



To: Members of the Pension Fund Committee

***Notice of a Meeting of the Pension Fund Committee***

**Friday, 6 December 2013 at 10.10 am**

**County Hall, New Road, Oxford**

*Peter G. Clark.*

Peter G. Clark  
County Solicitor

November 2013

Contact Officer: **Julie Dean**  
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**Membership**

Chairman – Councillor Stewart Lilly  
Deputy Chairman - Councillor Patrick Greene

*Councillors*

Lynda Atkins  
Surinder Dhesi  
Jean Fooks

Nick Hards  
Richard Langridge  
Sandy Lovatt

Neil Owen

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*Co-optees*

District Councillor Hywel Davies  
District Councillor Jerry Patterson

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**Notes:**

- ***A lunch will be provided***
- ***Date of next meeting: 14 March 2014***
- ***This meeting of Committee will be preceded by a training session at 9.30am (to be held in the meeting room itself), delivered by Malcolm Gordon from UBS on Alternative Asset Classes including Infrastructure.***

## 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](mailto: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 6 September 2013 (**PF3**) and to receive information arising from them.

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

**10:15**

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 September 2013 using the following tables:

Table 1	provides a consolidated valuation of the Pension Fund at 30 September 2013
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 24	provide investment performance for the consolidated Pension Fund and for the four Managers for the quarter ended 30 September 2013

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 - Wellington  
Graph 5 - 6 – Legal & General  
Graphs 7 - 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 9, 10, 11 and 12 on the agenda.***

## **6. EXEMPT ITEMS**

***The Committee is RECOMMENDED that the public be excluded for the duration of items 8, 9, 10, 11, 12, 13, 14 and 15 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. Exempt Minutes**

**10:25**

To approve the exempt minute of the meeting held on 6 September 2013 **(PF7)** and to receive information arising from it.

## **8. Overview and Outlook for Investment Markets**

**10:30**

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. UBS

10:40

- (1) The Independent Financial Adviser will report orally on the performance and strategy of UBS drawing on the tables at Agenda Items 5 and 8.
- (2) The representatives (Eric Byrne and Anthony Sander) 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 September 2013;
  - (b) give their views on the future investment scene.

In support of the above is their report for the period to 30 September 2013.

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. Adams Street

11:20

- (1) The Independent Financial Adviser will report orally on the performance and strategy of Adams Street drawing on the tables at Agenda Items 5 and 8.
- (2) The representatives (Ana Maria Harrison and David Arcauz) 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 September 2013;
  - (b) give their views on the future investment scene.

In support of the above is their report for the period to 30 September 2013.

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

12:00

The Independent Financial Adviser will report **(PF11)** on the main issues arising from the officer meetings with Baillie Gifford and Wellington. These reports should be read in conjunction with information contained in the tables (Agenda Item 5 and 8).

*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**

**12:05**

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. Employer Cessation**

**12:05**

The Committee is asked to determine their approach to a recent employer cessation, and whether to accept the part payment offered as final settlement for the outstanding liabilities, or to seek recovery of the full sum due **(PF13)**.

*The public should be excluded for the consideration of this report because its discussion in public would be likely to lead to the disclosure to the public present of information in the following categories prescribed by Part 1 of Schedule 12A to the Local Government Act 1972 (as amended):*

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 commercial position of the*

*parties involved, and the ability of the parties to maintain the current provision of public services.*

***The Committee is RECOMMENDED to determine their approach to the cessation of the employer as a member of the Oxfordshire Pension Fund.***

## **14. Death Grant**

**12:15**

The Committee are asked to determine the payment of a death grant where payment has been contested (**PF14**).

The report contains financial information relating to the former scheme member and his family members.

*The public should therefore be excluded for the consideration of this report because its discussion in public would be likely to lead to the disclosure to the public present of information in the following prescribed categories:*

- 1 *Information relating to any individual*
- 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 disclosure would infringe the rights of the individual to privacy contrary to the general law and the public duty of the authority to respect human rights and to comply with that law.*

***The Committee is RECOMMENDED to determine beneficiaries due to receive payment of the death grant.***

## **15. IPRP Update**

**12:20**

The report **PF15** updates the Committee on the Determination by the Pensions Ombudsman of a case which they initially considered in December 2011. The Pensions Ombudsman has dismissed the complaint and supported the Council's right to recover the full overpayment initially made to the complainant.

*The public should be excluded for the consideration of this report because its discussion in public would be likely to lead to the disclosure to the public present of information in the following categories prescribed by Part 1 of Schedule 12A to the Local Government Act 1972 (as amended):*

- 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 note the report and the final determination in this case.***

## **ITEMS FOLLOWING THE RE-ADMISSION OF THE PRESS AND PUBLIC**

### **16. The 2013 Valuation**

**12:25**

The report **(PF16)** updates the Committee on the latest position in respect of the 2013 Valuation. At the time of writing the report, the Actuary was still working to finalise the result, and a more up to date position will be reported when the Actuary attends the Employer Forum on 13 December 2013.

***The Committee is RECOMMENDED to note the report.***

### **17. Potential Scheme Merger**

**12:35**

The report **(PF17)** updates the Committee in respect of the on-going discussions on the potential to merge the Oxfordshire Fund with those of Berkshire and Buckinghamshire. If appropriate, the Committee will be recommended to agree variations to the annual budget for 2013/14 to fund changes in support of more collaborative working.

***The Committee is RECOMMENDED to note the report.***

### **18. Annual Report and Accounts 2012/13**

**12:45**

The Committee is requested to formally adopt the Annual Report and Accounts for 2012/13, a draft of which had been presented to the last meeting for comment. A final copy has been included within each Member's Agenda in booklet form. (Please contact Julie Dean on (01865) 815322 if a copy of the booklet is required).

***The Committee is RECOMMENDED to adopt formally the Pension Fund Annual Report and Accounts 2012/13.***

## **19. The LGPS Regulation Update**

**12:47**

The Committee previously received reports in March 2012, December 2012, June 2013 and September 2013 regarding the 2014 Local Government Pension Scheme (LGPS). This report (**PF19**) is to further update the Committee on the progress of the implementation of the 2014 Local Government Pension Scheme (LGPS) and the Regulations which have been issued to date. This report also looks at the changes which need to be made to Administering Authority policies as a result.

*The Committee is RECOMMENDED to note the report.*

## **20. Employer Update**

**12:50**

The report (**PF20**) seeks Committee approval for any new admissions to the Fund, as well as updates the Committee on the status of any current employer which impacts on future Scheme membership.

*The Committee is RECOMMENDED to:*

- (a) note the progress of previously approved applications for admitted body status;*
- (b) approve the application for admitted body status by Innovate Services Ltd;*
- (c) approve the application for admitted body status by Cater Link Limited;*
- (d) approve the application for admitted body status by April Cleaning;*  
*and*
- (e) note the cessation of scheme employers.*

## **21. Pension Fund Scheme of Delegation**

**12:55**

The Committee is asked to agree a number of updates to the current scheme of delegation to reflect changed job roles in the Council, and a revised approach to the trade arrangements for Private Equity (**PF21**).

*The Committee is RECOMMENDED to:*

- a) note the report, and the changes to the Scheme of Delegation following the management changes in Finance; and*
- b) approve the transfer of delegated responsibility for placing private equity trades to the pension fund investments team.*

## 22. Write Offs

12:57

The report (**PF22**) provides the Committee with summary details of the amounts written off in the last quarter in accordance with Financial Regulations of the Fund.

*The Pension Fund Committee is **RECOMMENDED** to note the report.*

## 23. Fund Manager Monitoring Arrangements

13:00

Each year the Pension Fund Committee considers the arrangements for monitoring the performance of its Fund Managers. This report sets out the proposed schedule for 2014/15, and recommends the Committee to approve the arrangements (**PF23**).

*The Committee is **RECOMMENDED** to approve the Fund Manager monitoring Arrangements as set out in the report.*

## 24. Corporate Governance and Socially Responsible Investment

13:03

This item covers any issues concerning Corporate Governance and Socially Responsible Investment which need to be brought to the attention of the Committee.

## 25. Annual Pension Forum

13:05

The Committee is reminded that the Annual Pension Fund Forum for all employers is to be held at **Unipart House** on **Friday 13 December 2013**.

**LUNCH**

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### **Pre-Meeting Briefing**

There will be a pre-meeting briefing at County Hall on **Wednesday 4 December 2013** at **2:00 pm** for the Chairman, Deputy Chairman and Opposition Group Spokesman.