likely	(5) Almost Certain
Catastrophic	(5)	**M**	**H**	**VH**	**VH**	**VH**
Significant	(4)	**M**	**H**	**VH**	**VH**	**VH**
Moderate	(3)	**M**	**M**	**H**	**H**	**H**
Minor	(2)	**L**	**L**	**M**	**M**	**M**
Insignificant	(1)	**L**	**L**	**L**	**L**	**L**

Relative Likelihood

NOTTINGHAMSHIRE PENSION FUND
RISK REGISTER

RISK	RATING	IMPACT
Risk V1. Significant variations from assumptions used in the actuarial valuation	16	VERY HIGH
Risk G5. Fund assets are not sufficient to meet its obligations and liabilities.	12	VERY HIGH
Risk G3. An effective performance management framework is not in place.	9	HIGH
Risk G4. Inappropriate investment strategy is adopted.	8	HIGH
Risk G1. Pension Fund governance arrangements are not effective	8	HIGH
Risk A2a. Fund manager mandates	8	HIGH
Risk A2b. Custody arrangements	8	HIGH
Risk A1. Standing data and permanent records are not accurate or do not reflect changes of circumstances.	8	MEDIUM
Risk G2. Pension Fund objectives are not defined and agreed.	6	MEDIUM
Risk A2c. Accounting arrangements	6	MEDIUM
Risk A2d. Financial Administration	6	MEDIUM
Risk A2e. Pensions Administration	6	MEDIUM
Risk A3. Inadequate resources are available to manage the pension fund.	6	MEDIUM
Risk R1. Failure to adhere to relevant statutory regulations including updates from LGPS.	6	MEDIUM
Risk A2f. Stewardship	4	LOW
Risk A4. Failure to communicate adequately with all relevant stakeholders.	4	LOW

Pension Fund Governance						
Risk G1. Pension Fund governance arrangements are not effective (Myners' Principle 1 / 6)						
Likelihood:	**2**	Impact:	**4**	Risk Rating:	**8**	**HIGH**
Current Controls	• The Council's constitution clearly delegates the functions of administering authority of the pension fund to the Nottinghamshire Pension Fund Committee (NPF Committee), supported by two Sub-Committees.					
	• The terms of reference of each Sub-Committee are agreed.					
	• The Fund publishes a Governance Compliance Statement which details the governance arrangements of the Fund and assesses compliance with best practice. This is kept regularly under review.					
	• A training policy is in place which requires Members to receive continuing training and all new Members to attend the Local Government Employers training course.					
	• Officers of the Council attend meetings of the Pensions Committee and Sub-Committees.					
	• The Fund has a formal contract for an independent adviser to give advice on investment matters. They are required to attend each meeting of the Pension fund investment sub-committees.					
Additional Controls/Action Required	• Continue to monitor via existing processes.					
Responsibility:	Group Manager (Financial Strategy & Compliance)		**Timescale:**	On-going		

Pension Fund Governance						
Risk G2. Pension Fund objectives are not defined and agreed. (Myners' Principle 2)						
Likelihood:	**2**	Impact:	**3**	Risk Rating:	**6**	**MEDIUM**
Current Controls	• Objectives are defined in the Funding Strategy Statement and approved by the NPF Committee.					
Additional Controls/Action Required	• Continue to monitor via existing processes.					
Responsibility:	NPF Committee; Group Manager (Financial Strategy & Compliance)		**Timescale:**	On-going		

Pension Fund Governance							
Risk G3. An effective performance management framework is not in place. (Myner's Principle 4)							
Likelihood:	**3**	Impact:	**3**	Risk Rating:	**9**	**HIGH**	
Current Controls	• A performance management framework involving quarterly performance reports to the Pensions Investment Sub Committee is in place.						
	• Poor performance is highlighted and addressed directly by the Pensions Investment Sub Committee and ultimately the NPF Committee.						
Additional Controls/Action Required	• Devise performance framework to monitor effectiveness of asset allocation decisions.						
Responsibility:	Pensions Investment Sub-Committee; Group Manager (Financial Strategy & Compliance)		**Timescale:**		September 2013		

Pension Fund Governance							
Risk G4. Inappropriate investment strategy is adopted. (Myners' Principle 2)							
Likelihood:	**2**	Impact:	**4**	Risk Rating:	**12**	**HIGH**	
Current Controls	• The Investment Strategy is in accordance with LGPS investment regulations.						
	• The Investment Strategy is documented, reviewed and approved by the Pensions Committee.						
	• The Strategy takes into account the Fund's liabilities.						
	• A regular review takes place of the Fund's asset allocation strategy by the Pension Fund Working Party.						
	• An external advisor provides specialist guidance to the Pensions Investment Sub Committee on the investment strategy.						
Additional Controls/Action Required	• Consider the need for an explicit assessment of the strategic risk inherent in the Fund's Investment Strategy. This could form part of an Investment Strategy Review following the triennial valuation.						
Responsibility:	Group Manager (Financial Strategy & Compliance)		**Timescale:**		March 2014		

Pension Fund Governance						
Risk G5. Fund assets are not sufficient to meet its obligations and liabilities. (Myners' Principle 3)						
Likelihood:	**3**	Impact:	**4**	Risk Rating:	**12**	**VERY HIGH**
Current Controls	• Fund cash flow is monitored daily and reported to Investment Sub-Committee annually					
	• Fund assets are kept under review as part of the Fund's performance management framework. •					
	• Regular assessment of Fund assets and liabilities is carried out through Actuarial valuations.					
	• The Fund's Investment and Funding Strategies are regularly reviewed .					
	• An external advisor provides specialist guidance to the Pensions Investment Sub Committee on the investment strategy.					
Additional Controls/Action Required	• Consider the need for an Investment Strategy Review following the latest actuarial valuation.					
Responsibility:	Investments Sub-Committee; Group Manager (Financial Strategy & Compliance)		**Timescale:**	March 2014		

Pension Fund Administration						
Risk A1. Standing data and permanent records are not accurate or do not reflect changes of circumstances.						
Likelihood:	**4**	Impact:	**2**	Risk Rating:	**8**	**MEDIUM**
Current Controls	• Business processes are in place to identify changes to standing data.					
	• Records are supported by appropriate documentation; input and output checks are undertaken; reconciliation occurs to source records once input.					
	• Documentation is maintained in line with agreed policy.					
	• Change of details form sent out to members alongside annual statement.					
	• Data matching exercises (National Fraud Initiative) identifies discrepancies.					
Additional Controls/Action Required	• Existing arrangements are sufficient and will continue.					
Responsibility:	Group Manager (BSC)		**Timescale:**	On-going		

Pension Fund Administration						
Risk A2. Inadequate controls to safeguard pension fund assets.						
A2a. Fund manager mandates						
Likelihood:	**2**	Impact:	**4**	Risk Rating:	**8**	**HIGH**
Current Controls	• Complete and authorised client agreements are in place. This includes requirement for fund manages to report quarterly on their performance.					
	• Client portfolios are managed in accordance with investment objectives.					
	• AAF 01/06 reports on internal controls of service organisations reviewed for external managers.					
	• In House Fund has a robust framework in place which is regularly tested by internal audit					
	• Fund Managers maintain an appropriate risk management framework to minimise the level of risk to Pension Fund assets.					
Additional Controls/Action Required	• Continue to monitor via existing processes.					
Responsibility:	Group Manager (Financial Strategy & Compliance); Senior Accountant - Pensions & TM	**Timescale:**	On-going			

Pension Fund Administration						
Risk A2. Inadequate controls to safeguard pension fund assets.						
A2b. Custody arrangements						
Likelihood:	**2**	Impact:	**4**	Risk Rating:	**8**	**HIGH**
Current Controls	• Complete and authorised agreements are in place with external custodian.					
	• AAF 01/06 report on internal controls of service organisations reviewed for external custodian.					
	• Regular reconciliations carried out to check external custodian records.					
	• In-house custody arrangements require physical stock certificates to be held in secure cabinet to which access is limited.					
Additional Controls/Action Required	• Continue to monitor via existing processes.					
Responsibility:	Group Manager (Financial Strategy & Compliance); Senior Accountant - Pensions & TM	**Timescale:**	On-going			

Pension Fund Administration							
Risk A2. Inadequate controls to safeguard pension fund assets.							
A2c. Accounting arrangements							
Likelihood:	**3**	Impact:	**2**	Risk Rating:	**6**	**MEDIUM**	
Current Controls	• Pension Fund accounting arrangements conform to the Local Authority Accounting Code and the Pensions' SORP.						
	• The Pension Fund subscribes to the CIPFA Pensions Network and Technical Information Service and officers attend courses as appropriate.						
	• Regular reconciliations are carried out between in-house records and those maintained by external custodian and investment managers.						
	• Internal Audits are carried out on an annual basis.						
	• External Audit review the Pension Fund's accounts annually.						
Additional Controls/Action Required	• Continue to monitor via existing processes.						
Responsibility:	Group Manager (Financial Strategy & Compliance); Senior Accountant - Pensions & TM		**Timescale:**	On-going			

Pension Fund Administration							
Risk A2. Inadequate controls to safeguard pension fund assets.							
A2d. Financial Administration							
Likelihood:	**2**	Impact:	**3**	Risk Rating:	**6**	**MEDIUM**	
Current Controls	• The pension fund adheres to the County Council's financial regulations with appropriate separation of duties and authorisation limits for transactions.						
	• Daily cash settlements are made with external custodian to maximise returns on cash.						
	• Investment transactions are properly authorised, executed and monitored.						
	• Contributions due to the fund are governed by Scheme rules which are implemented by the Pensions Manager						
	• The Pension fund maintains a bank account which is operated within regulatory guidelines						
Additional Controls/Action Required	• Continue to monitor via existing processes.						
Responsibility:	Group Manager (Financial Strategy & Compliance); Senior Accountant - Pensions & TM		**Timescale:**	On-going			

<table>
<tr><th colspan="8">Pension Fund Administration</th></tr>
<tr><td colspan="8">Risk A2. Inadequate controls to safeguard pension fund assets.</td></tr>
<tr><td colspan="8">A2e. Pensions Administration</td></tr>
<tr><td>Likelihood:</td><td>3</td><td>Impact:</td><td>2</td><td colspan="2">Risk Rating:</td><td>6</td><td>MEDIUM</td></tr>
<tr><td rowspan="10">Current Controls</td><td colspan="7">• The Pension fund maintains a bank account which is operated within legislative guidelines</td></tr>
<tr><td colspan="7">• Data is backed up on an incremental basis daily and fully backed up weekly</td></tr>
<tr><td colspan="7">• Audit trails and reconciliations are in place.</td></tr>
<tr><td colspan="7">• There is no home working on the Pensions system (Axis) by Pensions Section staff.</td></tr>
<tr><td colspan="7">• Systems are protected against viruses and other threats.</td></tr>
<tr><td colspan="7">• Software is regularly updated to meet LGPS requirements.</td></tr>
<tr><td colspan="7">• Records are supported by appropriate documentation; input and output checks are undertaken; reconciliation occurs to source records once input.</td></tr>
<tr><td colspan="7">• Documentation is maintained in line with agreed policy.</td></tr>
<tr><td colspan="7">• Change of details form sent out to members alongside annual statement.</td></tr>
<tr><td colspan="7">• Data matching exercises help to identify discrepancies</td></tr>
<tr><td>Additional Controls/Action Required</td><td colspan="7">• Continue to monitor via existing processes.</td></tr>
<tr><td>Responsibility:</td><td colspan="3">Group Manager (Financial Strategy & Compliance);
Group Manager (BSC)</td><td colspan="2">Timescale:</td><td colspan="2">On-going</td></tr>
</table>

<table>
<tr><th colspan="8">Pension Fund Administration</th></tr>
<tr><td colspan="8">Risk A2. Inadequate controls to safeguard pension fund assets.</td></tr>
<tr><td colspan="8">A2f. Stewardship (Myners’ Principle 5)</td></tr>
<tr><td>Likelihood:</td><td>2</td><td>Impact:</td><td>2</td><td colspan="2">Risk Rating:</td><td>4</td><td>LOW</td></tr>
<tr><td rowspan="3">Current Controls</td><td colspan="7">• The pension fund aims to be a responsible investor and has adopted the FSA’ s Stewardship code.</td></tr>
<tr><td colspan="7">• It is a member of Local Authority Pension Fund Forum, National Association of Pension Funds and supports their work on shareholder engagement.</td></tr>
<tr><td colspan="7">• The pension fund has a contract in place for a proxy voting service and voting is reported to the Pensions sub-committee each quarter.</td></tr>
<tr><td>Additional Controls/Action Required</td><td colspan="7">• Continue to monitor via existing processes.</td></tr>
<tr><td>Responsibility:</td><td colspan="3">Group Manager (Financial Strategy & Compliance);
Senior Accountant - Pensions & TM</td><td colspan="2">Timescale:</td><td colspan="2">On-going</td></tr>
</table>

Pension Fund Administration						
Risk A3. Inadequate resources are available to manage the pension fund.						
Likelihood:	**2**	Impact:	**3**	Risk Rating:	**6**	**MEDIUM**
Current Controls	• The pension fund is managed by the Pensions & Treasury Management and HR Pensions teams.					
	• Operating costs are recharged to the pension fund in accordance with regulations.					
	• Staffing levels and structures are kept under regular review.					
Additional Controls/Action Required	• Continue to monitor via existing processes.					
Responsibility:	Group Manager (Financial Strategy & Compliance); Group Manager (BSC)		**Timescale:**	On-going		

Pension Fund Administration						
Risk A4. Failure to communicate adequately with all relevant stakeholders. (Myners' Principle 6)						
Likelihood:	**2**	Impact:	**2**	Risk Rating:	**4**	**LOW**
Current Controls	• A communications strategy is in place.					
	• Website periodically updated.					
	• Nest Egg newsletter is published twice a year.					
	• The Pensions Investment Sub Committee has representatives of the County Council, City Council, Nottinghamshire Local Authorities, Trade Unions, Scheduled and Admitted Bodies.					
	• Regular Pension road shows and communication takes place.					
	• Meetings are held regularly with employers within the Fund.					
	• Benefit Illustrations are sent annually to contributing and deferred Fund members.					
	• Annual report prepared in accordance with statutory guidelines which include all key strategies and is published on the website.					
Additional Controls/Action Required	• Continue to monitor via existing processes.					
Responsibility:	Group Manager (BSC)		**Timescale:**	On-going		

<table>
<tr><th colspan="8">Regulatory</th></tr>
<tr><td colspan="8">Risk R1. Failure to adhere to relevant statutory regulations including updates from LGPS.</td></tr>
<tr><td>Likelihood:</td><td>2</td><td>Impact:</td><td>3</td><td>Risk Rating:</td><td>6</td><td colspan="2">MEDIUM</td></tr>
<tr><td rowspan="3">Current Controls</td><td colspan="7">• An established process exists to inform members and officers of statutory requirements and any changes to these.</td></tr>
<tr><td colspan="7">• Sufficient resources are in place to implement LGPS changes while continuing to administer the scheme.</td></tr>
<tr><td colspan="7">• Membership of relevant Pensions professional groups ensures changes in statutory requirements are registered before the implementation dates.</td></tr>
<tr><td>Additional Controls/Action Required</td><td colspan="7">• Continue to monitor statutory requirements via the DCLG website and Pension Groups meetings.</td></tr>
<tr><td>Responsibility:</td><td colspan="3">Group Manager (Financial Strategy & Compliance); Senior Accountant - Pensions & TM</td><td colspan="2">Timescale:</td><td colspan="2">On-going</td></tr>
</table>

<table>
<tr><th colspan="8">Valuation</th></tr>
<tr><td colspan="8">Risk V1. Significant variations from assumptions used in the actuarial valuation</td></tr>
<tr><td>Likelihood:</td><td>4</td><td>Impact:</td><td>4</td><td>Risk Rating:</td><td>16</td><td colspan="2">VERY HIGH</td></tr>
<tr><td rowspan="5">Current Controls</td><td colspan="7">• Assumptions made by actuaries reviewed by officers and members</td></tr>
<tr><td colspan="7">• Sensitivity analysis undertaken on assumptions to measure impact</td></tr>
<tr><td colspan="7">• Valuation undertaken every 3 years</td></tr>
<tr><td colspan="7">• Monitoring of cash flow position and preparation of medium term business plan.</td></tr>
<tr><td colspan="7">• Contributions made by employers vary according to their member profile.</td></tr>
<tr><td>Additional Controls/Action Required</td><td colspan="7">• Continue to monitor via existing processes.</td></tr>
<tr><td>Responsibility:</td><td colspan="3">Group Manager (Financial Strategy & Compliance); Senior Accountant - Pensions & TM</td><td colspan="2">Timescale:</td><td colspan="2">On-going</td></tr>
</table>

Nottinghamshire County Council

Report to Pensions Sub-Committee

13 December 2012

Agenda Item: 7

REPORT OF SERVICE DIRECTOR – FINANCE & PROCUREMENT

PROXY VOTING

Purpose of the Report

1. To report on the voting of equity holdings in the second and third quarters of 2012.

Information and Advice

2. The Myners principles require pension funds to have an explicit strategy towards their holdings voting on issues that may affect the value of the Fund's investments. The Fund's statement on responsible investment states that "the Fund continues to exercise its ownership rights by adopting a policy of actively voting stock it holds".

3. The Fund retains responsibility for voting (rather than delegating to its investment managers) and votes the majority of its equity holdings in the UK, Europe, US and Japan. Voting is implemented by Pensions Investment Research Consultants (PIRC) based on their Shareholder Voting Guidelines.

4. During the second and third quarters of 2012, 738 meetings were held, of which 10 were not voted mainly because the shares had no voting rights. Appendix A lists all meetings during the quarters at which the Fund voted. The table below shows the number of meetings by region at which votes were cast.

2012 Q2 & Q3	**Meetings**	**Meetings with oppose/abstain votes**	
UK	167	152	91%
Europe	157	144	92%
US	228	227	100%
Japan	65	55	85%
Global	111	109	98%
Total	**728**	**687**	**94%**

5. Overall there were 687 meetings (representing 94% of the total) at which 1 or more oppose or abstain votes were cast. This high proportion of meetings with oppose or abstain votes shows that the Fund continues to take it stewardship role

seriously through considered exercise of its voting rights. The full analysis of resolutions is shown in the table below.

2012 Q2 & Q3	UK		Europe		US		Japan		Global		Total	
For	2,226	78%	1,463	70%	1,649	53%	680	82%	733	70%	6,751	67%
Oppose	305	11%	518	25%	978	32%	145	17%	236	22%	2,182	22%
Abstain	317	11%	111	5%	212	7%	7	1%	70	7%	717	7%
Withhold	4	0%	0	0%	262	8%	0	0%	96	9%	362	4%
	2,852		**2,092**		**3,101**		**832**		**1,135**		**10,012**	

6. Overall, 22% of votes were not in favour of resolutions, with marked regional differences – the UK having 11% of such votes compared to 32% for US companies. The main topics that led to oppose votes included executive pay schemes, independence of board members, annual reports and appointment of auditors.

7. During the second quarter PIRC has been highlighting short-comings in corporate governance. For example, it has analysed the application of the Stewardship Code where it found that only 15% of asset managers disclosed a full voting record. Of the remainder, only 33% had a statement of policy of non-disclosure, mainly citing confidentiality or that it is the property of the client. Although the number making full disclosure has increased over last year, progress is slow and it has been suggested that the reserve power contained in the Companies Act to make disclosure mandatory should be exercised.

8. PIRC continues to recommend voting against the auditors of the major banks on the basis that IFRS accounts fail to provide a ‘true and fair’ view in accordance with the Companies Act. The impact of IFRS has led to material over-statement of profits and net assets and conflicts with the directors’ responsibilities to ensure that the bank is a going concern and that distributions are lawfully made. PIRC also highlighted the conflict of interest where directors of the major banks are involved in the accounting standard setting process.

9. Other organisations have also reported on governance issues. FairPensions has reported on the ‘governance gap’ due to retail pension provision. Insurance companies are failing to provide the same accountability as trustee-based schemes with regard to voting and engagement activity. The High Pay Centre’s research on FTSE100 remuneration committees shows a bias towards business and finance backgrounds with 46% of members being current or former lead executives. A Group of 30 report is sceptical on the contribution shareholders can make to corporate governance as they often act after a problem has arisen. There is also a distinction between the interests of short-term and long-term investors and institutions should be willing to act contrary to the former to ensure value over the long-term.

10. The third quarter saw the publication of the final report of the Kay Review. The picture that emerges is that within the investment chain there is a bias in favour of activity (i.e. transactions) which may not be in the best interests of shareholders.

The report recommends that directors and shareholders (including asset managers and owners) adopt Good Practice Statements that promote stewardship and long-term planning. It also calls for a new investor forum to facilitate collective engagement as the current Institutional Investor Committee is ineffective. The report avoids a call for direct regulatory intervention.

11. Also in the third quarter the TUC published its annual PensionsWatch survey where it highlights the disparity between the pension pots of directors and the rest of the workforce. The average transfer value of FTSE350 directors' defined benefit pension is £4.3m which equates to a pension of £240,199 per annum. This pension is 24 times the average occupational pension of £9,828. The survey also shows that for directors in defined contribution schemes the average employer contribution rate is 22% compared to an average of 6% for other employees.

Statutory and Policy Implications

12. 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 report be noted.

Report Author:
Simon Cunnington
Senior Accountant – Pensions & Treasury Management

For any enquiries about this report please contact: Simon Cunnington

UK Meetings Q2 2012

Company	Meeting Date	Meeting Type
1 CARNIVAL CORP/PLC (GBR)	11 Apr 12	AGM
2 SMITH & NEPHEW PLC	12 Apr 12	AGM
3 BP PLC	12 Apr 12	AGM
4 PACE PLC	16 Apr 12	AGM
5 DRAX GROUP	18 Apr 12	AGM
6 LADBROKES PLC	19 Apr 12	AGM
7 PERSIMMON PLC	19 Apr 12	AGM
8 ANGLO AMERICAN PLC	19 Apr 12	AGM
9 RIO TINTO GROUP (GBP)	19 Apr 12	AGM
10 HAMMERSON PLC	19 Apr 12	AGM
11 FILTRONA PLC	24 Apr 12	AGM
12 MISYS PLC	24 Apr 12	EGM
13 BBA AVIATION PLC	24 Apr 12	AGM
14 SHIRE PLC	24 Apr 12	AGM
15 MISYS PLC 2	04 Apr 12	COURT
16 REED ELSEVIER PLC	25 Apr 12	AGM
17 AGGREKO PLC	25 Apr 12	AGM
18 BODYCOTE PLC	25 Apr 12	AGM
19 BRITISH AMERICAN TOBACCO PLC	26 Apr 12	AGM
20 ASTRAZENECA PLC	26 Apr 12	AGM
21 ELEMENTIS PLC	26 Apr 12	AGM
22 SEGRO PLC	26 Apr 12	AGM
23 COBHAM PLC	26 Apr 12	AGM
24 BERENDSEN PLC	26 Apr 12	AGM
25 TAYLOR WIMPEY PLC	26 Apr 12	AGM
26 COLT GROUP SA	26 Apr 12	AGM
27 COLT GROUP SA	26 Apr 12	EGM
28 PEARSON PLC	27 Apr 12	AGM
29 BARCLAYS PLC	27 Apr 12	AGM
30 SENIOR PLC	27 Apr 12	AGM
31 MAN GROUP PLC	01 May 12	AGM
32 RENTOKIL INITIAL PLC	01 May 12	AGM
33 XSTRATA PLC	01 May 12	AGM
34 CARILLION PLC	02 May 12	AGM
35 SPIRENT COMMUNICATIONS	02 May 12	AGM
36 BAE SYSTEMS PLC	02 May 12	AGM
37 PROVIDENT FINL GROUP	02 May 12	AGM
38 MONDI PLC	03 May 12	AGM
39 GKN PLC	03 May 12	AGM
40 ARM HOLDINGS PLC	03 May 12	AGM
41 RECKITT BENCKISER GROUP PLC	03 May 12	AGM
42 INMARSAT PLC	03 May 12	AGM
43 MILLENNIUM & COPTHORNE HOTELS	03 May 12	AGM
44 REXAM PLC	03 May 12	AGM

Company	Meeting Date	Meeting Type
45 AVIVA PLC	03 May 12	AGM

UK Meetings Q2 2012

Company	Meeting Date	Meeting Type
46 SCHRODERS PLC	03 May 12	AGM
47 GLAXOSMITHKLINE PLC	03 May 12	AGM
48 LAIRD PLC	04 May 12	AGM
49 ROLLS-ROYCE HOLDINGS PLC	04 May 12	AGM
50 PSION PLC	04 May 12	AGM
51 IMI PLC	04 May 12	AGM
52 MORGAN CRUCIBLE CO PLC	08 May 12	AGM
53 WILLIAM HILL PLC	08 May 12	AGM
54 GLENCORE INTERNATIONAL PLC	09 May 12	AGM
55 UNILEVER PLC	09 May 12	AGM
56 ITV PLC	09 May 12	AGM
57 CRH PLC	09 May 12	AGM
58 WEIR GROUP PLC	09 May 12	AGM
59 RIGHTMOVE PLC	09 May 12	AGM
60 STANDARD CHARTERED PLC	09 May 12	AGM
61 NATIONAL EXPRESS GROUP PLC	10 May 12	AGM
62 WOOD GROUP (JOHN) PLC	10 May 12	AGM
63 TRINITY MIRROR PLC	10 May 12	AGM
64 BALFOUR BEATTY PLC	10 May 12	AGM
65 AEGIS GROUP PLC	10 May 12	AGM
66 INCHCAPE PLC	10 May 12	AGM
67 OLD MUTUAL PLC	10 May 12	AGM
68 TULLETT PREBON PLC	10 May 12	AGM
69 UBM PLC	11 May 12	AGM
70 LOGICA PLC	11 May 12	AGM
71 KAZAKHMYS PLC	11 May 12	AGM
72 CENTRICA PLC	11 May 12	AGM
73 RSA INSURANCE GROUP PLC	14 May 12	AGM
74 SERCO GROUP PLC	14 May 12	AGM
75 CAPITA PLC	15 May 12	AGM
76 INTERNATIONAL POWER PLC	15 May 12	AGM
77 TT ELECTRONICS PLC	15 May 12	AGM
78 SPIRAX-SARCO ENGINEERING PLC	15 May 12	AGM
79 BOVIS HOMES GROUP PLC	16 May 12	AGM
80 XCHANGING PLC	16 May 12	AGM
81 BG GROUP PLC	16 May 12	AGM
82 LEGAL & GENERAL GROUP PLC	16 May 12	AGM
83 HOWDEN JOINERY GROUP PLC	16 May 12	AGM
84 TULLOW OIL PLC	16 May 12	AGM
85 MARSHALLS	16 May 12	AGM
86 COOKSON GROUP PLC	17 May 12	AGM
87 RESOLUTION LTD	17 May 12	AGM

88 NEXT PLC	17 May 12	AGM
89 PRUDENTIAL PLC	17 May 12	AGM

UK Meetings Q2 2012

Company	Meeting Date	Meeting Type
90 CAIRN ENERGY PLC	17 May 12	AGM
91 LLOYDS BANKING GROUP PLC	17 May 12	AGM
92 SIG PLC	18 May 12	AGM
93 CHESNARA PLC	18 May 12	AGM
94 PREMIER OIL PLC	18 May 12	AGM
95 ROYAL DUTCH SHELL PLC	22 May 12	AGM
96 TRAVIS PERKINS PLC	22 May 12	AGM
97 MARTIN CURRIE GLOBAL PORTFOLIO TRUST PLC	22 May 12	AGM
98 INTERNATIONAL PERSONAL FINANCE PLC	24 May 12	AGM
99 HSBC HLDGS PLC	25 May 12	AGM
100 STANDARD LIFE PLC	25 May 12	AGM
101 INTERCONTINENTAL HOTELS GRP	25 May 12	AGM
102 KEWILL PLC	25 May 12	EGM
103 KEWILL PLC	25 May 12	COURT
104 UMECO PLC	28 May 12	EGM
105 UMECO PLC	28 May 12	COURT
106 LONRHO PLC	29 May 12	AGM
107 THOMAS COOK GROUP PLC	29 May 12	EGM
108 ROYAL BANK OF SCOTLAND GROUP	30 May 12	AGM
109 G4S PLC	07 Jun 12	AGM
110 INTERNATIONAL POWER PLC	07 Jun 12	EGM
111 INTERNATIONAL POWER PLC	07 Jun 12	COURT
112 LAURA ASHLEY HOLDINGS PLC	11 Jun 12	AGM
113 PREMIER FARNELL PLC	12 Jun 12	AGM
114 WPP PLC	13 Jun 12	AGM
115 SOCO INTERNATIONAL PLC	13 Jun 12	AGM
116 MORRISON (WM) SUPERMARKETS	14 Jun 12	AGM
117 DIGNITY PLC	14 Jun 12	AGM
118 WITAN PACIFIC I.T. PLC	14 Jun 12	AGM
119 KINGFISHER PLC	14 Jun 12	AGM
120 VEDANTA RESOURCES	15 Jun 12	EGM
121 CABLE & WIRELESS WORLDWIDE PLC	18 Jun 12	EGM
122 CABLE & WIRELESS WORLDWIDE PLC	18 Jun 12	COURT
123 WHITBREAD PLC	19 Jun 12	AGM
124 INTERNATIONAL CONSOLIDATED AIRLINES GROUP SA	20 Jun 12	AGM
125 3i GROUP PLC	29 Jun 12	AGM
126 TESCO PLC	29 Jun 12	AGM
127 STV GROUP PLC	18 Apr 12	AGM
128 HENDERSON ASIAN GROWTH TRUST PLC	19 Apr 12	AGM
129 BILFINGER BERGER SE	10 May 12	AGM

130 VERNALIS PLC	22 May 12	AGM

Europe Meetings Q2 2012

Company	Meeting Date	Meeting Type
1 BANCO POPULAR ESPANOL	08 Apr 11	AGM
2 TELIASONERA AB	03 Apr 12	AGM
3 LONZA GROUP AG	03 Apr 12	AGM
4 FIAT SPA	04 Apr 12	AGM
5 ELISA CORP	04 Apr 12	AGM
6 DAIMLER AG	04 Apr 12	AGM
7 VOLVO AB	04 Apr 12	AGM
8 BEKAERT SA/NV	04 Apr 12	EGM
9 SULZER LTD	05 Apr 12	AGM
10 CHRISTIAN DIOR SA	05 Apr 12	AGM
11 FIAT INDUSTRIAL SPA	05 Apr 12	AGM
12 LVMH (MOET HENNESSY - LOUIS VUITTON) SA	05 Apr 12	AGM
13 TNT EXPRESS NV	11 Apr 12	AGM
14 JULIUS BAER GRUPPE AG	11 Apr 12	AGM
15 KONINKLIJKE (ROYAL) KPN NV	12 Apr 12	AGM
16 SAMPO OYJ	12 Apr 12	AGM
17 AP MOLLER - MAERSK AS	12 Apr 12	AGM
18 VERBUND AG	12 Apr 12	AGM
19 SWISS RE	13 Apr 12	AGM
20 SKANSKA AB	13 Apr 12	AGM
21 KONINKLIJKE (ROYAL) AHOLD NV	17 Apr 12	AGM
22 INVESTOR AB	17 Apr 12	AGM
23 ENERGIAS DE PORTUGAL SA (EDP)	17 Apr 12	AGM
24 MEDIASET SPA	17 Apr 12	AGM
25 HOLCIM LTD	17 Apr 12	AGM
26 NESTLE SA	19 Apr 12	AGM
27 VOLKSWAGEN AG	19 Apr 12	AGM
28 RWE AG	19 Apr 12	AGM
29 VOLKSWAGEN AG	19 Apr 12	EGM
30 HEINEKEN NV	19 Apr 12	AGM
31 VIVENDI SA	19 Apr 12	AGM
32 GAS NATURAL SDG SA	20 Apr 12	AGM
33 MAN SE	20 Apr 12	AGM
34 SAIPEM SPA	20 Apr 12	AGM
35 AKZO NOBEL NV	23 Apr 12	AGM
36 ASSICURAZIONI GENERALI SPA	23 Apr 12	AGM
37 DELHAIZE GROUP	23 Apr 12	EGM

38 GDF SUEZ	23 Apr 12	AGM
39 ATLANTIA SPA	23 Apr 12	AGM
40 UMICORE	24 Apr 12	AGM
41 UMICORE	24 Apr 12	EGM

Europe Meetings Q2 2012

Company	Meeting Date	Meeting Type
42 GROUPE BRUXELLES LAMBERT (GBL)	24 Apr 12	AGM
43 ADECCO SA	24 Apr 12	AGM
44 SYNGENTA AG	24 Apr 12	AGM
45 GEA GROUP AG	24 Apr 12	AGM
46 STORA ENSO OYJ	24 Apr 12	AGM
47 POSTNL NV	24 Apr 12	AGM
48 REED ELSEVIER NV	24 Apr 12	AGM
49 GALP ENERGIA SGPS SA	24 Apr 12	EGM
50 DNB NOR ASA	25 Apr 12	AGM
51 PEUGEOT SA	25 Apr 12	AGM
52 WOLTERS KLUWER NV	25 Apr 12	AGM
53 AGEAS NV	25 Apr 12	AGM
54 SKF AB	25 Apr 12	AGM
55 AXA	25 Apr 12	AGM
56 BEIERSDORF AG	26 Apr 12	AGM
57 ABB LTD	26 Apr 12	AGM
58 AGEAS NV	26 Apr 12	AGM
59 KONINKLIJKE (ROYAL) PHILIPS ELECTRONICS NV	26 Apr 12	AGM
60 DANONE	26 Apr 12	AGM
61 MUENCHENER RUECK AG (MUNICH RE)	26 Apr 12	AGM
62 BOUYGUES SA	26 Apr 12	AGM
63 TECHNIP SA	26 Apr 12	AGM
64 BALOISE HOLDING	27 Apr 12	AGM
65 BASF SE	27 Apr 12	AGM
66 ATLAS COPCO AB	27 Apr 12	AGM
67 CREDIT SUISSE GROUP	27 Apr 12	AGM
68 BANCA MONTE DEI PASCHI DI SIENA SPA	27 Apr 12	AGM
69 PPR SA	27 Apr 12	AGM
70 RENAULT SA	27 Apr 12	AGM
71 BAYER AG	27 Apr 12	AGM
72 PORTUGAL TELECOM SGPS SA	27 Apr 12	AGM
73 ENI SPA	30 Apr 12	AGM
74 ENEL SPA	30 Apr 12	AGM
75 SANDVIK AB	02 May 12	AGM
76 SWEDISH MATCH AB	02 May 12	AGM
77 E.ON AG	03 May 12	AGM
78 NOKIA OYJ	03 May 12	AGM
79 LAGARDERE SCA	03 May 12	AGM
80 HENNES & MAURITZ AB (H&M)	03 May 12	AGM
81 UBS AG	03 May 12	AGM

82 SCHNEIDER ELECTRIC SA	03 May 12	AGM
83 ERICSSON	03 May 12	AGM
84 BOLIDEN AB	03 May 12	AGM
85 KBC GROUP SA	03 May 12	AGM
86 HEIDELBERGCEMENT AG	03 May 12	AGM

Europe Meetings Q2 2012

Company	Meeting Date	Meeting Type
87 SCANIA AB	04 May 12	AGM
88 LINDE AG	04 May 12	AGM
89 SANOFI	04 May 12	AGM
90 GALP ENERGIA SGPS SA	07 May 12	AGM
91 TELE2 AB	07 May 12	AGM
92 INVESTMENT AB KINNEVIK	07 May 12	AGM
93 LUFTHANSA AG	08 May 12	AGM
94 SOLVAY SA	08 May 12	AGM
95 UNILEVER NV	09 May 12	AGM
96 ALLIANZ SE	09 May 12	AGM
97 BEKAERT SA/NV	09 May 12	AGM
98 DEUTSCHE POST AG	09 May 12	AGM
99 K+S AG	09 May 12	AGM
100 AIR LIQUIDE SA	09 May 12	AGM
101 PARGESA HOLDING SA	09 May 12	AGM
102 BEKAERT SA/NV	09 May 12	EGM
103 ACCOR SA	10 May 12	AGM
104 ADIDAS AG	10 May 12	AGM
105 BIC SOCIETE	10 May 12	AGM
106 PIRELLI & CO	10 May 12	AGM
107 KONINKLIJKE (ROYAL) DSM NV	11 May 12	AGM
108 Fresenius SE & Co. KGaA	11 May 12	AGM
109 CASINO GUICHARD PERRACHON SA	11 May 12	AGM
110 MICHELIN	11 May 12	AGM
111 TOTAL SA	11 May 12	AGM
112 ESSILOR INTERNATIONAL SA	11 May 12	AGM
113 UNICREDIT SPA	11 May 12	AGM
114 TELEFONICA SA	14 May 12	AGM
115 ING GROEP NV	14 May 12	AGM
116 LANXESS AG	15 May 12	AGM
117 EDENRED SA	15 May 12	AGM
118 LAFARGE SA	15 May 12	AGM
119 TELECOM ITALIA SPA	15 May 12	AGM
120 THALES	15 May 12	AGM
121 BMW AG	16 May 12	AGM
122 DEUTSCHE BOERSE AG	16 May 12	AGM
123 SWATCH GROUP AG	16 May 12	AGM
124 AEGON NV	16 May 12	AGM
125 CELESIO AG	16 May 12	AGM

126 TELENOR ASA	16 May 12	AGM
127 TRANSOCEAN LTD	18 May 12	AGM
128 AGEAS NV	21 May 12	EGM
129 AGEAS NV	21 May 12	EGM
130 SOCIETE GENERALE SA	22 May 12	AGM
131 METRO AG	23 May 12	AGM

Europe Meetings Q2 2012

Company	Meeting Date	Meeting Type
132 BNP PARIBAS	23 May 12	AGM
133 COMMERZBANK	23 May 12	AGM
134 SAP AG	23 May 12	AGM
135 DELTA LLOYD NV	23 May 12	AGM
136 ARKEMA	23 May 12	AGM
137 DELHAIZE GROUP	24 May 12	AGM
138 CAP GEMINI SA	24 May 12	AGM
139 DEUTSCHE TELEKOM	24 May 12	AGM
140 SUEZ ENVIRONNEMENT SA	24 May 12	AGM
141 ELAN CORP PLC	24 May 12	AGM
142 INTESA SANPAOLO SPA	28 May 12	AGM
143 PUBLICIS GROUPE SA	29 May 12	AGM
144 STMICROELECTRONICS NV	30 May 12	AGM
145 EADS NV	31 May 12	AGM
146 UMICORE	31 May 12	EGM
147 SAFRAN SA	31 May 12	AGM
148 REPSOL YPF SA	31 May 12	AGM
149 VALLOUREC SA	31 May 12	AGM
150 DEUTSCHE BANK AG	31 May 12	AGM
151 FRANCE TELECOM	05 Jun 12	AGM
152 SAINT-GOBAIN SA	07 Jun 12	AGM
153 BANCO POPULAR ESPANOL	11 Jun 12	AGM
154 CARREFOUR SA	18 Jun 12	AGM
155 SONOVA HOLDING AG	19 Jun 12	AGM
156 AMADEUS IT HLDGS	20 Jun 12	AGM
157 IBERDROLA SA	22 Jun 12	AGM

US Meetings Q2 2012

Company	Meeting Date	Meeting Type
1 EXELON CORP.	02 Apr 12	AGM
2 BANK OF NEW YORK MELLON CORP.	10 Apr 12	AGM
3 UNITED TECHNOLOGIES CORP	11 Apr 12	AGM
4 CARNIVAL CORP.	11 Apr 12	AGM
5 SCHLUMBERGER LTD	11 Apr 12	AGM
6 WEYERHAEUSER CORP.	12 Apr 12	AGM

7 ADOBE SYSTEMS INC	12 Apr 12	AGM
8 MOODY'S CORP.	16 Apr 12	AGM
9 LILLY (ELI) & CO	16 Apr 12	AGM
10 PUBLIC SERVICE ENTERPRISE GROUP INC.	17 Apr 12	AGM
11 FIFTH THIRD BANCORP	17 Apr 12	AGM
12 CITIGROUP INC.	17 Apr 12	AGM
13 GOODYEAR TIRE & RUBBER CO	17 Apr 12	AGM
US Meetings Q2 2012		
Company	**Meeting Date**	**Meeting Type**
14 NORTHERN TRUST CORP.	17 Apr 12	AGM
15 US BANCORP	17 Apr 12	AGM
16 STANLEY BLACK & DECKER, INC	17 Apr 12	AGM
17 WHIRLPOOL CORP.	17 Apr 12	AGM
18 DISCOVER FINANCIAL SERVICES	18 Apr 12	AGM
19 PPG INDUSTRIES INC.	19 Apr 12	AGM
20 TEXAS INSTRUMENTS INC.	19 Apr 12	AGM
21 AES CORPORATION	19 Apr 12	AGM
22 PROGRESSIVE CORP.	20 Apr 12	AGM
23 KELLOGG CO.	20 Apr 12	AGM
24 GENUINE PARTS CO.	23 Apr 12	AGM
25 MEADWESTVACO CORP	23 Apr 12	AGM
26 HONEYWELL INTERNATIONAL INC.	23 Apr 12	AGM
27 COOPER INDUSTRIES LTD	23 Apr 12	AGM
28 INTERNATIONAL BUSINESS MACHINES CORP	24 Apr 12	AGM
29 COCA-COLA ENTERPRISES INC.	24 Apr 12	AGM
30 PNC FINANCIAL SERVICES GROUP INC	24 Apr 12	AGM
31 PACCAR INC.	24 Apr 12	AGM
32 PRAXAIR INC.	24 Apr 12	AGM
33 AMERICAN ELECTRIC POWER CO INC	24 Apr 12	AGM
34 CHUBB CORP.	24 Apr 12	AGM
35 STRYKER CORP.	24 Apr 12	AGM
36 V F CORP	24 Apr 12	AGM
37 PERKINELMER INC	24 Apr 12	AGM
38 METLIFE INC.	24 Apr 12	AGM
39 WELLS FARGO & CO	24 Apr 12	AGM
40 BEAM INC	24 Apr 12	AGM
41 BB&T CORPORATION	24 Apr 12	AGM
42 NEWMONT MINING CORP. (HLDG CO.)	24 Apr 12	AGM
43 AMERIPRISE FINANCIAL INC.	25 Apr 12	AGM
44 GENERAL ELECTRIC CO	25 Apr 12	AGM
45 BALL CORP.	25 Apr 12	AGM
46 MARATHON OIL CORP.	25 Apr 12	AGM
47 COCA-COLA CO.	25 Apr 12	AGM
48 DUPONT E I DE NEMOURS & CO	25 Apr 12	AGM
49 MARATHON PETROLEUM CORP	25 Apr 12	AGM
50 BAKER HUGHES INC	26 Apr 12	AGM

51 eBAY INC.	26 Apr 12	AGM
52 CORNING INC.	26 Apr 12	AGM
53 PFIZER INC.	26 Apr 12	AGM
54 LOCKHEED MARTIN CORP.	26 Apr 12	AGM
55 LIFE TECHNOLOGIES CORP	26 Apr 12	AGM
56 EDISON INTERNATIONAL	26 Apr 12	AGM
57 JOHNSON & JOHNSON	26 Apr 12	AGM
58 ABBOTT LABORATORIES	27 Apr 12	AGM

US Meetings Q2 2012

Company	Meeting Date	Meeting Type
59 XL GROUP PLC	27 Apr 12	AGM
60 AT&T INC.	27 Apr 12	AGM
61 CINCINNATI FINANCIAL CORP.	28 Apr 12	AGM
62 HARLEY-DAVIDSON INC	28 Apr 12	AGM
63 AMERICAN EXPRESS CO	30 Apr 12	AGM
64 MOTOROLA SOLUTIONS INC.	30 Apr 12	AGM
65 BOEING COMPANY	30 Apr 12	AGM
66 ALLERGAN INC.	01 May 12	AGM
67 SPECTRA ENERGY CORP.	01 May 12	AGM
68 GANNETT CO.	01 May 12	AGM
69 EMC CORP.	01 May 12	AGM
70 BRISTOL-MYERS SQUIBB CO	01 May 12	AGM
71 SEARS HOLDINGS CORP.	02 May 12	AGM
72 GENERAL DYNAMICS CORP.	02 May 12	AGM
73 PEPSICO INC.	02 May 12	AGM
74 HESS CORPORATION	02 May 12	AGM
75 DIRECTV Class A	03 May 12	AGM
76 DTE ENERGY CO.	03 May 12	AGM
77 FLUOR CORP.	03 May 12	AGM
78 DUKE ENERGY CORP.	03 May 12	AGM
79 KIMBERLY CLARK CORP	03 May 12	AGM
80 UNITED PARCEL SERVICE INC	03 May 12	AGM
81 AVON PRODUCTS INC	03 May 12	AGM
82 EASTMAN CHEMICAL CO.	03 May 12	AGM
83 VALERO ENERGY CORP	03 May 12	AGM
84 VERIZON COMMUNICATIONS INC	03 May 12	AGM
85 ST JUDE MEDICAL INC	03 May 12	AGM
86 ALCOA INC.	04 May 12	AGM
87 MARRIOTT INTERNATIONAL INC.	04 May 12	AGM
88 ENTERGY CORP.	04 May 12	AGM
89 ILLINOIS TOOL WORKS INC.	04 May 12	AGM
90 OCCIDENTAL PETROLEUM CORP.	04 May 12	AGM
91 BERKSHIRE HATHAWAY	05 May 12	AGM
92 AFLAC INC.	07 May 12	AGM
93 INTERNATIONAL PAPER CO	07 May 12	AGM
94 PRUDENTIAL FINANCIAL INC.	08 May 12	AGM

95 MASCO CORP.	08 May 12	AGM
96 CUMMINS INC.	08 May 12	AGM
97 DOMINION RESOURCES INC	08 May 12	AGM
98 CAPITAL ONE FINANCIAL CORP	08 May 12	AGM
99 BAXTER INTERNATIONAL INC.	08 May 12	AGM
100 LOEWS CORP.	08 May 12	AGM
101 DANAHER CORP.	08 May 12	AGM
102 BOSTON SCIENTIFIC CORP	08 May 12	AGM
103 ZIMMER HOLDINGS INC	08 May 12	AGM

US Meetings Q2 2012

Company	Meeting Date	Meeting Type
104 3M COMPANY	08 May 12	AGM
105 HOSPIRA INC.	09 May 12	AGM
106 LSI CORP	09 May 12	AGM
107 PHILIP MORRIS INTERNATIONAL INC.	09 May 12	AGM
108 CONOCOPHILLIPS	09 May 12	AGM
109 CSX CORP.	09 May 12	AGM
110 DUN & BRADSTREET CORP	09 May 12	AGM
111 FRONTIER COMMUNICATIONS CORP	09 May 12	AGM
112 WINDSTREAM CORP	09 May 12	AGM
113 BANK OF AMERICA CORP.	09 May 12	AGM
114 WASTE MANAGEMENT INC	10 May 12	AGM
115 UNION PACIFIC CORP.	10 May 12	AGM
116 ADVANCED MICRO DEVICES INC	10 May 12	AGM
117 NORFOLK SOUTHERN CORP.	10 May 12	AGM
118 DOW CHEMICAL CO	10 May 12	AGM
119 CVS CAREMARK CORP	10 May 12	AGM
120 FORD MOTOR CO	10 May 12	AGM
121 SEMPRA ENERGY	10 May 12	AGM
122 WYNDHAM WORLDWIDE CORP.	10 May 12	AGM
123 GILEAD SCIENCES INC	10 May 12	AGM
124 KOHL'S CORP.	10 May 12	AGM
125 LEGGETT & PLATT INC.	10 May 12	AGM
126 TENET HEALTHCARE CORP.	10 May 12	AGM
127 MATTEL INC.	10 May 12	AGM
128 NUCOR CORP.	10 May 12	AGM
129 ALLEGHENY TECHNOLOGIES INC	11 May 12	AGM
130 COLGATE-PALMOLIVE CO.	11 May 12	AGM
131 PG&E CORP.	14 May 12	AGM
132 PITNEY-BOWES INC	14 May 12	AGM
133 J.P. MORGAN CHASE & CO	15 May 12	AGM
134 SAFEWAY INC.	15 May 12	AGM
135 BROADCOM CORP.	15 May 12	AGM
136 ANADARKO PETROLEUM CORP	15 May 12	AGM
137 DISCOVERY COMMUNICATIONS INC	15 May 12	AGM
138 TIME WARNER INC.	15 May 12	AGM

139 FIRSTENERGY CORP.	15 May 12	AGM
140 MORGAN STANLEY	15 May 12	AGM
141 GAP INC	15 May 12	AGM
142 SPRINT NEXTEL CORP.	15 May 12	AGM
143 HALLIBURTON CO.	16 May 12	AGM
144 SOUTHWEST AIRLINES CO	16 May 12	AGM
145 WELLPOINT INC	16 May 12	AGM
146 NORTHROP GRUMMAN CORP.	16 May 12	AGM
147 HARTFORD FINANCIAL SERVICES GRP	16 May 12	AGM
148 PPL CORP.	16 May 12	AGM

US Meetings Q2 2012

Company	Meeting Date	Meeting Type
149 STATE STREET CORP.	16 May 12	AGM
150 AMERICAN INTERNATIONAL GROUP INC	16 May 12	AGM
151 INTEL CORP	17 May 12	AGM
152 ALPHA NATURAL RESOURCES INC	17 May 12	AGM
153 MARSH & MCLENNAN COMPANIES INC	17 May 12	AGM
154 SIMON PROPERTY GROUP INC.	17 May 12	AGM
155 YUM! BRANDS INC.	17 May 12	AGM
156 DONNELLEY (R.R.) & SONS	17 May 12	AGM
157 INVESCO LTD	17 May 12	AGM
158 CHARLES SCHWAB CORP.	17 May 12	AGM
159 HASBRO INC.	17 May 12	AGM
160 DR PEPPER SNAPPLE GROUP, INC.	17 May 12	AGM
161 TIME WARNER CABLE INC	17 May 12	AGM
162 THE WILLIAMS COMPANIES INC	17 May 12	AGM
163 ALTRIA GROUP INC.	17 May 12	AGM
164 HOME DEPOT INC	17 May 12	AGM
165 MACY'S INC.	18 May 12	AGM
166 CONSOLIDATED EDISON INC	21 May 12	AGM
167 JUNIPER NETWORKS INC	22 May 12	AGM
168 ALLSTATE CORP.	22 May 12	AGM
169 OMNICOM GROUP INC	22 May 12	AGM
170 MERCK & CO.	22 May 12	AGM
171 AMGEN INC.	23 May 12	AGM
172 CENTURYLINK INC	23 May 12	AGM
173 SOUTHERN CO.	23 May 12	AGM
174 WESTERN UNION CO.	23 May 12	AGM
175 KRAFT FOODS INC-A.	23 May 12	AGM
176 CME GROUP INC.	23 May 12	AGM
177 THE TRAVELERS CO'S.	23 May 12	AGM
178 INTERPUBLIC GROUP OF COMPANIES INC	24 May 12	AGM
179 LINCOLN NATIONAL CORP	24 May 12	AGM
180 UNUM GROUP.	24 May 12	AGM
181 MCDONALD'S CORP.	24 May 12	AGM
182 SLM CORP.	24 May 12	AGM

183 LIMITED BRANDS INC.	24 May 12	AGM
184 GOLDMAN SACHS GROUP	24 May 12	AGM
185 AMAZON COM INC.	24 May 12	AGM
186 CITRIX SYSTEMS INC	24 May 12	AGM
187 APACHE CORP.	24 May 12	AGM
188 NEXTERA ENERGY INC	25 May 12	AGM
189 EXXON MOBIL CORP	30 May 12	AGM
190 EXPRESS SCRIPTS HOLDINGS CO	30 May 12	AGM
191 CHEVRON CORP.	30 May 12	AGM
192 COMCAST CORP	31 May 12	AGM
193 RAYTHEON CO.	31 May 12	AGM

US Meetings Q2 2012

Company	Meeting Date	Meeting Type
194 VULCAN MATERIALS CO.	01 Jun 12	AGM
195 WAL MART STORES INC	01 Jun 12	AGM
196 LOWES COMPANIES INC	01 Jun 12	AGM
197 MOTOROLA MOBILITY HLDGS INC	04 Jun 12	AGM
198 STAPLES INC	04 Jun 12	AGM
199 UNITEDHEALTH GROUP INC	04 Jun 12	AGM
200 MASTERCARD INC	05 Jun 12	AGM
201 DEVON ENERGY CORP.	06 Jun 12	AGM
202 INGERSOLL-RAND PLC	07 Jun 12	AGM
203 CHESAPEAKE ENERGY CORP.	08 Jun 12	AGM
204 BIOGEN IDEC INC.	08 Jun 12	AGM
205 SANDISK CORP	12 Jun 12	AGM
206 CATERPILLAR INC.	13 Jun 12	AGM
207 CELGENE CORPORATION	13 Jun 12	AGM
208 TARGET CORP.	13 Jun 12	AGM
209 TJX COS INC	13 Jun 12	AGM
210 FREEPORT MCMORAN COPPER & GOLD INC	14 Jun 12	AGM
211 Google Inc.	21 Jun 12	AGM
212 KROGER CO.	21 Jun 12	AGM
213 BEST BUY CO INC.	21 Jun 12	AGM
214 EQUITY RESIDENTIAL	21 Jun 12	AGM
215 BED BATH & BEYOND INC	22 Jun 12	AGM

Japan Meetings Q2 2012

Company	Meeting Date	Meeting Type
1 SEVEN & I HOLDINGS CO LTD	24 May 12	AGM
2 ABC-MART INC	29 May 12	AGM
3 TOYOTA INDUSTRIES CORP	14 Jun 12	AGM
4 TOYOTA MOTOR CORP	15 Jun 12	AGM
5 CAPCOM CO LTD	15 Jun 12	AGM
6 AISIN SEIKI CO LTD	19 Jun 12	AGM

7 HOYA CORP	20 Jun 12	AGM
8 ASTELLAS PHARMA INC	20 Jun 12	AGM
9 KOMATSU LTD	20 Jun 12	AGM
10 KDDI CORP	20 Jun 12	AGM
11 SANTEN PHARMACEUTICAL	20 Jun 12	AGM
12 MITSUI & CO LTD	21 Jun 12	AGM
13 HONDA MOTOR CO LTD	21 Jun 12	AGM
14 EXEDY CORP	22 Jun 12	AGM
15 ASICS CORP	22 Jun 12	AGM
16 SOFTBANK CORP	22 Jun 12	AGM
17 CLARION CO LTD	22 Jun 12	AGM
18 TOKYO ELECTRON LTD	22 Jun 12	AGM

Japan Meetings Q2 2012

Company	Meeting Date	Meeting Type
19 ITOCHU CORP	22 Jun 12	AGM
20 MITSUI OSK LINES LTD	22 Jun 12	AGM
21 NITTO DENKO CORP	22 Jun 12	AGM
22 WEST JAPAN RAILWAY CO	22 Jun 12	AGM
23 NIPPON TELEGRAPH & TELEPHONE	22 Jun 12	AGM
24 NOMURA RESEARCH INSTITUTE	22 Jun 12	AGM
25 SURUGA BANK	22 Jun 12	AGM
26 HITACHI LTD	22 Jun 12	AGM
27 NICHIIKO PHARMACEUTICAL CO	22 Jun 12	AGM
28 BENESSE HLDGS INC	23 Jun 12	AGM
29 ORIX CORP	25 Jun 12	AGM
30 NISSAN MOTOR CO LTD	26 Jun 12	AGM
31 RICOH CO LTD	26 Jun 12	AGM
32 BROTHER INDUSTRIES LTD	26 Jun 12	AGM
33 MITSUBISHI GAS CHEMICAL CO	26 Jun 12	AGM
34 MAKITA CORP	26 Jun 12	AGM
35 MITSUBISHI CORP	26 Jun 12	AGM
36 SEKISUI CHEMICAL CO LTD	27 Jun 12	AGM
37 UNIPRES CORP	27 Jun 12	AGM
38 SUMITOMO ELECTRIC INDS LTD	27 Jun 12	AGM
39 DAITO TRUST CONSTRUCTION CO	27 Jun 12	AGM
40 JX HOLDINGS INC	27 Jun 12	AGM
41 T&D HLDGS INC	27 Jun 12	AGM
42 NOMURA HOLDINGS INC	27 Jun 12	AGM
43 KYOCERA CORP	27 Jun 12	AGM
44 TOKAI TOKYO FINL HLDGS INC	27 Jun 12	AGM
45 YAMATO KOGYO CO LTD	28 Jun 12	AGM
46 ZEON CORP	28 Jun 12	AGM
47 NGK INSULATORS LTD	28 Jun 12	AGM
48 KOITO MANUFACTURING CO LTD	28 Jun 12	AGM
49 NINTENDO CO LTD	28 Jun 12	AGM
50 OSAKA GAS CO LTD	28 Jun 12	AGM

51 CHIBA BANK LTD	28 Jun 12	AGM
52 AIR WATER INC	28 Jun 12	AGM
53 DAIHATSU MOTOR CO LTD	28 Jun 12	AGM
54 ISUZU MOTORS LTD	28 Jun 12	AGM
55 KAMIGUMI CO LTD	28 Jun 12	AGM
56 NIKON CORP	28 Jun 12	AGM
57 TSUMURA & CO	28 Jun 12	AGM
58 SMC CORP	28 Jun 12	AGM
59 JGC CORP	28 Jun 12	AGM
60 MITSUI FUDOSAN CO LTD	28 Jun 12	AGM
61 TDK CORP	28 Jun 12	AGM
62 MITSUBISHI ELECTRIC CORP	28 Jun 12	AGM
63 MITSUBISHI UFJ FINANCIAL GRP	28 Jun 12	AGM

Japan Meetings Q2 2012

Company	Meeting Date	Meeting Type
64 SUMITOMO MITSUI FINANCIAL GR	28 Jun 12	AGM
65 SUMITOMO HEAVY INDUSTRIES	28 Jun 12	AGM

Global Meetings Q2 2012

Company	Meeting Date	Meeting Type
1 NCC AB	04 Apr 12	AGM
2 BROCADE COMMUNICATIONS SYS	12 Apr 12	AGM
3 MERCIALYS	13 Apr 12	AGM
4 WESSANEN (KONINKLIJKE) NV	17 Apr 12	AGM
5 SOCIETE D EDITION DE CANAL PLUS	17 Apr 12	AGM
6 PRELIOS SPA	17 Apr 12	AGM
7 SAAB AB	19 Apr 12	AGM
8 KANSAS CITY LIFE INS CO	19 Apr 12	AGM
9 CYTEC INDUSTRIES INC	19 Apr 12	AGM
10 TRELLEBORG AB	19 Apr 12	AGM
11 RECORDATI SPA	19 Apr 12	AGM
12 FORTUNE BRANDS HOME & SECUR	23 Apr 12	AGM
13 FONDIARIA SAI SPA	23 Apr 12	AGM
14 ACCO BRANDS CORP	23 Apr 12	EGM
15 RATTI SPA	24 Apr 12	AGM
16 HANESBRANDS INC	24 Apr 12	AGM
17 CANADIAN NATIONAL RAILWAY CO	24 Apr 12	AGM
18 BANK OF IRELAND	24 Apr 12	AGM
19 TELECOM ITALIA MEDIA SPA	24 Apr 12	AGM
20 HARLEYSVILLE GROUP INC	24 Apr 12	EGM
21 ENCANA CORP	25 Apr 12	AGM
22 CENOVUS ENERGY INC	25 Apr 12	AGM
23 NEW YORK TIMES CO CL. A	25 Apr 12	AGM

24 ANTENA 3 TV	25 Apr 12	AGM
25 MGIC INVESTMENT CORP/WI	26 Apr 12	AGM
26 AALBERTS INDUSTRIES NV	26 Apr 12	AGM
27 WIHLBORGS FASTIGHETER AB	26 Apr 12	AGM
28 FORBO AG	27 Apr 12	AGM
29 ALLEGHANY CORP	27 Apr 12	AGM
30 ZON MULTIMEDIA SERVICOS DE	27 Apr 12	AGM
31 AMERICAN NATIONAL INSURANCE	27 Apr 12	AGM
32 SUNCOR ENERGY INC	01 May 12	AGM
33 UNISYS CORP	01 May 12	AGM
34 BARRICK GOLD CORP	02 May 12	AGM
35 KEMPER CORP/DE	02 May 12	AGM
36 TELLABS INC.	02 May 12	AGM
37 HUNTINGTON INGALLS IND INC	02 May 12	AGM

Global Meetings Q2 2012

Company	Meeting Date	Meeting Type
38 DUFRY AG	02 May 12	AGM
39 BANQUE CANTONALE VAUDOISE	03 May 12	AGM
40 MTU AERO ENGINES HLDGS AG	03 May 12	AGM
41 MANULIFE FINANCIAL CORP	03 May 12	AGM
42 CADENCE DESIGN SYSTEMS INC	04 May 12	AGM
43 ARROW ELECTRONICS INC	04 May 12	AGM
44 TAKKT AG	08 May 12	AGM
45 AUTOLIV INC	08 May 12	AGM
46 ARGO GROUP INTL HOLDINGS LTD	08 May 12	AGM
47 SPECTOR PHOTO	09 May 12	AGM
48 DEXIA SA	09 May 12	AGM
49 GENON ENERGY INC	09 May 12	AGM
50 DYCKERHOFF AG	09 May 12	AGM
51 PIPER JAFFRAY COS INC	09 May 12	AGM
52 CHEMTURA CORP	10 May 12	AGM
53 SEB SA	10 May 12	AGM
54 COOPER TIRE & RUBBER CO	11 May 12	AGM
55 SYMRISE AG	15 May 12	AGM
56 US CELLULAR CORP	15 May 12	AGM
57 ACCO BRANDS CORP	15 May 12	AGM
58 LIZ CLAIBORNE INC	15 May 12	AGM
59 THOMSON-REUTERS CORP	16 May 12	AGM
60 COLFAX CORP	16 May 12	AGM
61 FOOT LOCKER INC	16 May 12	AGM
62 NEENAH PAPER INC	16 May 12	AGM
63 RADIOSHACK CORP.	17 May 12	AGM
64 DILLARDS INC -CL A	19 May 12	AGM
65 ENSCO INTERNATIONAL INC	22 May 12	AGM
66 TUBACEX SA-D E DE TUBOS POR	22 May 12	AGM
67 SIRIUS XM RADIO INC	22 May 12	AGM

68 WEATHERFORD INTL LTD	23 May 12	AGM
69 HCC INSURANCE HOLDINGS INC	23 May 12	AGM
70 OLD REPUBLIC INTL CORP	25 May 12	AGM
71 SCHRODER SICAV JAPAN	29 May 12	AGM
72 CORP FINANCIERA ALBA	30 May 12	AGM
73 RADIAN GROUP INC	30 May 12	AGM
74 MACERICH CO	30 May 12	AGM
75 AIR FRANCE - KLM	31 May 12	AGM
76 VALEO SA	04 Jun 12	AGM
77 SOS CORPORACION ALIMENTARIA SA	06 Jun 12	AGM
78 PHH CORP	06 Jun 12	AGM
79 INTERDIGITAL INC	07 Jun 12	AGM
80 ALCATEL LUCENT SA	08 Jun 12	AGM
81 LIVE NATION ENTERTAINMENT	08 Jun 12	AGM

Global Meetings Q2 2012

Company	Meeting Date	Meeting Type
82 AVIS BUDGET GROUP INC	11 Jun 12	AGM
83 BANCO POPULAR ESPANOL	11 Jun 12	AGM
84 SEAT PAGINE GIALLE SPA	12 Jun 12	AGM
85 INVESTMENT TECHNOLOGY GP INC	12 Jun 12	AGM
86 UNITED CONTINENTAL HLDGS INC	12 Jun 12	AGM
87 WMF-WURTTEMBERG METALLWAREN	14 Jun 12	AGM
88 AOL INC	14 Jun 12	AGM
89 VISTEON CORP	14 Jun 12	AGM
90 BANK OF IRELAND	18 Jun 12	EGM
91 LIBERTY GLOBAL INC	19 Jun 12	AGM
92 SACYR VALLEHERMOSO SA	20 Jun 12	AGM
93 ORCHARD SUPPLY HARDWARE -SPN	21 Jun 12	AGM
94 RITE AID CORP	21 Jun 12	AGM
95 SEQUANA	26 Jun 12	AGM
96 FONDIARIA SAI SPA	26 Jun 12	EGM
97 QIAGEN NV	27 Jun 12	AGM
98 AGEAS NV	28 Jun 12	EGM
99 CRESPI (GIOVANNI) SPA	28 Jun 12	AGM
100 ALLIED IRISH BANKS	28 Jun 12	AGM
101 AGEAS NV	29 Jun 12	EGM
102 FONDIARIA SAI SPA	29 Jun 12	EGM

UK Meetings Q3 2012

Company	Meeting Date	Meeting Type
1 BROWN (N) GROUP PLC	03 Jul 12	AGM
2 HOME RETAIL GROUP PLC	04 Jul 12	AGM

3 BABCOCK INTERNATIONAL GROUP PLC	05 Jul 12	AGM
4 MARKS & SPENCER GROUP PLC	10 Jul 12	AGM
5 SAINSBURY (J) PLC	11 Jul 12	AGM
6 BT GROUP PLC	11 Jul 12	AGM
7 ICAP PLC	11 Jul 12	AGM
8 GLENCORE INTERNATIONAL PLC	11 Jul 12	EGM
9 BURBERRY GROUP PLC	12 Jul 12	AGM
10 INVENSYS PLC	13 Jul 12	AGM
11 ELECTROCOMPONENTS PLC	13 Jul 12	AGM
12 BRITISH LAND CO PLC	13 Jul 12	AGM
13 LOGICA PLC	16 Jul 12	EGM
14 LOGICA PLC	16 Jul 12	COURT
15 BTG PLC	17 Jul 12	AGM
16 RPC GROUP PLC	18 Jul 12	AGM
17 EXPERIAN PLC	18 Jul 12	AGM
18 SEVERN TRENT PLC	18 Jul 12	AGM

UK Meetings Q3 2012

Company	Meeting Date	Meeting Type
19 KCOM GROUP PLC	19 Jul 12	AGM
20 LAND SECURITIES GROUP PLC	19 Jul 12	AGM
21 HOMESERVE PLC	20 Jul 12	AGM
22 CABLE & WIRELESS COMMUNICATIONS PLC	20 Jul 12	AGM
23 SOCO INTERNATIONAL PLC	20 Jul 12	EGM
24 TEMPLETON EMERGING MARKETS I.T. PLC	20 Jul 12	AGM
25 VODAFONE GROUP PLC	24 Jul 12	AGM
26 JOHNSON MATTHEY PLC	25 Jul 12	AGM
27 FIRSTGROUP PLC	25 Jul 12	AGM
28 FINDEL PLC	26 Jul 12	AGM
29 PENNON GROUP PLC	26 Jul 12	AGM
30 QINETIQ GROUP	26 Jul 12	AGM
31 DE LA RUE PLC	26 Jul 12	AGM
32 SSE PLC	26 Jul 12	AGM
33 TATE & LYLE PLC	26 Jul 12	AGM
34 SABMiller PLC	26 Jul 12	AGM
35 TOROTRAK PLC	26 Jul 12	AGM
36 NATIONAL GRID PLC	30 Jul 12	AGM
37 MONKS INVESTMENT TRUST PLC	07 Aug 12	AGM
38 THOMAS COOK GROUP PLC	09 Aug 12	EGM
39 VEDANTA RESOURCES	28 Aug 12	AGM
40 VEDANTA RESOURCES	28 Aug 12	EGM
41 HMV GROUP PLC	10 Jul 12	EGM
42 YELL GROUP PLC	26 Jul 12	AGM
43 HMV GROUP PLC	15 Aug 12	EGM

Europe Meetings Q3 2012 Company	Meeting Date	Meeting Type
1 ENI SPA	16 Jul 12	EGM
2 TNT EXPRESS NV	06 Aug 12	EGM

US Meetings Q3 2012 Company	Meeting Date	Meeting Type
1 COCA-COLA CO.	10 Jul 12	EGM
2 YAHOO INC.	12 Jul 12	AGM
3 DELL INC.	13 Jul 12	AGM
4 MCKESSON CORP.	25 Jul 12	AGM
5 TE CONNECTIVITY LTD	25 Jul 12	EGM
6 ELECTRONIC ARTS INC.	26 Jul 12	AGM
7 CA, Inc.	01 Aug 12	AGM
US Meetings Q3 2012 **Company**	**Meeting Date**	**Meeting Type**
8 COMPUTER SCIENCES CORP.	07 Aug 12	AGM
9 XILINX INC.	08 Aug 12	AGM
10 FOREST LABORATORIES, INC.	15 Aug 12	AGM
11 MEDTRONIC INC	23 Aug 12	AGM
12 H.J. HEINZ CO.	28 Aug 12	AGM
13 NETAPP INC	31 Aug 12	AGM

Global Meetings Q3 2012 Company	Meeting Date	Meeting Type
1 ASCENT CAPITAL GROUP INC	02 Jul 12	AGM
2 VOESTALPINE AG	04 Jul 12	AGM
3 DOTTIKON ES HOLDING AG	06 Jul 12	AGM
4 SUPERVALU INC.	17 Jul 12	AGM
5 ORYX INTERNATIONAL GROWTH FUND LTD	25 Jul 12	AGM
6 LIBERTY INTERACTIVE CORP	08 Aug 12	AGM
7 EMS-CHEMIE HOLDING AG	11 Aug 12	AGM
8 APPLIED MICRO CIRCUITS CORP	14 Aug 12	AGM
9 COMPUWARE CORP.	28 Aug 12	AGM

Nottinghamshire County Council

Report to Pensions Sub-Committee

13 December 2012

Agenda Item: 8

REPORT OF SERVICE DIRECTOR – FINANCE & PROCUREMENT

LOCAL GOVERNMENT CHRONICLE (LGC) INVESTMENT SUMMIT 2012

Purpose of the Report

1. To report on the LGC Investment Summit 2012 held at Celtic Manor.

Information and Advice

2. The LGC Investment Summit 2012 was held on 6th to 7th September 2012 at the Celtic Manor Resort. In accordance with prior approval and as part of the Fund's commitment to ensuring those charged with decision-making and financial management have effective knowledge and skills, the conference was attended by Councillor Reg Adair, Mr Simon Cunnington (Senior Accountant – Pensions & Treasury Management) and Mr Eric Lambert, the Fund's independent adviser.

3. ***Growing economies and markets***
   The conference began with Joshua McCallum, an economist from UBS, who outlined three major uncertainties facing investments:
   a. the Eurozone
   b. a 'new normal' or return to growth
   c. inflation.

4. The Eurozone is at a 'tipping equilibrium'. If solutions are found, fears will ease, confidence increase and borrowing costs will reduce. If not, fears will increase resulting in bank runs and countries exiting the Euro. Solutions exist but all rely on the core countries paying. He argued that the Core's best approach is to be supportive but are dragging out the process.

5. The current crisis is not in the same league as the great depression and the US long run trend continued after that period. For the last 20 years, the UK has been above trend so perhaps we are reverting to the 'old normal'. Inflation would reduce debt quicker but transfers wealth from savers to debtors. Wages are unlikely to increase while unemployment is high. The best approach overall is to think globally.

6. ***Future of the LGPS***
   The next session was presented by Bob Holloway from the Department for Communities and Local Government. The LGPS 2014 project had two workstreams. Workstream 1 was concerned with the main benefit structure. The results of the informal consultation earlier in the year were strongly supportive and

the plan was to have a formal statutory consultation beginning in September to ensure new Regulations were in place by 30 March 2013. This consultation is now planned before Christmas.

7. Workstream 2 was concerned with cost management, governance and administration. The main features are independent oversight of the scheme (most likely by the Pensions Regulator) and greater scrutiny of funds and valuations. The Public Service Pensions Bill appears to include many of these provisions. The Investment Regulations are not being changed but there are calls for a full review to be carried out.

8. ***The Panel comes together***
   This session convened a panel to discuss elements of the LGPS 2014 project. Nathan Elvery (Deputy Chief Executive, LB Croydon) focused on making procurement more efficient. Rather than merging funds, this should be done by restructuring purchasing power through framework agreements. Nicola Mark (Head, Norfolk Pension Fund) was clear that we need to get workstream 2 right in order to make the new scheme work. It is essential to get the structure right and to resource properly.

9. Richard McIndoe (Head of Pensions, Strathclyde Pension Fund) stated that a single fund approach would not guarantee savings and are now looking at collaborative working. A big issue, however, is membership changes and consequent impact on cash flows. Bob Holloway joined the panel and questioned whether councillors are prepared for the increased scrutiny likely to result from workstream 2.

10. ***Emerging markets***
    This session replaced the advertised session on contrarian investing. John Stopford from Investec Asset Management outlined the potential benefits of emerging markets (EM) including:
    - Younger demographic
    - Lower debt levels and higher interest rates
    - Current account surpluses and high savings rates

11. EM equities have historically had high returns but with high volatility. EM debt was previously only available in US Dollars or Euros but bonds denominated in local currencies are now available. Yields are still higher than developed markets, although credit quality is regarded as relatively high. Choosing companies rather than countries (bottom-up rather than top-down) is likely to lead to better returns.

12. ***Opportunities in emerging market debt***
    This session, by Peter Marber (HSBC), presented more reasons to invest in EM debt. EM debt returns have been higher over the last 10 years than both EU and high yield debt (with similar volatility levels) and have outperformed EM equities (with half the volatility). Emerging markets now contribute about 50% of global GDP growth and over 50% of EM debt is now investment grade. In addition, the major EM currencies are undervalued on a 'purchasing power parity' basis.

13. ***Are global equities fit for purpose?***

Martyn Hole from Capital International reminded delegates that real returns from equities have recently been poor while bonds have outperformed (since 2000, equities have returned just 1.2% pa). The main reason for this is that prices were too high in 2000. Currently, equity prices are low (with EM equities cheaper than developed) and dividend payout ratios are also low. ‘Dividend growers’ tend to have lower volatility and outperform companies who offer share buy-backs.

14. Laurence Taylor from T. Rowe Price continued the theme, stating that the last decade had been the worst for 110 years but also included 2 of the biggest profit collapses in term of depth and time. Equities were overvalued in 2000. Low growth prospects are currently priced in but companies have high levels of cash and lower debt levels than in 2008. This should feed through to dividends and share buy-backs. Periods of severe stress are often followed by high returns.

15. ***Harnessing global fixed income alpha***
Daniel James (Aviva Investors) believes that excess return comes from quality of ideas implemented in a structured and efficient way. Investment managers are bad at generating market returns (beta) as they concentrate on excess returns (alpha). It is, however, possible to achieve excess returns without beta by concentrating on 7 to 8 diversified sources of alpha. This is achieved by assessing the correlations of different strategies and allocating levels of risk to each to achieve a target return.

16. ***Bricks and mortar – where and when?***
The penultimate session featured a joint presentation from Schroders and Legal & General. Property returns are driven by rent income, rental value growth (achieved through new leases and lease breaks) and yield impact. Currently there is a wide gap between prime and secondary yields.

17. A number of challenges exist at the moment including:
    - The different impact of austerity measures on different regions
    - Banks reducing property exposure
    - Ageing population
    - Changes in retail environment (more on-line and ‘top-up’ shopping)

18. To counter these challenges investors can use a number of strategies:
    - Capturing growth from owners under pressure to sell and from active management on secondary properties
    - Looking for fixed (or index-linked) increases in rental
    - Income partnerships through sale and long lease back arrangements
    - Assisted living schemes and care homes

19. ***Driving up funding levels***
As has become tradition, the conference ended with Ronnie Bowie (Senior Partner, Hymans Robertson) who gave an Olympic inspired presentation comparing the LGPS to the Calpers fund in the US and the ABP fund in the Netherlands. The LGPS has more members but lower assets than the others, but also has lower benefits. The LGPS wins on long term returns but short term returns are not as good. Both administration and investment costs are lower in the LGPS and employer costs are similar to ABP but lower than Calpers.

20. The average funding level of the LGPS is 64% against 90% for ABP and 47% for Calpers. The Calpers and LGPS asset allocations are broadly similar whereas ABP has a much higher allocation to bonds. In ABP's view, the current low interest rate environment is 'not sound'. The conclusion was that there needs to be more emphasis on cash flows and a move towards (but not too far towards) ABP's allocation.

21. Overall, the conference confirmed that the Nottinghamshire strategy is sound and well placed to meet the challenges of the future. A number of sessions prompted the allocation to emerging markets to be considered and this has been reviewed since the conference.

Statutory and Policy Implications

22. 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 it be noted that attendance at key conferences is part of the Fund's commitment to ensuring those charged with decision-making and financial management have effective knowledge and skills.
2) That the report be noted

Report author:
Simon Cunnington
Senior Accountant – Pensions & Treasury Management

For any enquiries about this report please contact: Simon Cunnington

Background Papers
None

Nottinghamshire County Council

Report to Pensions Sub-Committee

13 December 2012

Agenda Item: 9

REPORT OF SERVICE DIRECTOR – FINANCE & PROCUREMENT

LOCAL AUTHORITY PENSION FUND FORUM (LAPFF) CONFERENCE 2012

Purpose of the Report

1. To report on the LAPFF Conference 2012 held in Bournemouth.

Information and Advice

2. The LAPFF Conference 2012 was held on 28th to 30th November 2012 at the Highcliff Marriott Hotel in Bournemouth. In accordance with prior approval and as part of the Fund's commitment to ensuring those charged with decision-making and financial management have effective knowledge and skills, the conference was attended by Mr Chris King (joint trade unions representative) and Mr Simon Cunnington (Senior Accountant – Pensions & Treasury Management).

3. ***Robert Swannell – Chairman, Marks & Spencer***
The conference began with Robert Swannell, current chairman of Marks & Spencer (M&S). LAPFF has had an ongoing dialogue with M&S, following concerns over combining the roles of chair and chief executive at the company. Mr Swannell regarded this as a productive relationship and believes that it is important to engage with shareholders. He emphasised the corporate values of trust and integrity in establishing a connection with society.

4. The founders of most companies imparted their own cultures and these generally included integrity. Companies with integrity make fewer mistakes and recover quicker from those they do make. Shareholders should focus on these values at least as much as on quarterly performance

5. ***Pay reform: what shareholders should do about pay***
This session began with Sir Michael Darrington, former MD of Greggs and founder of Pro-Business Against Greed (PBAG). Greggs had core values – treat people as you would want to be treated. It was accountable to shareholders but also focused on employees and customers in the belief that, by doing this, shareholder returns would follow.

6. Executive remuneration used to be set with reference to inflation and staff wage increases. Now it is set almost entirely with reference to the market. PBAG's beliefs are that remuneration packages need to be simpler and more transparent

and the gap between staff and executive pay needs to reduce – the quantum of executive pay is simply too high.

7. Deborah Gilshan from Railpen followed and urged us to ask 'how much is too much'. Shareholders should challenge assumptions made by boards over pay such as bringing in a new CEO at the same level of pay (or higher) than the previous occupant. She also questioned the old excuse of 'needing to pay more or the executives will leave' suggesting that pay is not the only motivator and that transferable skills of executives are not as great as made out.

8. The session concluded with Ashley Hamilton from PIRC Ltd who outlined 7 problems with executive pay.
    i. Money is not always the best motivator.
    ii. More pay does not necessarily equal better performance.
    iii. Incentive structures are too complex.
    iv. Long term incentive plans are not long term enough.
    v. Fairness in pay matters.
    vi. Conflicts of interest breed dysfunction (particularly as regards company consultants).
    vii. IFRS accounting can create distortions in profits on which rewards are based.

9. ***Shareholder Spring***
    The next four speakers considered the impact of the 'shareholder spring'. Helen Wildsmith from CCLA (who provide investment services for churches, charities and local authorities) outlined how engagement with companies forms a big part of their ethical investment policies. She believes the 2012 voting season could be the start of something different but thinks that collaboration between shareholders will be vital.

10. Daniel Summerfield from the Universities Superannuation Scheme (USS) stated that the overall level of shareholder dissent in 2012 was very similar to previous years. However, business as usual is no longer an option and the key test will be in the proposed incentive schemes for 2013. Current remuneration metrics are flawed and should be more specific to the individual company but it is actually more important to focus on getting the right people for the job, as they are likely to perform well regardless of remuneration.

11. Robert Talbut (CIO, Royal London Asset Management) was clear that the remuneration problem was not simply a matter of poor communication (as some companies have claimed) – most shareholders believe there is an insufficient link between pay and performance. He also believes that abstaining on a vote is pointless as most companies ignore abstentions.

12. Cllr Peter Brayshaw, vice-chair of LAPFF, stated that voting doesn't give a full picture. A vote against a resolution may follow a long period of (failed) engagement. High profile coverage of some AGMs in 2012 lead to greater leverage for shareholders but greater resources may be needed to continue the progress.

13. ***People and investment value***
Jim O'Loughlin from PIRC Ltd presented a new guide from LAPFF to help trustees raise the link between people and investment value. The 'awkward truth' is that there is no link between pay and performance in complex tasks. According to Dr Steve Peters, the team GB cycling psychologist, it is commitment not motivation that matters. Commitment to a greater purpose is the transformation element that drives people to put effort into meeting objectives. This can make a real difference to company performance but is not necessarily high on most companies priorities.

14. ***Investor concerns – media standards***
Julie Tanner (Christian Brothers Investment Services) outlined the US approach to responsible investing. The majority of successful changes have resulted from shareholder resolutions. In the US it is relatively easy to file resolutions as a single shareholder with only $2,000 worth of shares. A resolution calling for an independent chairman was co-filed with LAPFF at the News Corp AGM

15. Ian Greenwood, chairman of LAPFF, gave more detail on the News Corp experience. LAPFF had been engaging with the company regarding governance and succession planning well before the hacking scandal. There had been little progress so agreed to co-file a resolution. LAPFF discussed this move directly with News Corp and emphasised the non-personal nature of the concerns. They also discussed the issue with other major shareholders in advance of the meeting. Although defeated, the resolution achieved the support of 2 thirds of the non-Murdoch related shareholdings.

16. Patrick Daniels from the US law firm Robbins, Geller, Rudman & Dowd then ran through the history of press regulation in the US. He concentrated on two key events. The first was a series of lawsuits against the NY Times for publishing adverts relating to the civil rights atrocities in the south. These were thrown out by the Supreme Court who declared that public debate must be open. The second was during the Vietnam War when newspapers published secret government reports. Injunctions were refused with one judge stating that 'a free, obstinate and cantankerous press must be suffered'. However, Mr Daniels concluded by saying that "obfuscation" by the media (as in the recent News Corp scandals) makes discussion of press regulation much more difficult.

17. ***Banks, reputational, ethical crisis and accounting***
Tim Bush (LAPFF) covered the effects of IFRS accounting on pension funds and banks. Prior to IFRS, pension funds reported actuarially calculated costs and investment returns following the expected cash flows of the fund. IFRS, however, placed the emphasis on 'mark to market' with the effect of reducing the value of equities and pushing down bond yields (thereby increasing funds' liabilities). This has consequently diverted company investment into supporting pension funds (with the ultimate result of many closures).

18. IFRS has, however, had almost the opposite effect on banks. Banks are overvaluing trading books and leaving out 'likely' losses (which would previously have been included as prudent) thereby increasing accounting profits on which

dividends and bonuses are based. This then results in overlending and ultimately failure.

19. Cormac Butler (Ardmore Derivatives) told the same story but from the viewpoint of the Irish banks. Prior to 2005, the Irish Companies Act required companies to deduct provisions for likely losses in determining profits. IFRS allowed companies to only provide for these when the customer admits there is a problem with repayment leading to the same spiral of unsupportable dividend and bonus payouts.

20. Natasha Landell-Mills from USS reminded delegates that company accounts should provide investors with information with which they can hold managers to account. They are not there to provide market value. Companies law reflects the evolution of accounting to this end but IFRS failed to appreciate this history. USS and LAPFF are calling on the government to review and asking for a return to prudence.

21. ***Bob Holloway, DCLG***
Mr Holloway gave an update on progress with the LGPS 2014 project. Consultation on the regulations to create the new scheme was likely to start 21 December 2012 and last for 6 weeks. The Public Service Pensions Bill is currently at 3rd reading stage and has caused some consternation within the LGPS.

22. The Bill covers all public service pension schemes but is sometimes unclear exactly how new requirements will apply to the funded LGPS. Particular uncertainties surround the new pension boards, the role of the Pensions Regulator, independent oversight of valuations and the possibility of the Treasury dictating valuation assumptions. The Bill also refers to existing schemes 'closing'. Mr Holloway tried to reassure delegates that the Treasury regretted using this word and that the existing scheme would not become closed. The question and answer session following the presentation was at times quite heated.

23. ***Investing in growth – how can local authority pensions contribute to the UK economic recovery?***
Paul Hackett from the Smith Institute presented a joint report (produced with the Centre for Local Economic Strategies, PIRC Ltd and LAPFF) on the possibilities of using local authority pension funds for 'impact investment'. The LGPS has been identified by numerous parties as a potential source of funding for various infrastructure and regeneration schemes. The possible amounts available have rapidly grown from £3 billion to £20 billion. The report attempts to inject some reality. There are a couple of interesting initial schemes (mostly involving housing) and many may be waiting to see if these succeed before committing.

24. The Manchester scheme was highlighted by Cllr Kieran Quinn from the Greater Manchester Pension Fund (GMPF). GMPF currently has assets of about £11.2 billion and was 96% funded at last valuation. It has agreed to set aside 5% of the fund for local investments but it is very clear that these need to demonstrate sufficient returns to the pension fund. The current scheme is to build 250 homes.

25. Luke Fletcher from law firm Bates Wells & Braithwaite outlined the legal position regarding ‘impact investments’. The LGPS is not a trust based scheme but those with responsibility for funds have a similar fiduciary duty to act prudently in the best interests of beneficiaries. Primary interest is financial returns but other interests can be considered as well. The ‘Freshfields Report’, compiled for the UN, makes it clear that environmental, social and governance (ESG) factors should be taken into account where they are likely to influence value. It also introduced the concept of the ‘ethical tie-breaker’ – where two alternatives are equal on financial aspects, funds should choose the one with the most positive ESG impact.

26. ***The Olympus crisis: what can investors learn?***
Michael Woodford MBE gave an interesting talk on his experiences at Olympus (and took the opportunity to promote his new book on the subject). Mr Woodford was appointed as president of Olympus in 2011, only the fourth non-Japanese to hold such a role. Within weeks of taking over he uncovered evidence of a $1 billion fraud potentially involving organised crime within Japan. The company’s chairman and vice-president refused to discuss the issue and eventually called a board meeting at which a unanimous vote was recorded dismissing Mr Woodford. He believes that the culture in Japan of politeness and etiquette prevents people challenging those in authority

27. ***John Kay: the Kay Review***
In the final session, Professor Kay, the author of the *Kay Review of UK Equity Markets and Long-term Decision Making*, presented his main findings. Current equity markets are almost entirely secondary markets as companies are able to finance themselves without issuing equity. This means that corporate governance is key. The main players in equity markets are now the big asset management companies and the high number of intermediaries (eg registrars, custodians etc) gives great potential for a misalignment of interests. There is a real problem with long term decision making resulting from the focus on quarterly reporting and earnings management. In addition many CEOs want to make an impact and so treat their company as if they were running an investment portfolio.

28. Two main themes run through the report – trust & confidence and incentives. The former is treated by companies as a public relations exercise but really comes from behaviour not rhetoric. Trust is built through personal relationships not through regular trading of shares. The latter will only change if the incentive structures are changed.

Statutory and Policy Implications

29. 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 it be noted that attendance at key conferences is part of the Fund's commitment to ensuring those charged with decision-making and financial management have effective knowledge and skills.
2) That the report be noted

Report author:
Simon Cunnington
Senior Accountant – Pensions & Treasury Management

For any enquiries about this report please contact: Simon Cunnington

Background Papers
None

Nottinghamshire County Council

Report to Pensions Sub-Committee

13 December 2012

Agenda Item: 10

REPORT OF SERVICE DIRECTOR – FINANCE & PROCUREMENT

PROPERTY INSPECTION 2012

Purpose of the Report

1. To report on the inspection of a number of the Fund's directly held properties.

Information and Advice

2. The Fund has a significant portfolio of directly held UK property and, as part of the fiduciary duties of members, each year a visit is arranged to inspect a number of those properties. This year the visit was to Scotland on 9th and 10th October 2012.

3. The first property viewed was the brand new Morrisons store on Gallowgate in Glasgow. This development was funded by the Fund to the specifications set out by Morrisons. The visit enabled members to see the quality of the development and to ask questions about the layout, the location and plans for other parts of the site.

4. Another viewing in Glasgow was the retail and office block at Finlay House. There has been a lot of development undertaken at this property with the possibility also of changing the retail layout on the ground floor. The last visit to Finlay House was a number of years ago and the plans to extend the upper floors were discussed. This visit allowed members to see the completed extensions.

5. The next property was at the Springkerse Retail Park in Sterling. The Fund owns a Wickes outlet on the park and discussions were held with the representatives from Aberdeen Asset Management about the possibilities of reconfiguring the site and about the prospects for the wider park.

6. The final viewing on day one was at Princes Street in Edinburgh where the Fund owns a small retail outlet.

7. Day two began with a training session for members at Aberdeen's offices. This covered Aberdeen's house view of the current macro-economic situation and the new investment processes in place within the property team. Members were then updated on the Fund's investments in strategic land including a presentation on the caravan park in Peebles.

8. The final inspection was of the caravan park and the earlier presentation gave members the context to question the managing agent. It was also useful to see the location, situation and aspect of the park.

9. Overall the visit went well and gave members the opportunity to learn more about the property market in general but more particularly any concerns and potential opportunities at the properties owned by the Fund.

RECOMMENDATION/S

1) That it be noted that regular property inspections are regarded as an important part of fulfilling members' fiduciary duties.
2) That the report be noted.

Report author:
Simon Cunnington
Senior Accountant – Pensions & Treasury Management

For any enquiries about this report please contact: Simon Cunnington

Background Papers
None

Nottinghamshire County Council

Report to Pensions Sub-Committee

13 December 2012

Agenda Item: 11

REPORT OF THE GROUP MANAGER – FINANCIAL STRATEGY AND COMPLIANCE

INTERNAL DISPUTE RESOLUTION PROCEDURE

Purpose of the Report

1. To update Members on the use of professional advisors to support the stage two appeals under the Internal Dispute Resolution Procedure (IDRP).

Information and Advice

2. The Occupational Pension Schemes (Internal Dispute Resolution Procedure) Regulations 1996 (SI 1996 No 1270), made under section 50 of the Pensions Act 1995, required occupational pension schemes such as the Local Government Pension Scheme (LGPS) to make arrangements for the resolution of disagreements between the managers of the scheme on the one hand, and on the other, active, deferred and pensioner members, their widows, widowers and dependants, their nominated representatives and prospective members.

3. The existing complaints procedure within the LGPS is known as the IDRP, and gives members of the scheme, who are dissatisfied about a decision, the right to appeal under a stage appeals process.

4. Changes in the Regulations in 2004, established a two stage process whereby at stage one it is a matter for the employer (i.e. the County Council, the District Council, or any other Scheduled Body) to review the decision. The employer nominates a person, the Specified Person, to undertake this stage one process. At Nottinghamshire County Council the stage one appeals are dealt with by the Service Director for Human Resources and Customer Service and/or their nominee.

5. Pensions Committee in October 2004 endorsed the adoption of the proposed arrangements for dealing with the second stage appeal of the decision, which is a responsibility of the Administering Authority for the Nottinghamshire Pension Fund. At that time the Assistant Director of Resources and two Assistant Treasurers were identified as Appointed Persons who were charged with undertaking the Administering Authority's responsibilities at stage two. In addition, a consultant was retained only to provide advice/support, as Guidance Notice provided by the then Office of the Deputy Prime Minster in respect of the use of external consultants, indicated;

“The Authority will not be able to delegate the decision-making function to anyone who is not actually a Member or officer/employee of the Authority itself. As responsibility for discharging the function lies with the Administering Authority alone, they can use external parties in an advisory capacity”

6. A number of subsequent reorganisations of the Finance Division have altered the number of posts available to undertake this latter responsibility and currently only two Group Managers in Finance & Procurement are designated as an Appointed Person:

   Nigel Stevenson – Group Manager Financial Strategy & Compliance
   Neil Robinson – Group Manager Financial Management

7. Although a consultant was used initially, for a number of years the Authority has not used any external consultant or organisation to provide advice and support, either to assist with routine matters or to call upon in cases where in-depth knowledge of the Regulations would be valuable to the Appointed Person. The Practitioners Guide to the Internal Dispute Resolution Procedure indicates that the authority would be able, if they wish, to seek advice from such a person before making and issuing their own decision. Professional advisers would normally have some knowledge of the LGPS regulations and possess the necessary competencies to make interpretations and judgements, although they are obviously not engaged in making decisions under the LGPS Regulations on an everyday basis.

8. The work of the Appointed Person is not a main stream finance activity and in order to provide capacity, consistency and resilience in the stage two appeals process the intention is to continue to use external consultants to provide advice and support as per the Practitioners Guide.

9. As a consequence, following the County Council’s proper procurement practice, an external provider Anthony Collins Solicitors LLP has been selected to provide advice and support to the nominated Appointed Person.

Statutory and Policy Implications

10. 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

11. That the ability to use external professional advisors to support the stage two appeals process is noted.

12. That the employment of Anthony Collins Solicitors LLP to provide advice and support to the two nominated Appointed Person is noted.

Nigel Stevenson
Group Manager – Financial Strategy & Compliance
Background Papers

Pensions Committee Report 15 October 2004
A Practitioners Guide to the Internal Dispute Resolution Procedure

Nottinghamshire County Council

Report to Pensions Sub-Committee

13 December 2012

Agenda Item:12

REPORT OF THE SERVICE DIRECTOR (HUMAN RESOURCES & CUSTOMER SERVICE)

LOCAL GOVERNMENT PENSION SCHEME AUTO-ENROLMENT

Purpose of the Report

1. To report to members of the impact of the Government's Auto-Enrolment initiative on Nottinghamshire's Local Government Pension Fund.

Information and Advice

2. To encourage more people to save for retirement, the Government introduced workplace pension reforms under the 2008 and 2011 Pensions Acts.

3. Pension auto-enrolment is part of the UK Government's overall Workplace Pension Reform strategy. All UK employers will be affected and will have to take action by their "staging date". This is determined by the business size as at April 2012 with the largest employers commencing from October 1st 2012 and all companies including smaller ones having to act by April 2017.

4. The Pensions Regulator, who oversees the implementation of auto-enrolment, will meet employers prior to their staging dates and guide them through their responsibilities.

5. The new law requires all employers with one or more workers to automatically enroll certain members of their workforce into a "qualifying" workplace pension scheme into which they must also make contributions.

6. There are three defined bands of employees "eligible jobholders", "non-eligible jobholders" and "entitled workers".

7. Eligible Jobholders are those aged between twenty two and state pension age and who earn above the equivalent of £8,105 per annum (pa).

8. Non-eligible jobholders are those who either, are aged between sixteen and seventy four and earn between the equivalent of £5,564 & £8,105 pa or are aged between sixteen and twenty one or State Pension Age and seventy four and earn above the equivalent of £8,105 pa.

9. Entitled workers are those who are aged between sixteen and seventy four and earn below the equivalent of £5,564 pa.

10. Eligible Jobholders must be entered into a qualifying pension scheme from the employer's staging date, unless postponement or transitional delay is applied.

11. Postponement allows the employer to delay auto-enrolment for up to 3 months whilst they assess an employee's category.

12. Transitional delay allows the employer to defer auto-enrolling eligible employees who have opted out of scheme membership prior to the staging date. If applied, they will normally be enrolled at the end of the transitional delay period which is a fixed date at 1st October 2017.

13. Non-eligible jobholders and entitled workers may opt to join the employer's qualifying pension scheme, but are not compelled to do so. Unlike the other categories, the employer is not required to make contributions toward membership for entitled workers.

14. Any enrolled employees will be able to "opt out" of the scheme, but will normally be subject to automatic re-enrolment every three years.

15. Following amendment through the Local Government Pension Scheme (LGPS) (Miscellaneous) Regulations 2012 to allow employees with contracts of less than 3 months access to the scheme from 1st October 2012, the Pensions Regulator has confirmed that the Local Government Pension Scheme is a qualifying scheme for auto-enrolment purposes.

16. As Administering Authority, Nottinghamshire County Council's Pensions Office has not had to make many changes to current practice and procedures. The most significant change being the separation of the opting out form from the membership form, as Workplace Pension Reform strategy no longer allows the employer to provide employees with opting out forms and the option may not be made in advance of commencing employment. The Administering Authority will though be required to keep additional records of employees who opt out after being auto-enrolled, and these will be notified by the scheme employer post their staging date.

17. As the LGPS regulations compel the majority of scheme employers to contractually enroll the majority of their new employees anyway, (being based on contract length of 3 months or greater) and irrespective of category a pre-determined employers contribution is required for all memberships, then it is expected that the auto-enrolment rules will have relatively little impact on Fund membership or contributions income.

18. Nottinghamshire County Council (as an employer) was notified by the Pensions Regulator earlier in the year that its staging date was 1st November 2012. Nottingham City Council, who are the next largest employer in Nottinghamshire's LGP Fund, have been notified that their staging date is 1st March 2013 and it is

understood that no other scheme employers in the Fund have staging dates earlier than September 2013.

19. The Acting Pensions Manager, has been acting as a technical advisor to the Business Support Centre's Auto-Enrolment Project Group, which has been tasked with the planning and implementation of the necessary processes and procedures to enable Nottinghamshire County Council (as an employer) to comply with the auto enrolment duties following their staging date of 1st November 2012.

20. Over the course of this year, the Pensions Office has forwarded auto-enrolment information and guidance to all its scheme employers, provided a presentation on auto-enrolment at the Pension Fund's AGM and invited discussion on auto-enrolment issues at various scheme employer meetings. It further provides help and support on an ongoing basis through email and telephone enquiries.

Statutory and Policy Implications

21. 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.

Human Resources Implications

RECOMMENDATION/S

1) That the report be noted.

M TOWARD
SERVICE DIRECTOR (HUMAN RESOURCES & CUSTOMER SERVICE)

For any enquiries about this report please contact: John Fairbanks, Joint Acting Pensions Manager, 0115 8463347

Constitutional Comments (KK)

This report is for noting only.

Financial Comments (SEM)

There are no financial implications arising directly from this report.

Human Resources Comments (CD)

Nottinghamshire County Council will be complying with all required statutory obligations regarding implementation of the new auto enrolment processes, and staff will receive correspondence to explain the impact on their individual positions.

Background Papers

None
Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

Nottinghamshire County Council

Report to Pensions Sub-Committee

13 December 2012

Agenda Item:13

REPORT OF THE SERVICE DIRECTOR (HUMAN RESOURCES & CUSTOMER SERVICE)

LOCAL GOVERNMENT PENSION SCHEME PENSIONS IMPROVEMENT PROJECT

1. Purpose of the Report

1.1 The purpose of this report is to provide an update to Pensions Sub-Committee on the Pensions Improvement Project (PIP) and the implementation of reviewed processes and new ways of working from 20th November 2012.

2. Information and Advice

2.1 As previously reported, the objective of the Pensions Improvement Project is for the Pensions Office to identify, review and re-engineer their key business processes in conjunction with other Business Support Centre projects.

2.2 A core team of staff from within the Pensions Office was set up in December 2011 to undertake the Pensions Improvement Project.

2.3 Phase 1 (January 2012 to March 2012) involved a comprehensive assessment of the Pensions Office's current position in order to identify gaps in regard to process, people, technology and service provision. This involved identifying 'as is' processes, monitoring incoming calls, analysing the technology used and reviewing the 'service journey' taken by scheme members.

2.4 Part of the assessment included focus groups undertaken independently with scheme members and scheme employers. A telephone survey was undertaken with a sample of scheme members and the results showed an overall positive perception of the Pensions Office e.g. 96% believed that the Lump Sum Retiring allowance was paid in a timely manner. The Employer focus group represented 8 Employers of various sizes. The results showed that scheme Employers' overall view of the Pensions Office are good, specifically amongst the larger employers. A feedback report was produced and distributed to all scheme employers following this event and employers are keen to repeat this exercise regularly.

2.5 As part of phase 1, over 200 Pensions Office existing processes were identified and these have subsequently been reduced to 29 business processes identified for review and re-engineering.

2.6 These business processes were also prioritised for review and re-engineering in consideration of customer service standards, statutory obligations and volume of work. Priority work areas included retirements, starters and estimates.

2.7 During phase 2 (April 2012 to October 2012) the core team held workshops to identify the best method of undertaking the processes bearing in mind benefits to be gained (e.g. less documentation produced, less people involved) and also produced step by step procedural notes.

2.8 By the end of Phase 2, 14 processes had been re-engineered and the new process signed off by Nottinghamshire County Council's internal audit. Pensions Office staff were involved in all aspects of phase 2 either through attending workshops and question and answer sessions or by providing feedback to the core team.

2.9 Employer briefing events were held on 10th October 2012 to introduce the reviewed processes to scheme employers. Approximately one third of scheme employers were represented at these events. The events covered process changes which impact on employers. This included introduction of revised notification forms (starters, leavers, retirements etc.) and also the new process for employers requesting estimates of pension benefits and strain costs for early retirements. The new process means that priority and timescale is determined by the actual leaving date to ensure most urgent and prioritised targets are met. This controls expectations and ensures consistency whilst maintaining service provision. It has also enabled the Pensions Office to better plan for incoming work.

2.10 The mutual benefits to be gained from consistency across employers, clarification of respective Employer and Pensions Office responsibilities, clear contact points and efficient Pensions Office processes were stressed at these events.

2.11 Phase 3 has involved finalising the review and re-engineering of the key processes and planning for implementation. The 14 completed processes and procedures went live on 20th November 2012 along with new interim operational ways of working and a training needs assessment/development schedule for Pensions Office staff. A further two higher priority processes are nearing completion and sign off.

2.12 A different way of allocating work has also been introduced. Work tasks are 'auto assigned' to staff members through the AXISe Pensions system with reference to their skills and grades. This means that work then becomes the responsibility of individuals to follow through rather than a work group. It also means that performance can be more accurately monitored against set targets. Capacity to undertake each process has also been identified which will allow the Pensions Office to plan resources and workloads more proactively.

2.13 Overall the Pensions Improvement Project has incorporated an integrated approach to this review in terms of processes, technology and people recognising that all of these things need to be considered in the changes made. It has ensured consistency in how tasks and processes are undertaken, gives individuals ownership over tasks whilst allowing target setting and monitoring of individual and office performance and workloads.

2.14 Pensions Improvement Project phase 4 will continue as a Pensions Office project from January 2013, using the same principles to re-engineer the remaining, lower priority, Pensions Office processes. New staffing structures will then be finalised and implemented to ensure a fitter, more streamlined organisation.

3. Statutory and Policy Implications

3.1 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.

Human Resources Implications

RECOMMENDATION/S

1) That the report be noted.

M TOWARD
SERVICE DIRECTOR (HUMAN RESOURCES & CUSTOMER SERVICE)

For any enquiries about this report please contact: Sarah Marshall, Joint Acting Pensions Manager, 0115 842 3342.

Constitutional Comments (KK)

This report is for noting only.

Financial Comments (SEM)

There are no financial implications arising directly from this report.

Human Resources Comments (CD)

The HR issues are outlined within the body of the report.

Background Papers

None