

# Nottinghamshire Pension Fund Committee

Thursday, 13 September 2018 at 10:30

County Hall, West Bridgford, Nottingham, NG2 7QP

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## AGENDA

- |   |  |         |
|---|--|---------|
| 1 | Minutes of the last meeting 19 July  | 5 - 8   |
| 2 | Apologies for Absence  |         |
| 3 | Declarations of Interests by Members and Officers:- (see note below)<br>(a) Disclosable Pecuniary Interests<br>(b) Private Interests (pecuniary and non-pecuniary) |         |
| 4 | Work Programme   | 9 - 14  |
| 5 | Fund Valuation and Performance   | 15 - 18 |
| 6 | 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.

### EXEMPT INFORMATION ITEMS

7 Fund Valuation and Performance EXEMPT

- Information relating to the financial or business affairs of any particular person (including the authority holding that information);

8 Independent Adviser's Report EXEMPT

- Information relating to the financial or business affairs of any particular person (including the authority holding that information);

9 Managers' Reports

9a Kames Capital EXEMPT

- Information relating to the financial or business affairs of any particular person (including the authority holding that information);

9b Schroders Investment Management EXEMPT

- Information relating to the financial or business affairs of any particular person (including the authority holding that information);

9c Aberdeen Standard Investments EXEMPT

- Information relating to the financial or business affairs of any particular person (including the authority holding that information);

**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 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>



## minutes

Meeting NOTTINGHAMSHIRE PENSIONS FUND COMMITTEE

Date Thursday 19th July 2018 at 10.30 am

### membership

Persons absent are marked with `A`

### COUNCILLORS

Eric Kerry (Chairman)  
Stephen Garner (Vice Chairman)

A - Reg Adair  
Chris Barnfather  
Sheila Place  
Mike Pringle

Francis Purdue-Horan  
Helen-Ann Smith  
Parry Tsimbiridis

### Nottingham City Council

Councillor Graham Chapman  
Councillor Anne Peach  
Councillor Sam Webster

### Nottinghamshire Local Authorities' Association

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

### Trades Unions

Mr C King  
Mr A Woodward

### Scheduled Bodies

Mrs Sue Reader

### Pensioners

Vacancy  
Mr T Needham

### Independent Adviser

William Bourne

## **Officers in Attendance**

Pete Barker	Chief Executive's Department
Jon Clewes	Chief Executive's Department
Keith Palframan	Chief Executive's Department
Sarah Stevenson	Chief Executive's Department

### **1. MINUTES**

The minutes of the last meeting held on 7<sup>th</sup> June 2018, having been circulated to all Members, were taken as read and were confirmed and signed by the Chair.

### **2. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor Adair.

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

Councillor Chapman, Councillor Peach and Councillor Webster each declared an interest in Item 13, Nottingham Regeneration Limited, as Members of Nottingham City Council, which did not preclude them from speaking on that item.

Councillor Butler also declared an interest in Item 13, Nottingham Regeneration Limited, as he knows a Trustee of one of the Charities that benefited from the work of the organisation, which did not preclude him from speaking on that item.

### **4. LGPS- GUARANTEED MINIMUM PENSION RECONCILIATION EXERCISE WITH HMRC**

**RESOLVED: 2018/038**

That committee receive a further update at the October committee meeting.

### **5. THE LGPS (AMENDMENT) REGULATIONS 2018**

**RESOLVED: 2018/039**

That the Pensions Committee approves any actions within budget needed to be taken by the Pension Fund to comply with the changes in the regulations.

### **6. LOCAL AUTHORITY PENSION FUND FORUM BUSINESS MEETING**

**RESOLVED: 2018/040**

That no further actions are required as a result of the contents of the report.

### **7. PROXY VOTING**

**RESOLVED: 2018/041**

That no further actions are required as a result of the contents of the report.

## **8. REVISION OF FUND RISK STRATEGY AND RISK REGISTER**

### **RESOLVED: 2018/042**

1. That the revised Risk Management Strategy and Risk Register be approved.
2. That a training session for Members of the Committee regarding the Risk Register be arranged.

## **9. WORKING PARTY**

### **RESOLVED: 2018/043**

1. That stock lending, of UK investments only, as part of the management of the external passive portfolio is supported.
2. That the current approach to local investment is confirmed and that no changes are required to the ISS.
3. That the current approach to training and conferences is confirmed.

## **10. LGPS CENTRAL LIMITED UPDATE**

### **RESOLVED: 2018/044**

That no further actions are required as a result of the contents of the report.

## **11. PLSA LOCAL AUTHORITY CONFERENCE 2018**

### **RESOLVED: 2018/045**

That no further actions are required as a result of the contents of the report.

## **12. WORK PROGRAMME**

### **RESOLVED: 2018/046**

That the Pensions Board Annual Report be brought to a future meeting of the Committee.

The committee agreed that the order of items be changed, in order that the discussion and vote regarding Nottingham Regeneration Limited be heard in the closed part of the meeting.

## **13. EXCLUSION OF THE PUBLIC**

### **RESOLVED: 2018/047**

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 Schedule 12A of the Local Government Act 1972 and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

And that Mr William Bourne, the Independent Adviser, be permitted to stay in the meeting during the exempt items.

**14. NOTTINGHAM REGENERATION LIMITED EXEMPT**

**RESOLVED: 2018/048**

That the Nottinghamshire Pension Fund accept a lump sum payment now, with the amount of that lump sum to be agreed in consultation with the Chair and Vice Chair of the Committee.

The meeting concluded at 11:52 am

**CHAIRMAN**



**REPORT OF THE SERVICE DIRECTOR – CUSTOMERS, GOVERNANCE  
AND EMPLOYEES**

**WORK PROGRAMME**

**Purpose of the Report**

1. To consider the Committee's work programme for 2018-19.

**Information**

2. The County Council requires each committee to maintain a work programme. The work programme will assist the management of the committee's agenda, the scheduling of the committee's business and forward planning. The work programme will be updated and reviewed at each pre-agenda meeting and committee meeting. Any member of the committee is able to suggest items for possible inclusion.
3. The attached work programme has been drafted in consultation with the Chair and Vice-Chairs, and includes items which can be anticipated at the present time. Other items will be added to the programme as they are identified.
4. As part of the transparency introduced by the revised committee arrangements from 2012, committees are expected to review day to day operational decisions made by officers using their delegated powers. It is anticipated that the committee will wish to commission periodic reports on such decisions. The committee is therefore requested to identify activities on which it would like to receive reports for inclusion in the work programme.

**Other Options Considered**

5. None.

**Reason/s for Recommendation/s**

6. To assist the committee in preparing its work programme.

## **Statutory and Policy Implications**

7. 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 Committee considers whether any amendments are required to the Work Programme.

**Marjorie Toward**  
**Customers, Governance and Employees**

**For any enquiries about this report please contact: Pete Barker, x74416**

## **Constitutional Comments (HD)**

8. The Committee has authority to consider the matters set out in this report by virtue of its terms of reference.

## **Financial Comments (NS)**

9. There are no direct financial implications arising from the contents of this report. Any future reports to Committee on operational activities and officer working groups, will contain relevant financial information and comments.

## **Background Papers**

None.

## **Electoral Division(s) and Member(s) Affected**

All

**PENSION FUND COMMITTEE – WORK PROGRAMME**

<b>Report Title</b>	<b>Brief summary of agenda item</b>	<b>Report Author</b>
<b>4 October 2018</b>		
Annual General Meeting		
<b>15 November 2018</b>		
Proxy Voting	Summary of voting activity during quarter 2 of 2018	Ciaran Guilfoyle
LAPFF Business Meeting	Report from LAPFF Business Meeting	Ciaran Guilfoyle
<b>10 January 2019</b>		
Fund Valuation & Performance – Qtr2	Summary of quarterly performance	Tamsin Rabbitts
Fund Valuation & Performance	Details review of quarterly performance (exempt)	Tamsin Rabbitts
Independent Adviser’s Report	Independent Adviser’s review of performance and managers reports (exempt)	William Bourne
Managers Reports	Quarterly reports from Kames, Schroders and ASI (exempt)	Relevant fund managers
Admission Body Status Update	Details of organisation who satisfy the criteria to be admitted to the LGPS (as required)	Andy Durrant
<b>7 March 2019</b>		
Fund Valuation & Performance – Qtr 3	Summary of quarterly performance	Tamsin Rabbitts
Fund Valuation & Performance	Details review of quarterly performance (exempt)	Tamsin Rabbitts
Independent Adviser’s Report	Independent Adviser’s review of performance and managers reports (exempt)	William Bourne
Managers Reports	Quarterly reports from Kames, Schroders and ASI (exempt)	Relevant fund managers

<b>25 April 2019</b>		
Proxy Voting	Summary of voting activity during quarters 3 & 4 of 2018	Ciaran Guilfoyle
LAPFF Business Meeting	Report from LAPFF Business Meeting	Ciaran Guilfoyle
LAPFF Conference	Report from the LAPFF conference	Tamsin Rabbitts
<i>LGPS Scheme Advisory Board Update</i>	<i>6 monthly report updating members on the work of the SAB if anything of note</i>	<i>Jon Clewes/Ciaran Guilfoyle</i>
Admission Body Status Update	Details of organisation who satisfy the criteria to be admitted to the LGPS (as required)	Andy Durrant
<b>6 June 2019</b>		
Fund Valuation & Performance – Qtr 4	Summary of quarterly performance	Tamsin Rabbitts
Fund Valuation & Performance	Details review of quarterly performance (exempt)	Tamsin Rabbitts
Independent Adviser's Report	Independent Adviser's review of performance and managers reports (exempt)	William Bourne
Managers Reports	Quarterly reports from Kames, Schroders and ASI (exempt)	Relevant fund managers
Pension Administration Annual Performance & Strategy Review	Report detailing the performance of the Regulating Authority and Scheme Employers performance against the Admin Strategy including any data breaches	Jon Clewes

<b>18 July 2019</b>		
Proxy Voting	Summary of voting activity during quarter 1 of 2016	Ciaran Guilfoyle
LAPFF Business Meeting	Report from LAPFF Business Meeting	Ciaran Guilfoyle
<i>Update on LGPS Asset Pooling</i>	<i>(If required)</i>	<i>Keith Palframan</i>
PLSA conference	Report from PLSA conference	Nigel Stevenson



**13 September 2018**
**Agenda Item: 5**
**REPORT OF THE SERVICE DIRECTOR FOR FINANCE, INFRASTRUCTURE &  
IMPROVEMENT**
**FUND VALUATION AND PERFORMANCE**
**Purpose of the Report**

1. To report on the total value and performance of the Pension Fund to 30 June 2018.

**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 30 June 2018, in comparison with the benchmark, together with the comparative position 3 and 12 months previously.

	Latest Quarter		Benchmark	Previous Quarter		Previous Year	
	30 Jun 2018			31 Mar 2018		30 Jun 2017	
	£m	%		£m	%	£m	%
Equities							
Quoted	3,382	62.5%	60%	3,195	62.2%	3,167	64.2%
Private	300	5.6%	5%	263	5.1%	222	4.5%
Property	747	13.8%	15%	691	13.5%	581	11.8%
Bonds							
Gilts	150	2.8%	5%	125	2.4%	150	3.0%
Other Bonds	729	13.5%	12.5%	721	14.0%	726	14.7%
Cash	99	1.8%	2.5%	138	2.7%	88	1.8%
	<b>5,407</b>	<b>100%</b>	<b>100%</b>	<b>5,133</b>	<b>100%</b>	<b>4,934</b>	<b>100%</b>

4. Within Equities (both quoted and private) and Other Bonds are investments in Infrastructure assets amounting to £201.1m or 3.7% of the fund. Infrastructure commitments amount to 4.5% of the fund. There is a long term target for investments in infrastructure to be 5% of the fund.

5. The Fund investments have increased by £274.4 million (5.3%) since the previous quarter (more than offsetting the previous quarter's losses). Fund investments have increased by £472.9 million (9.6%) over the last 12 months. The table below shows the unaudited Fund Account for 2018/19 along with the full year figures for 2017/18.

<b>Summary Fund Account</b>	<b>Q1 2018/19 £000</b>	<b>Full Year 2017/18 £000</b>
Employer contributions	(24,780)	(193,459)
Member contributions	(8,727)	(45,176)
Transfers in from other pension funds	(3,598)	(9,813)
Pensions	40,010	153,122
Commutation of pensions and lump sums	9,104	27,700
Lump sum death benefits	752	4,741
Payments to and on account of leavers	2,770	16,713
<b>Net (additions)/withdrawals from dealings with members</b>	<b>15,531</b>	<b>(46,172)</b>
<b>Administration Expenses</b>	<b>15</b>	<b>1,953</b>
<b>Oversight &amp; governance expenses</b>	<b>595</b>	<b>488</b>
Investment Income	(16,459)	(149,816)
Profits & losses on disposals & changes in value	(235,495)	(51,189)
Taxes on income	297	620
Investment management expenses	197	4,895
<b>Net Returns on Investments</b>	<b>(251,460)</b>	<b>(195,490)</b>
<b>Net (increase)/decrease in net assets</b>	<b>(235,319)</b>	<b>(239,221)</b>

6. The fund value increased in 2017/18 but only by 4.8% reflecting a market adjustment in the last two months of the year. This has reversed in the current quarter, explaining the exceptional rate of return for the quarter. There continues to be increased investment, especially in infrastructure and property.

## Statutory and Policy Implications

7. 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 members consider whether there are any actions they require in relation to the issues contained within the report.

**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**

8. This is an updating information report and Pension Committee is the correct body for considering that information and any further action which members may wish to take in light of that information.

### **Financial Comments (TMR 22/8/2018)**

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

