

Pensions Investment Sub-Committee

Thursday, 09 June 2016 at 10:30

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

AGENDA

- 1(a) To note the appointment of Councillor Reg Adair as Chair and Councillor Mike Pringle as Vice-Chair of the Pensions Investment Sub-Committee at the Full Council meeting held on 12 May 2016
- 1(b) Minutes of the last meeting held on 3 March 2016 3 - 4
- 2 Apologies for Absence
- 3 Declarations of Interests by Members and Officers:- (see note below)
 - (a) Disclosable Pecuniary Interests
 - (b) Private Interests (pecuniary and non-pecuniary)
- 4 Fund Valuation and Performance 5 - 8
- 5 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.

- 6 Fund Valuation and Performance
- 7 Report of the Independent Advisor
- 8 Exempt Minutes of the last meeting held on 3 March 2016
- 9 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:-

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 David Forster (Tel. 0115 977 3552) 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>

Meeting	PENSIONS INVESTMENT SUB-COMMITTEE
Date	Thursday 3 March 2016 (commencing at 10.30 am)

membership

Persons absent are marked with 'A'

COUNCILLORS

Reg Adair (Chairman)
A Mike Pringle (Vice Chairman)

A Chris Barnfather
A Ian Campbell
Mrs Kay Cutts
Sheila Place

A Ken Rigby
Parry Tsimbiridis
John Wilkinson

Nottingham City Council

A Councillor Alan Clark
A Councillor Nick McDonald
A Councillor Anne Peach

Nottinghamshire Local Authorities' Association

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

Independent Advisor

William Bourne

Officers in Attendance

Simon Cunnington (Resources)
Dave Forster (Resources)

MINUTES

The minutes of the last meeting of the Sub-Committee held on 3 December 2015, having been previously circulated, were confirmed and signed by the Chairman.

APOLOGIES FOR ABSENCE

Apologies for absence were received from County Councillors Chris Barnfather, Ian Campbell Mike Pringle and Ken Rigby. City Councillors Alan Clark, Nick McDonald and Anne Peach

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 2015.

RESOLVED: 2016/001

That the report be noted.

EXCLUSION OF THE PUBLIC

RESOLVED: 2016/002

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 3 December 2015

Managers Reports as to:

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

The meeting closed at 12.30pm.

CHAIRMAN

9 June 2016

Agenda Item:

REPORT OF THE SERVICE DIRECTOR – FINANCE, PROCUREMENT & IMPROVMENT

FUND VALUATION AND PERFORMANCE

Purpose of the Report

1. To report on the total value and performance of the Pension Fund to 31 December 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 appendices.
3. The table below shows a summary of the total value of the investment assets of the Fund as at 31 March 2016, together with the comparative position 3 and 12 months previously.

Quarter ended:	Latest Quarter		Previous Quarter		Previous Year	
	31 Mar 2016		31 Dec 2015		31 Mar 2015	
	£m	%	£m	%	£m	%
UK Fixed Interest	404	10%	384	10%	396	10%
Overseas Fixed Interest	18	0%	11	0%	17	0%
Inflation-Linked	111	3%	112	3%	116	3%
UK Equities	1,257	32%	1,280	32%	1,337	33%
Overseas Equities	1,422	36%	1,400	36%	1,527	38%
Private Equity	83	2%	80	2%	72	2%
Infrastructure	38	1%	37	1%	0	0%
UK Property	420	11%	415	11%	369	9%
Overseas Property	93	2%	86	2%	84	2%
Cash	194	3%	117	3%	132	3%
TOTAL	4,039	100%	3,920	100%	4,050	100%

4. The Fund has increased in value by £119 million (3.0%) since the previous quarter but is £11 million (0.3%) lower than the same period last year. The table below shows the Fund Account for 2015/16 along with the full year figures for 2014/15.

Summary Fund Account	Full Year 2015/16 £000	Full Year 2014/15 £000
Employer contributions	(131,873)	(130,112)
Member contributions	(43,243)	(42,714)
Transfers in from other pension funds	(4,940)	(6,124)
Pensions	141,963	137,495
Commutation of pensions and lump sums	26,567	25,991
Lump sum death benefits	3,860	3,324
Payments to and on account of leavers	6,519	87,072
Administration expenses	1,221	1,764
Net (additions)/withdrawals from dealings with members	74	76,696
Oversight & governance expenses	584	572
Investment income	(112,363)	(110,790)
Profits & losses on disposals & changes in value	119,007	(316,474)
Taxes on income	638	703
Investment management expenses	3,990	3,838
Net Returns on Investments	11,272	(422,723)
Net (increase)/decrease in net assets	11,930	(345,455)

5. The fund account for 2015/16 shows that there was a marginal net withdrawal from dealings with members over the year. The previous year included £76 million paid to the Greater Manchester Pension Fund in respect of the transfer of liabilities relating to the Probation Service (shown within 'Payments to and on account of leavers'). Excluding this one-off payment, the net position has improved. The Fund has also increased its investment income in 2015/16 although market values have suffered over the year to produce a net decrease in assets overall.

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 Cunnington

Constitutional Comments

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

Financial Comments (SRC)

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

