

8 September 2015

Agenda Item: 6

REPORT OF SERVICE DIRECTOR – FINANCE & PROCUREMENT

REFERRAL FROM PENSIONS SUB-COMMITTEE – WORKING PARTY RECOMMENDATIONS

Purpose of the Report

1. To seek approval of the Pension Fund Committee to items referred from the Pensions Sub-Committee regarding the Fund's equity portfolios and their benchmarks.

Information and Advice

2. Some information relating to this report is not for publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972.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 attached exempt appendix.
3. At its meeting on 16 July 2015, the Pensions Sub-Committee considered a report on whether the following are appropriate:
 - the returns generated by the Fund's equities
 - the management arrangements
 - the balance between passive and active investment
 - the individual portfolio benchmarks.
4. After discussion, the following recommendations were made:
 - a. The Fund should continue to favour UK equities.
 - b. The Fund's equity portfolios should move to fixed benchmarks with an agreed split between UK and overseas
 - c. The overseas portion of the benchmarks will reflect the allocations within the Fund's strategic equity benchmark.
 - d. Ranges should be agreed around the regional allocations to allow for market movements and active asset allocation decisions.
 - e. Discussions should be held with external managers regarding the proposed new benchmark and possible changes to performance targets.
 - f. A staged approach should be taken in moving to the new benchmarks and further reports brought to update the Sub-Committee as appropriate.
 - g. As equity markets recover, cash should be realised from the In-House portfolio to fund previously approved investments in property.

Reason/s for Recommendation/s

5. Under the terms of the Council's constitution, the Nottinghamshire Pension Fund Committee is responsible for all decisions in relation to administering the Nottinghamshire Pension Fund, including investments by and management of pension funds. This report makes recommendations regarding the investments of the Fund.

Statutory and Policy Implications

6. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the NHS Constitution (Public Health only), the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working 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 points set out at paragraph 4 are approved.

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For any enquiries about this report please contact: Simon Cunnington

Constitutional Comments (SLB 18/08/15)

7. Nottinghamshire Pension Fund Committee is the appropriate body to consider the content of the report.

Financial Comments (SRC 18/08/15)

8. The financial implications to the Fund are set out in the exempt appendix.

Background Papers and Published Documents

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.

- 'None'