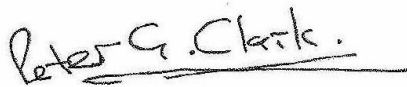


To: Members of the Pension Fund Committee

Notice of a Meeting of the Pension Fund Committee

Friday, 7 September 2012 at 10.00 am

County Hall, New Road, Oxford



Peter G. Clark
County Solicitor

August 2012

Contact Officer: **Julie Dean**
Tel: (01865) 815322; E-Mail: julie.dean@oxfordshire.gov.uk

Membership

Chairman – Councillor David Harvey
Deputy Chairman - Councillor Bill Service

Councillors

Jean Fooks
Roy Darke

Stewart Lilly
A.M. Lovatt

C.H. Shouler

Co-optees

District Councillor Richard Langridge
District Councillor Jerry Patterson

Notes:

- ***A lunch will be provided.***
- ***Date of next meeting: 7 December 2012***

Declarations of Interest

The duty to declare.....

Under the Localism Act 2011 it is a criminal offence to

- (a) fail to register a disclosable pecuniary interest within 28 days of election or co-option (or re-election or re-appointment), or
- (b) provide false or misleading information on registration, or
- (c) participate in discussion or voting in a meeting on a matter in which the member or co-opted member has a disclosable pecuniary interest.

Whose Interests must be included?

The Act provides that the interests which must be notified are those of a member or co-opted member of the authority, **or**

- those of a spouse or civil partner of the member or co-opted member;
- those of a person with whom the member or co-opted member is living as husband/wife
- those of a person with whom the member or co-opted member is living as if they were civil partners.

(in each case where the member or co-opted member is aware that the other person has the interest).

What if I remember that I have a Disclosable Pecuniary Interest during the Meeting?.

The Code requires that, at a meeting, where a member or co-opted member has a disclosable interest (of which they are aware) in any matter being considered, they disclose that interest to the meeting. The Council will continue to include an appropriate item on agendas for all meetings, to facilitate this.

Although not explicitly required by the legislation or by the code, it is recommended that in the interests of transparency and for the benefit of all in attendance at the meeting (including members of the public) the nature as well as the existence of the interest is disclosed.

A member or co-opted member who has disclosed a pecuniary interest at a meeting must not participate (or participate further) in any discussion of the matter; and must not participate in any vote or further vote taken; and must withdraw from the room.

Members are asked to continue to pay regard to the following provisions in the code that *“You must serve only the public interest and must never improperly confer an advantage or disadvantage on any person including yourself”* or *“You must not place yourself in situations where your honesty and integrity may be questioned.....”*.

Please seek advice from the Monitoring Officer prior to the meeting should you have any doubt about your approach.

List of Disclosable Pecuniary Interests:

Employment (includes *“any employment, office, trade, profession or vocation carried on for profit or gain”*.), **Sponsorship, Contracts, Land, Licences, Corporate Tenancies, Securities.**

For a full list of Disclosable Pecuniary Interests and further Guidance on this matter please see the Guide to the New Code of Conduct and Register of Interests at Members’ conduct guidelines. <http://intranet.oxfordshire.gov.uk/wps/wcm/connect/occ/Insite/Elected+members/> or contact Rachel Dunn on (01865) 815279 or Rachel.dunn@oxfordshire.gov.uk for a hard copy of the document.

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. Apologies for Absence and Temporary Appointments**
- 2. Declarations of Interest - see guidance note**
- 3. Minutes**

To approve the minutes of the meeting held on 1 June 2012 (**PF3**) and to receive information arising from them.

- 4. Petitions and Public Address**
- 5. Overview of Past and Current Investment Position**

10:05

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 30 June 2012 using the following tables:

Table 1	provides a consolidated valuation of the Pension Fund at 30 June 2012
Tables 2 to 9	provide details of the individual manager's asset allocations and compare these against their benchmark allocations
Table 10	shows net investments/disinvestments during the quarter
Tables 11 to 12	provide details on the Pension Fund's Private Equity
Tables 13 to 23	provide investment performance for the consolidated Pension Fund and for the four Managers for the quarter ended 30 June 2012
Table 24	Provides details of the top 20 holdings within the Fund

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 - 3 – Baillie Gifford
Graph 4 - 5 – Legal & General
Graph 6 - 10 – 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 8, 9, 10 and 11 on the agenda.

6. EXEMPT ITEMS

The Committee is RECOMMENDED that the public be excluded for the duration of items 7, 8, 9, 10, 11, 12, 13 and 17 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 item 12, there is no report circulated with the Agenda. Any exempt information will be reported orally.

7. Presentation by the WM Company on the Fund's Investment Performance for 2011/12

10:20

The representative (Karen Thrumble) of the WM Company will review the Oxfordshire County Council Pension Fund's investment performance for the twelve months ended 31 March 2012. The presentation will include a comparison to benchmark data from the WM Local Authority Pension Fund Universe.

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 report.

8. Overview and Outlook for Investment Markets

11:00

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. Wellington

11:15

- (1) The Independent Financial Adviser will report orally on the performance and strategy of Wellington drawing on the tables at Agenda Items 5 and 8.
- (2) The representatives (Nicola Staunton and Ian Link) of our new Fund Manager will:
 - (a) report on their planned approach to managing their new mandate;
 - (b) 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 30 June 2012; and
 - (b) give their views on the future investment scene.

In support of the above is their report for the period to 30 June 2012. This will be circulated at the meeting itself.

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. Baillie Gifford

11:55

- (1) The Independent Financial Adviser will report orally on the performance and strategy of Baillie Gifford drawing on the tables at Agenda Items 5 and 8.
- (2) The representatives (Anthony Dickinson and Iain McCombie) 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 30 June 2012;
 - (b) give their views on the future investment scene.

In support of the above is their report for the period to 30 June 2012.

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

12:35

The Independent Financial Adviser will report orally on the main issues arising from the reports from UBS and Legal & General in conjunction with information contained in the tables (Agenda Item 5).

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

12:40

The Independent Financial Adviser will, if necessary, summarise the foregoing reports of the Fund Managers and answer any questions from members.

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.*

13. Additional Voluntary Contributions Scheme - Annual Review

12:45

The report (**PF13**) provides details of the annual review of the Fund's Additional Voluntary Contribution (AVC) Scheme, including issues regarding the performance of the individual funds and the Scheme Provider (Prudential) itself.

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 Scheme Provider involved and would prejudice the position of the authority's investments in funding the Pension Fund.*

The Committee is RECOMMENDED to note the report and to confirm the continued use of Prudential as the Council's AVC provider.

LUNCH

ITEMS FOLLOWING THE RE-ADMISSION OF THE PRESS AND PUBLIC

14. Draft Annual Report and Accounts 2011/12

14:00

The draft Annual Report and Accounts for 2010/11 for the year ended 31 March 2012 is attached at **PF14**. This provides detailed information on the operation and performance of the Fund. The final report will be brought to the Committee in December.

A representative (Mary Fetigan) of the Audit Commission will attend to present the findings and to respond to questions from Members.

The Committee is RECOMMENDED to receive the draft report and accounts for 2010/11.

15. Pension Investment and Administration Outturn Report 2011/12

14:15

The report (**PF15**) covers the outturn expenditure and income for both the Pensions Investments and Pension Administration teams; and explains any key variations from the budgets initially approved by this Committee.

The Committee is RECOMMENDED to receive the report and to note the outturn position.

16. Pension Administration - Service Performance

14:25

The report (**PF16**) provides the annual review of the Pensions Administration Team, highlighting key performance indicators and any key issues over the past year.

The Committee is RECOMMENDED to note the report.

EXEMPT ITEM

17. Employer Update

14:35

The report (**PF17**) updates the Committee on new employers within the Fund, including new scheduled bodies (academy schools) and Transferee Admission Bodies (following outsourcing exercises). It also provides information on the closure of a scheme employer. The report also covers the changing membership of the Fund and the potential future implications in terms of cash flow and investment decisions. In addition it considers the necessity of maintaining previous insurance arrangements required of admitted bodies.

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.*

The Committee is RECOMMENDED to:

- a) note the above applications admitted body status as agreed under delegated powers;***
- b) agree to the recommendation as contained in the exempt report PF17;***
- c) determine whether the Insurance Scheme for unpaid contributions should be discontinued; and***
- d) note the cash flow position for the Fund and ask Officers to monitor the situation and bring further reports back to the Committee as necessary.***

RE-ADMISSION OF PRESS AND PUBLIC

18. Pension Administration - Regulation Update

14:50

The report (**PF18**) seeks committee approval of the new procedures to be introduced following a change to the Administration Regulations allowing the administering authority to make payment of benefits to an authorised person in instances where the member is incapable of managing their own affairs.

The Committee is RECOMMENDED to:

- a) *decide whether it wishes to introduce an internal procedure for payment of benefits in cases where no formal arrangements exist;*
- b) *determine what medical evidence is required to support the internal procedure; and*
- c) *delegate the decision making process to the Assistant Chief Executive & Chief Finance Officer.*

19. Write Off's

14:55

The report (**PF19**) provides the Committee with summary details of the amounts written off in the last quarter, in accordance with Financial Regulations of the Fund.

The Committee is RECOMMENDED to note the report.

20. Corporate Governance and Socially Responsible Investment

15:00

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.

21. Annual Pension Forum

15:05

To agree a proposed date of Friday 14 December 2012 for the 2012 Annual Pension Forum..

Pre-Meeting Briefing

There will be a pre-meeting briefing at County Hall on Tuesday 4 September 2012 at 3.00 pm for the Chairman, Deputy Chairman and Opposition Group Spokesman.