

# **Nottinghamshire Pension Fund Committee**

**Thursday, 22 June 2017 at 10:30**

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

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## **AGENDA**

- 1 To note the appointment of Councillor Eric Kerry as Chairman and Councillor Stephen Garner as Vice-Chairman of the Nottinghamshire Pensions Fund Committee.
- 2 Membership and Terms of Reference of the Fund 5 - 8
- 3 Minutes of the last meetings of the :-
  - Minutes of the last meeting of the Pensions Investment Sub Committee held on 2 March 2017 9 - 12
  - Minutes of the last meeting held of the Pensions Fund Committee on 14 March 2017 13 - 14
  - Minutes of the last meeting of the Pensions Sub Committee held on 27 April 2017 15 - 18
- 4 Apologies for Absence
- 5 Declarations of Interests by Members and Officers:- (see note below)
  - (a) Disclosable Pecuniary Interests
  - (b) Private Interests (pecuniary and non-pecuniary)
- 6 Fund Valuation and Performance 19 - 22

## 7 EXCLUSION OF THE PUBLIC

The Committee will be invited to resolve:-

“That the public be excluded for the remainder of the meeting on the grounds that the discussions are likely to involve disclosure of exempt information described in paragraph 3 of the Local Government (Access to Information) (Variation) Order 2006 and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.”

### **Note**

If this is agreed, the public will have to leave the meeting during consideration of the following items.

- 8 Fund Valuation and Performance
- 9 Report of the Independent Advisor
- 10 Exempt Minutes of the last meeting of the Pensions Investment Sub-Committee held on 2 March 2017
- 11 Managers' reports as to:-
  - a. Schroders Investment Management
  - b. Aberdeen Property Investors
  - c. Kames Capital

### **Notes**

- (1) Councillors are advised to contact their Research Officer for details of any Group Meetings which are planned for this meeting.
- (2) Members of the public wishing to inspect "Background Papers" referred to in the reports on the agenda or Schedule 12A of the Local Government Act should contact:-

- (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 Peter Barker (Tel. 0115 977 4416) or a colleague in Democratic Services prior to the meeting.

- (4) Councillors are reminded that Committee and Sub-Committee papers, with the exception of those which contain Exempt or Confidential Information, may be recycled.
- (5) This agenda and its associated reports are available to view online via an online calendar - <http://www.nottinghamshire.gov.uk/dms/Meetings.aspx>

22 June 2017

Agenda Item: 2

## **REPORT OF THE CHIEF EXECUTIVE**

### **MEMBERSHIP AND TERMS OF REFERENCE NOTTINGHAMSHIRE PENSIONS FUND**

#### **Purpose of the Report**

1. To report the membership and terms of reference of the Nottinghamshire Pensions Fund

#### **Information and Advice**

2. The Sub-Committee is asked to note that the following Members have been appointed to the Nottinghamshire Pensions Fund:-

#### **County Councillors**

Chairman – Councillor Eric Kerry (C)  
Vice-Chairman – Councillor Stephen Garner (MI)

Councillor Reg Adair (C)  
Councillor Chris Barnfather (C)  
Councillor Sheila Place (L)  
Councillor Mike Pringle (L)  
Councillor Francis Purdue-Horan (C)  
Councillor Helen-Ann Smith (AI)  
Councillor Parry Tsimbiridis (L)

#### **NON VOTING-MEMBERS OF THE PENSIONS FUND COMMITTEE**

##### **Nottingham City Council**

Councillor Alan Clarke  
Councillor Graham Chapman  
Councillor Anne Peach

## **Nottinghamshire Local Authorities' Association**

Councillor Richard Jackson – Broxtowe Borough Council  
Kate Allsop – Executive Mayor Mansfield District Council

### **Trade Unions**

Mr C King  
Mr A Woodward

### **Scheduled Bodies**

Mrs S Reader

### **Pensioner Representatives**

Terry Needham (current pensioner rep)  
1 vacancy

## **NOTTINGHAMSHIRE PENSION FUND COMMITTEE – TERMS OF REFERENCE**

- 3 The exercise of the powers and functions set out below are delegated by the Full Council to the Committee in relation to pensions:
  - a. All decisions within the control of the Council including but not limited to those listed in the Table below
  - b. Policy development in relation to pensions, subject to approval by the Policy Committee or the Full Council
  - c. Review of performance in relation to the services provided on a regular basis
  - d. Review of day to day operational decisions taken by officers
  - e. Approval of consultation responses except for responses to day-to-day technical consultations which will be agreed with the Chairman and reported to the next available Committee following their submission.
  - f. Approving all Councillor attendance at conferences, seminars and training events within the UK mainland for which a fee is payable including any expenditure incurred, within the remit of this Committee and to receive quarterly reports from Corporate Directors on departmental officer travel outside the UK within the remit of this Committee.
4. If any report comes within the remit of more than one committee, to avoid the report being discussed at several committees, the report will be presented and determined at the most appropriate committee. If this is not clear, then the report will be discussed and determined by the Policy Committee.

5. As part of the detailed work programme the Committee will receive reports on the exercise of powers delegated to officers.
6. The Committee will be responsible for its own projects but, where it considers it appropriate, projects will be considered by a cross-committee project steering group that will report back to the most appropriate Committee.

Table
Administering the Nottinghamshire Pension Fund, including investments by and management of pension funds and the administration of the Pension Fund

**NOTE:** The County Council administers this Pension Fund on behalf of Nottinghamshire County Council, Nottingham City Council, the District and Borough Councils and other admitted bodies in Nottinghamshire.

### **APPOINTMENT OF THE NON-VOTING MEMBERS**

7. It is proposed that the existing members appointed as the Scheduled Bodies and Pensioner Representatives be asked to continue in their current roles for a further four year term of office. Further consideration will be given to the appointment to the current Pensioner Representative vacancy and any further appointment will be brought to this Committee for approval.

### **Statutory and Policy Implications**

8. This report has been compiled after consideration of implications in respect of finance, the public sector equality duty, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they have been described in the text of the report.

### **RECOMMENDATION**

9. That the membership be noted and that the terms of reference of the Committee be approved.

**Anthony May**  
**CHIEF EXECUTIVE**

**Financial Comments (NS 6/6/17)**

8. There are no financial implications arising from this report.

**Background Papers Available for Inspection**

None

**Electoral Divisions Affected**

All.

Meeting PENSIONS INVESTMENT SUB-COMMITTEE

Date Thursday 2 March 2017 (commencing at 10.30 am)

**membership**

Persons absent are marked with 'A'

**COUNCILLORS**

Reg Adair (Chairman)  
Mike Pringle (Vice Chairman)

A	Chris Barnfather	Ken Rigby
A	Ian Campbell	Parry Tsimbiridis
	Mrs Kay Cutts	John Wilkinson
	Sheila Place	

**Nottingham City Council**

A Councillor Alan Clark  
Councillor Graham Chapman  
A Councillor Anne Peach

**Nottinghamshire Local Authorities' Association**

Councillor Richard Jackson – Broxtowe Borough Council  
A Kate Allsop – Executive Mayor Mansfield District Council

**Trades Unions**

Mr A Woodward  
Mr C King

**Scheduled Bodies**

A Mrs Sue Reader

**Independent Advisor**

William Bourne

**Officers in Attendance**

Tamsin Rabbitts (Resources)  
Dave Forster (Resources)  
Keith Palframan (Resources)



## **MINUTES**

The minutes of the last meeting of the Sub-Committee held on 1 December 2016, having been previously circulated, were confirmed and signed by the Chairman.

## **MEMBERSHIP CHANGE**

The Clerk informed members that Councillor Graham Chapman had been appointed to the committee in place of Councillor Nick McDonald.

## **APOLOGIES FOR ABSENCE**

Apologies for absence were received from:-

County Councillors Chis Barnfather and Ian Campbell  
City Councillors Alan Clarke and Anne Peach  
Mrs Sue Reader.  
Kate Allsop- Executive Mayor

## **DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS**

None

## **FUND VALUATION AND PERFORMANCE**

Consideration was given to a report which summarised the total value of the Pension Fund as at 31 December 2016.

### **RESOLVED: 2017/001**

That the report be noted.

## **EXCLUSION OF THE PUBLIC**

### **RESOLVED: 2017/002**

That the public be excluded for the remainder of the meeting on the grounds that the discussions are likely to involve the disclosure of exempt information as described in paragraph 3 of the Local Government (Access to Information) (Variation) Order 2006 and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

## **EXEMPT INFORMATION ITEMS**

The decisions in relation to the following exempt information items are set out in the exempt minutes:-

Fund Valuation and Performance exempt appendix (including a report of the Independent Advisor)

Exempt Minutes of the last meeting held on 1 December 2016

Managers Reports as to:

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

The meeting closed at 12.32pm.

**CHAIRMAN**





Meeting **NOTTINGHAMSHIRE PENSION FUND COMMITTEE**

Date **Tuesday, 14 March 2017 (commencing at 10.30 am)**

**membership**

Persons absent are marked with 'A'

**COUNCILLORS**

Reg Adair (Chair)  
Mike Pringle (Vice-Chairman)

	Chris Barnfather	Ken Rigby
A	Ian Campbell	Parry Tsimbirdis
	Mrs Kay Cutts	John Wilkinson
	Sheila Place	

**OFFICERS IN ATTENDANCE**

Nigel Stevenson	(Resources)
Dave Forster	(Resources)
Tamsin Rabbitts	(Resources)
Sarah Stevenson	(Resources)
Jon Clewes	(Resources)

**MINUTES**

The Minutes of the last meeting of the Committee held on 20 September 2016 having been previously circulated, were confirmed and signed by the Chair.

**APOLOGY FOR ABSENCE**

An apologies for absence were received from Councillor Ian Campbell

**DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS**

None

**DRAFT ADMINISTRATION STRATEGY**

Mrs Stevenson introduced the report to seek approval to implement the Pensions Administration Strategy

On a motion by the Chair, seconded by the Vice-Chair it was:-

**RESOLVED 2017/001**

That the Administration Strategy attached to the report be approved for implementation from April 2017.

## **INVESTMENT STRATEGY STATEMENT**

Mr Stevenson introduced the report and highlighted that the appendix was omitted from the agenda and was circulated separately.

On a motion by the Chair, seconded by the Vice-Chair it was:-

### **RESOLVED 2017/002**

That the Investment Strategy Statement be approved

## **CONFRENCES AND TRAINING**

Mr Stevenson introduced the report and highlighted the importance of training.

On a motion by the Chair, seconded by the Vice-Chair it was:-

### **RESOLVED 2017/003**

That the conferences and training as set out in paragraph 3 of the report be noted.

## **TRIENNIAL VALUATION – INITIAL RESULTS**

Mr Stevenson introduced the report to members.

On a motion by the Chair, seconded by the Vice-Chair it was:-

### **RESOLVED 2017/004**

That the report be noted

## **STRATEGIC LAND – BASILDON**

Mr Stevenson introduced the report to members.

On a motion by the Chair, seconded by the Vice-Chair it was:-

### **RESOLVED 2017/005**

That the report be noted

The meeting closed at 2.19 pm.

## **CHAIRMAN**

## minutes

Meeting    PENSIONS SUB COMMITTEE

Date        Thursday 27 April 2017 at 10.30 am

### **membership**

Persons absent are marked with 'A'

### **COUNCILLORS**

Reg Adair (Chairman)  
Mike Pringle (Vice Chairman)

A	Chris Barnfather	A	Sheila Place
	Ian Campbell	A	Ken Rigby
	Mrs Kay Cutts	A	Parry Tsimbiridis
			John Wilkinson

### **Nottingham City Council**

Councillor Alan Clark  
Councillor Graham Chapman  
Councillor Anne Peach

### **Nottinghamshire Local Authorities' Association**

A        Councillor Richard Jackson – Broxtowe Borough Council  
         Kate Allsop – Executive Mayor Mansfield District Council

### **Trades Unions**

Mr A Woodward  
Mr C King

### **Scheduled Bodies**

Mrs Sue Reader

### **Pensioners**

Vacancy  
Mr T Needham

### **Officers in Attendance**

David Forster	(Resources)
Tamsin Rabbitts	(Resources)
Jon Clewes	(Resources)
Ciaran Guilfoyle	(Resources)

### **MINUTES**

The minutes of the last meeting of the Sub-Committee held on 2 February 2017, having been previously circulated, were confirmed and signed by the Chairman

### **APOLOGIES FOR ABSENCE**

Apologies for absence were received from

Councillor Ian Campbell  
“ Ken Rigby  
“ Sheila Place  
“ Parry Tsimbiridis  
Mayor Kate Allsop

### **DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS**

None.

### **LAPFF BUSINESS MEETING**

Mr Guilfoyle introduced the report

On a motion by the Chairman, duly seconded it was:-

#### **RESOLVED 2017/005**

That the Business Meeting report be noted

### **LGPS CENTRAL ASSET POOL UPDATE**

Mrs Rabbitts took members through the report

On a motion by the Chairman, duly seconded it was:-

#### **RESOLVED 2017/006**

That the report be noted.

## **REVISION OF FUND POLICIES**

Mrs Rabbitts took members through the report

On a motion by the Chairman, duly seconded it was:-

### **RESOLVED 2017/007**

That the report be noted

## **PROXY VOTING**

Mr Guilfoyle introduced the report which informs members of the voting of equity holdings in the 4<sup>th</sup> quarter.

On a motion by the Chairman, duly seconded it was:-

### **RESOLVED 2017/008**

That the report be noted.

The meeting concluded at 10.50 am

## **CHAIRMAN**





22 June 2017

Agenda Item:

## **REPORT OF THE SERVICE DIRECTOR – FINANCE, PROCUREMENT & IMPROVEMENT**

### **FUND VALUATION AND PERFORMANCE**

#### **Purpose of the Report**

1. To report on the total value and performance of the Pension Fund to 31 March 2017.

#### **Information and Advice**

2. This report is to inform the Pension Fund Committee of the value of the Pension Fund at the end of the latest quarter and give information on the performance of the Fund. Some information relating to this report is not for publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972. Having regard to the circumstances, on balance the public interest in disclosing the information does not outweigh the reason for exemption because divulging the information would significantly damage the Council's commercial position in relation to the Pension Fund. The exempt information is set out in the exempt appendices.
3. The table below shows a summary of the total value of the investment assets of the Fund as at 31 March 2017, together with the comparative position 3 and 12 months previously.

Quarter ended:	<b>Latest Quarter</b>		<b>Previous Quarter</b>		<b>Previous Year</b>	
	<b>31 Mar 2017</b>		<b>31 Dec 2016</b>		<b>31 Mar 2016</b>	
	<b>£m</b>	<b>%</b>	<b>£m</b>	<b>%</b>	<b>£m</b>	<b>%</b>
UK Fixed Interest	733	15%	416	9%	404	10%
Overseas Fixed Interest	13	0%	13	0%	18	0%
Inflation-Linked	121	3%	118	2%	111	3%
UK Equities	1,294	26%	1,405	30%	1,257	32%
Overseas Equities	1,860	38%	1,812	38%	1,422	36%
Private Equity	83	2%	80	2%	83	2%
Infrastructure	118	2%	110	2%	38	1%
UK Property	496	10%	449	10%	420	11%
Overseas Property	76	2%	76	2%	93	2%
Cash	105	2%	237	5%	194	3%
<b>TOTAL</b>	<b>4,898</b>	<b>100%</b>	<b>4,713</b>	<b>100%</b>	<b>4,039</b>	<b>100%</b>

4. The Fund has increased in value by £185 million (3.9%) since the previous quarter and by £859 million (21.3%) over the last 12 months. The table below shows the provisional (pre audit) Fund Account for 2016/17 along with the full year figures for 2015/16.

<b>Summary Fund Account</b>	<b>Full Year 2016/17 £000</b>	<b>Full Year 2015/16 £000</b>
Employer contributions	(135,650)	(131,873)
Member contributions	(43,495)	(43,243)
Transfers in from other pension funds	(4,067)	(4,940)
Pensions	146,132	141,963
Commutation of pensions and lump sums	31,093	26,567
Lump sum death benefits	4,726	3,860
Payments to and on account of leavers	14,746	6,519
Administration Expenses	1,733	1,221
<b>Net (additions)/withdrawals from dealings with members</b>	<b>15,218</b>	<b>74</b>
<b>Oversight &amp; governance expenses</b>	<b>777</b>	<b>584</b>
Investment Income	(142,281)	(112,363)
Profits & losses on disposals & changes in value	(709,932)	119,007
Taxes on income	593	638
Investment management expenses	4,381	3,990
<b>Net Returns on Investments</b>	<b>(847,239)</b>	<b>11,272</b>
 <b>Net (increase)/decrease in net assets</b>	 <b>(831,244)</b>	 <b>11,930</b>

5. The fund value marginally decreased over 2015/16 as market movements offset the investment income. This has been recovered during 2016/17, with the combined effect of net profits on disposals and changes in market value adding £710 million.

## Statutory and Policy Implications

6. This report has been compiled after consideration of implications in respect of finance, the public sector equality duty, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

## RECOMMENDATION

- 1) That the report be noted.

**Name of Report Author: Tamsin Rabbitts**

**Title of Report Author: Senior Accountant – Pensions & Treasury Management**

**For any enquiries about this report please contact: Tamsin Rabbitts**

**Constitutional Comments**

7. Because this report is for noting only, no Constitutional Comments are required.

**Financial Comments (TMR 06/06/2017)**

8. There are no direct financial implications arising from this report.

