

To: Members of the Pension Fund Committee

Notice of a Meeting of the Pension Fund Committee

Friday, 3 June 2011 at 10.15 am

County Hall, New Road, Oxford



Peter G. Clark
County Solicitor

May 2011

Contact Officer: **Julie Dean**
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Membership

Councillors

David Harvey
Bill Service
Jean Fooks
Bill Service

Roy Darke
Stewart Lilly
Don Seale

C.H. Shouler

Co-optees

Councillor Richard Langridge
Councillor Matthew Barber

Notes:

- ***A lunch will be provided***
- ***Date of next meeting: 2 September 2011***
- ***Daniel Blass of Legal & General will give a training session on Managing Transition prior to the meeting, starting at 9.30 am in the meeting room***

Declarations of Interest

This note briefly summarises the position on interests which you must declare at the meeting. Please refer to the Members' Code of Conduct in Part 9.1 of the Constitution for a fuller description.

The duty to declare ...

You must always declare any "personal interest" in a matter under consideration, ie where the matter affects (either positively or negatively):

- (i) any of the financial and other interests which you are required to notify for inclusion in the statutory Register of Members' Interests; or
- (ii) your own well-being or financial position or that of any member of your family or any person with whom you have a close association more than it would affect other people in the County.

Whose interests are included ...

"Member of your family" in (ii) above includes spouses and partners and other relatives' spouses and partners, and extends to the employment and investment interests of relatives and friends and their involvement in other bodies of various descriptions. For a full list of what "relative" covers, please see the Code of Conduct.

When and what to declare ...

The best time to make any declaration is under the agenda item "Declarations of Interest". Under the Code you must declare not later than at the start of the item concerned or (if different) as soon as the interest "becomes apparent".

In making a declaration you must state the nature of the interest.

Taking part if you have an interest ...

Having made a declaration you may still take part in the debate and vote on the matter unless your personal interest is also a "prejudicial" interest.

"Prejudicial" interests ...

A prejudicial interest is one which a member of the public knowing the relevant facts would think so significant as to be likely to affect your judgment of the public interest.

What to do if your interest is prejudicial ...

If you have a prejudicial interest in any matter under consideration, you may remain in the room but only for the purpose of making representations, answering questions or giving evidence relating to the matter under consideration, provided that the public are also allowed to attend the meeting for the same purpose, whether under a statutory right or otherwise.

Exceptions ...

There are a few circumstances where you may regard yourself as not having a prejudicial interest or may participate even though you may have one. These, together with other rules about participation in the case of a prejudicial interest, are set out in paragraphs 10 – 12 of the Code.

Seeking Advice ...

It is your responsibility to decide whether any of these provisions apply to you in particular circumstances, but you may wish to seek the advice of the Monitoring Officer before the meeting.

If you have any special requirements (such as a large print version of these papers or special access facilities) please contact the officer named on the front page, but please give as much notice as possible before the meeting.

AGENDA

1. **Appointment of Chairman and Deputy Chairman for the Ensuing Year**
2. **Apologies for Absence and Temporary Appointments**
3. **Declarations of Interest - see guidance note**
4. **Minutes (Pages 1 - 6)**

To approve the minutes of the meeting held on 18 March 2011 (PF4) and to receive for information any matters arising on them.

5. **Petitions and Public Address**
6. **Overview of Past and Current Investment Position (Pages 7 - 36)**

10:30

Tables 1 to 10 are compiled from the custodian's records. The custodian is the Pension Fund's prime record keeper. He accrues for dividends and recoverable overseas tax within his valuation figures and may also use different exchange rates and pricing sources compared with the fund managers. The custodian also treats dividend scrip issues as purchases which the fund managers may not do. This may mean that there are minor differences between the tabled figures and those supplied by the managers.

The Independent Financial Adviser will review the investment activity during the past quarter and present an overview of the Fund's position as at 31 March 2011 using the following tables:

Table 1	provides a consolidated valuation of the Pension Fund at 31 March 2011
Tables 2 to 7	provide details of the individual manager's asset allocations and compare these against their benchmark allocations
Table 8	shows net investments/disinvestments during the quarter
Tables 9 to 10	provide details on the Pension Fund's Private Equity
Tables 11 to 19	provide investment performance for the consolidated Pension Fund and for the four Managers for the quarter ended 31 March 2011

In addition to the above tables, the performance of the Fund Managers over the past 18 months has been produced graphically as follows:

Graph 1 – Value of Assets
Graph 2 - Alliance Bernstein
Graph 3 - Baillie Gifford
Graph 4 – Legal & General
Graphs 5 and 6 – UBS

The Committee is RECOMMENDED to receive the tables and graphs, and that the information contained in them be borne in mind, insofar as they relate to items 9, 10 and 11 on the agenda.

7. EXEMPT ITEMS

The Committee is RECOMMENDED that the public be excluded for the duration of items 8, 9, 10, 11 and 12 in the Agenda since it is likely that if they were present during those items there would be disclosure of exempt information as defined in Part I of Schedule 12A to the Local Government Act 1972 (as amended) and specified in relation to the respective items in the Agenda and since it is considered that, in all the circumstances of each case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

THE REPORTS RELATING TO THE EXEMPT ITEMS HAVE NOT BEEN MADE PUBLIC AND SHOULD BE REGARDED AS STRICTLY PRIVATE TO MEMBERS AND OFFICERS ENTITLED TO RECEIVE THEM.

NOTE: In the case of items 11 and 12, there are no reports circulated with the Agenda. Any exempt information will be reported orally.

8. Overview and Outlook for Investment Markets (Pages 37 - 44)

10:40

Report of the Independent Financial Adviser (**PF8**).

The report sets out an overview of the current and future investment scene and market developments across various regions and sectors. The report itself does not contain exempt information and is available to the public. The Independent Financial Adviser will also report orally and any information reported orally will be exempt information.

The public should be excluded during this item because its discussion in public would be likely to lead to the disclosure to members of the public present of information in the following prescribed category:

3. Information relating to the financial or business affairs of any particular person (including the authority holding that information) and since it is considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information, in that such

disclosure would prejudice the trading activities of the fund managers involved and would prejudice the position of the authority's investments in funding the Pension Fund.

The Committee is RECOMMENDED to receive the report, tables and graphs, to receive the oral report, to consider any further action arising on them and to bear the Independent Financial Adviser's conclusions in mind when considering the Fund Managers' reports.

9. Legal & General

10:55

- (1) The Independent Financial Adviser will report orally on the performance and strategy of Alliance Bernstein drawing on the tables at Agenda Items 6 and 8.
- (2) The representatives (Mr J Cloke and Mr D Blass) of the Fund Manager will:
 - (a) report and review the present investments of their part of the Fund and their strategy against the background of the current investment scene for the period which ended on 31 March 2011;
 - (b) give their views on the future investment scene.

In support of the above is their report for the period to 31 March 2011.

At the end of the presentation, members are invited to question and comment and the Fund Managers to respond.

The public should be excluded during this item because its discussion in public would be likely to lead to the disclosure to members of the public present of information in the following prescribed category:

3. Information relating to the financial or business affairs of any particular person (including the authority holding that information) and since it is considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information, in that such disclosure would prejudice the trading activities of the fund managers involved and would prejudice the position of the authority's investments in funding the Pension Fund.

The Committee is RECOMMENDED to note the main issues arising from the presentation and to take any necessary action, if required.

10. UBS

11:30

- (1) The Independent Financial Adviser will report orally on the performance and

strategy of UBS drawing on the tables at Agenda Items 6 and 8.

- (2) The representatives (Mr S Lee together with a representative from the Hedge Funds) of the Fund Manager will:
 - (a) report and review the present investments of their part of the Fund and their strategy against the background of the current investment scene for the period which ended on 31 March 2011;
 - (b) give their views on the future investment scene.

In support of the above is their report for the period to 31 March 2011.

At the end of the presentation, members are invited to question and comment and the Fund Managers to respond.

The public should be excluded during this item because its discussion in public would be likely to lead to the disclosure to members of the public present of information in the following prescribed category:

3. *Information relating to the financial or business affairs of any particular person (including the authority holding that information) and since it is considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information, in that such disclosure would prejudice the trading activities of the fund managers involved and would prejudice the position of the authority's investments in funding the Pension Fund.*

The Committee is RECOMMENDED to note the main issues arising from the presentation and to take any necessary action, if required.

11. Report of Main Issues arising from Reports of the Fund Managers not represented at this meeting

12:05

The Independent Financial Adviser will report orally on the main issues arising from the Officer meetings with the Fund Managers not represented at the Committee in conjunction with information contained in the tables (Agenda Item 6).

The public should be excluded during this item because its discussion in public would be likely to lead to the disclosure to members of the public present of information in the following prescribed category:

3. *Information relating to the financial or business affairs of any particular person (including the authority holding that information) and since it is considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information, in that such disclosure would prejudice the trading activities of the fund managers involved and would prejudice the position of the authority's investments in funding the Pension Fund.*

The Committee is RECOMMENDED to note the main issues arising from the reports and to take any necessary action, if required.

12. Summary by the Independent Financial Adviser

12:10

The Independent Financial Adviser will, if necessary, any other issues arising from the monitoring of our Fund Managers, including any update in respect of the change in Fund Manager as agreed at the 18 March Committee.

The public should be excluded during this item because its discussion in public would be likely to lead to the disclosure to members of the public present of information in the following prescribed category:

3. *Information relating to the financial or business affairs of any particular person (including the authority holding that information) and since it is considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information, in that such disclosure would prejudice the trading activities of the fund managers involved and would prejudice the position of the authority's investments in funding the Pension Fund.*

ITEMS FOLLOWING THE RE-ADMISSION OF THE PRESS AND PUBLIC

13. Consultation on the Fair Deal Policy (Pages 45 - 54)

12:15

This report (PF13) identifies the key issues arising from HM Treasury's consultation document on the future of the Fair Deal Policy and sets out a draft response to Government for agreement by this Committee.

The Committee are RECOMMENDED to consider the report and the draft response as set out at Annex 1; and agree any amendments so that the response can be submitted to HM Treasury by their deadline of 15 June 2011.

14. Re-Branding of the Pension Fund (Pages 55 - 58)

12:30

This report (PF14) informs the Committee of the project to re-brand the Oxfordshire Pension Fund and seeks Member approval for the way forward.

The Committee is RECOMMENDED to:

- (a) ***decide whether the project is to proceed;***
- (b) ***if it is to proceed, to decide the process for consultation with***

- (c) ***Members in relation to the proposed logo designs; and determine maximum budget provision for this project.***

15. Guaranteed Minimum Pensions (Pages 59 - 62)

12:40

The report (**PF15**) informs the Committee of issues in respect of over payment of pensions arising from incorrect information held by Pension Services regarding guaranteed minimum pensions; and seeks Member approval to the way forward.

The Committee is RECOMMENDED to determine whether these over payments should be recovered from pensioners.

16. Annual Review of Communications Policy (Pages 63 - 70)

12:50

As required under its provisions, the Communications Policy is before the Committee for its annual review (**PF16**). Copies of the Community Policy Statement and the Policy are attached at PF16 Annexes 1 and 2.

The Committee is RECOMMENDED to endorse the officer recommendation of no change to the current policy.

17. Write Off's (Pages 71 - 72)

12:55

The report (**PF17**) informs the Committee of the amounts approved for write off under the Fund's Scheme of Financial Delegation.

The Pension Fund Committee is RECOMMENDED to note this report

18. Corporate Governance and Socially Responsible Investment

13:00

The Assistant Chief Executive & Chief Finance Officer has no other issues to report for this quarter but it should be noted that all the managers have included pages within their valuation reports which provide details on their voting at company AGMs, engagement with companies and their involvement with other socially responsible initiatives.

LUNCH

Pre-Meeting Briefing

There will be a pre-meeting briefing at County Hall on Tuesday 31 May 2011 at 3:00pm in Meeting Room 1 for the Chairman, Deputy Chairman and Opposition Group Spokesman.