

## **Pensions Investment Sub-Committee**

**Thursday, 04 June 2015 at 10:30**

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

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### **AGENDA**

- 1 To note the appointment by the County Council at its Annual Meeting of Councillor Reg Adair as Chairman and Councillor Mike Pringle as Vice-Chairman of the Sub-Committee
- 2 Membership and Terms of Reference of the Sub-Committee 3 - 4
- 3 Minutes of the last meeting held on 5 March 2015 5 - 6
- 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 Report 7 - 10
- 7 **EXCLUSION OF THE PUBLIC**

The Sub-Committee will be invited to resolve:

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

#### **Note**

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

- 8 Fund Valuation and Performance
- 9 Exempt Minutes of the last meeting held on 5 March 2015
- 10 Managers' reports as to:-
  - a. Aberdeen Property Investors
  - b. Schroders Investment Management
  - c. Kames Capital

### **Notes**

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

Customer Services Centre 0300 500 80 80

- (3) Persons making a declaration of interest should have regard to the Code of Conduct and the Council's Procedure Rules. Those declaring must indicate the nature of their interest and the reasons for the declaration.

Councillors or Officers requiring clarification on whether to make a declaration of interest are invited to contact Sara Allmond (Tel. 0115 977 3794) 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>

**4 June 2015****Agenda Item:****REPORT OF THE CHIEF EXECUTIVE****MEMBERSHIP AND TERMS OF REFERENCE OF THE PENSIONS  
INVESTMENT SUB-COMMITTEE****Purpose of the Report**

1. To report the membership and terms of reference of the Sub-Committee for 2015/16

**Information and Advice**

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

**County Councillors**

Councillor Reg Adair  
Councillor Chris Barnfather  
Councillor Ian Campbell  
Councillor Mrs Kay Cutts  
Councillor Mike Pringle  
Councillor Sheila Place  
Councillor Ken Rigby  
Councillor Parry Tsimbiridis  
Councillor John Wilkinson

**Nottingham City Council**

Councillor Alan Clarke  
Councillor Nick McDonald  
Councillor Anne Peach

**Nottinghamshire Local Authorities' Association**

To be agreed

**Trade Unions**

Mr C King  
Mr A Woodward

## **Scheduled Bodies**

Mr N Timms

3. The terms of reference of the Sub-Committee are as follows:-

“This is a sub-committee of the Nottinghamshire Pension Fund Committee

1.1. The exercise of the powers and functions set out below are delegated:

1.1.1 Responsibility for investment performance management of the Fund Managers and making appropriate recommendations to the Nottinghamshire Pension Fund Committee.”

## **RECOMMENDED**

4. That the report be noted

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

## **Statutory and Policy Implications**

5. 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.

## **Background Papers Available for Inspection**

None

## **Electoral Divisions Affected**

6. All.



Meeting      PENSIONS INVESTMENT SUB-COMMITTEE

Date          Thursday 5 March 2015(commencing at 10.00 am)

**membership**

Persons absent are marked with 'A'

**COUNCILLORS**

Ken Rigby (Vice Chairman)

A      Reg Adair  
         Chris Barnfather  
         Ian Campbell  
A      Mrs Kay Cutts

A      Sheila Place  
         Parry Tsimbiridis  
A      John Wilkinson

**Nottingham City Council**

A      Councillor Alan Clark  
         Councillor Thulani Molife  
A      Councillor Jackie Morris

**Nottinghamshire Local Authorities' Association**

         Executive Mayor Tony Egginton  
A      Councillor Milan Radulovic MBE

**Trades Unions**

         Mr C King  
         Mr A Woodward

**Scheduled Bodies**

         Mr N Timms

**Also in Attendance**

Mr E Lambert (Independent Advisor)

**Officers in Attendance**

         Simon Cunnington (Environment & Resources)  
         Dave Forster (Policy, Planning and Corporate Services)  
         Neil Robinson (Environment and Resources)

## **MINUTES**

The minutes of the last meeting of the Sub-Committee held on 27 November 2014, having been previously circulated, were confirmed and signed by the Chairman.

## **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors Adair, Cutts, Place and Wilkinson (County Members) Clarke and Morris (City Council Members)

## **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 2014.

### **RESOLVED: 2015/001**

That the report be noted.

## **EXCLUSION OF THE PUBLIC**

### **RESOLVED: 2015/002**

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

Exempt Minutes of the last meeting held on 27 November 2014

Managers Reports as to:

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

The meeting closed at 12.15 pm.

4 June 2015

Agenda Item:

## **REPORT OF THE SERVICE DIRECTOR (FINANCE & PROCUREMENT)**

### **FUND VALUATION AND PERFORMANCE**

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

1. To report on the total value and performance of the Pension Fund to 31 March 2015.

#### **Information and Advice**

2. This report is to inform the Sub-Committee of the value of the Pension Fund at the end of the latest quarter and give information on the performance of the Fund. Some information relating to this report is not for publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972. Having regard to the circumstances, on balance the public interest in disclosing the information does not outweigh the reason for exemption because divulging the information would significantly damage the Council's commercial position in relation to the Pension Fund. The exempt information is set out in the exempt appendix.
3. The table below shows a summary of the total value of the investment assets of the Fund as at 31 March 2015, 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 2015</b>		<b>31 Dec 2014</b>		<b>31 Mar 2014</b>	
	<b>£m</b>	<b>%</b>	<b>£m</b>	<b>%</b>	<b>£m</b>	<b>%</b>
UK Fixed Interest	396	10%	388	10%	323	9%
Overseas Fixed Interest	17	0%	13	0%	38	1%
Inflation-Linked	116	3%	110	3%	103	3%
UK Equities	1,337	33%	1,287	33%	1,287	35%
Overseas Equities	1,527	38%	1,415	36%	1,325	35%
Private Equity	72	2%	72	2%	76	2%
UK Property	369	9%	368	9%	328	9%
Overseas Property	84	2%	92	2%	79	2%
Cash	132	3%	191	5%	154	4%
<b>TOTAL</b>	<b>4,050</b>	<b>100%</b>	<b>3,935</b>	<b>100%</b>	<b>3,712</b>	<b>100%</b>

4. The Fund has increased by £115 million (2.9%) since the previous quarter and is £338 million (9.1%) higher than the same period last year. The table below shows the Fund Account for 2014/15 along with the full year figures for 2013/14.

<b>Summary Fund Account</b>	<b>2014/15 £000</b>	<b>2013/14 £000</b>
Employer contributions	(130,112)	(123,905)
Member contributions	(42,714)	(41,018)
Transfers in from other pension funds	(6,124)	(6,638)
Pensions	137,495	132,832
Commutation of pensions and lump sums	25,991	23,115
Lump sum death benefits	3,324	3,793
Payments to and on account of leavers	87,072	15,326
Administration expenses	1,764	1,291
<b>Net (additions)/withdrawals from dealings with members</b>	<b>76,696</b>	<b>4,947</b>
<b>Oversight &amp; governance expenses</b>	<b>572</b>	<b>628</b>
Investment income	(110,790)	(105,388)
Profits & losses on disposals & changes in value	(316,474)	(141,271)
Taxes on income	703	644
Investment management expenses	3,838	3,892
<b>Net Returns on Investments</b>	<b>(422,723)</b>	<b>(242,123)</b>
 <b>Net (increase)/decrease in net assets</b>	 <b>(345,455)</b>	 <b>(236,699)</b>

5. The fund account for 2014/15 includes adjustments made for amounts owing to/from the Fund at the year end. The 'Payments to and on account of leavers' in 2014/15 includes £76 million paid to the Greater Manchester Pension Fund in respect of the transfer of liabilities relating to the Probation Service. Without that payment, the Fund would have had a small outflow from dealings with members of £699,000. The cash flow position of the Fund continues to be closely monitored, in particular to ensure that contributions due to the Fund are received.

## Statutory and Policy Implications

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

## RECOMMENDATION

- 1) That the report be noted.

**Name of Report Author:** Simon Cunnington

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



**For any enquiries about this report please contact: Simon Cunningham**

**Constitutional Comments**

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

**Financial Comments (SRC 26/05/15)**

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

