

PENSION FUND COMMITTEE

MINUTES of the meeting held on Friday, 6 December 2013 commencing at 10.10 am and finishing at 13:05 pm

Present:

Voting Members: Councillor Stewart Lilly – in the Chair

Councillor Patrick Greene (Deputy Chairman)

Councillor Lynda Atkins

Councillor Surinder Dhesi

Councillor Jean Fooks

Councillor Nick Hards

Councillor Richard Langridge

Councillor Sandy Lovatt

Councillor Neil Owen

District Council Representatives: District Councillor Hywel Davies
District Councillor Jerry Patterson

By Invitation: Paul Gerrish (Beneficiaries Observer)
Peter Davies (Independent Financial Adviser)

Officers:

Whole of meeting S. Collins and S. Fox (Environment & Economy); L. Baxter, D. Ross and J. Dean (Chief Executive's Office)

The Committee considered the matters, reports and recommendations contained or referred to in the agenda for the meeting, and decided as set out below. Except as insofar as otherwise specified, the reasons for the decisions are contained in the agenda and reports, copies of which are attached to the signed Minutes.

70/13 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS

(Agenda No. 1)

There were no apologies and temporary appointments.

71/13 DECLARATIONS OF INTEREST - SEE GUIDANCE NOTE

(Agenda No. 2)

Councillors Atkins, Fooks, Lilly, Owen and Patterson each declared personal interests as members of the Pension Fund Scheme under the provisions of Section 18 of the Local Government & Housing Act 1989.

Councillor Fooks declared an interest in Agenda Item 14 'Death Grant' on the grounds that she is a fellow Oxfordshire Liberal Democrat Member to one of the persons having an interest in receipt of the Death Grant in question, and had assisted in the process for his election as a Councillor. She therefore chose to take no part in the meeting and to withdraw from the meeting whilst it was being discussed.

District Councillor Jerry Patterson declared an interest in Agenda Item 14 on the grounds that he was a fellow Oxfordshire Liberal Democrat Member to one of the persons having an interest in receipt of the Death Grant in question.

72/13 MINUTES

(Agenda No. 3)

The Minutes of the meeting held on 6 September 2013 were approved and signed as a correct record subject to the inclusion of Paul Gerrish, Beneficiaries Observer, into the list of attendees at the meeting.

73/13 PETITIONS AND PUBLIC ADDRESS

(Agenda No. 4)

There were no requests to submit a petition or to address the meeting.

74/13 OVERVIEW OF PAST AND CURRENT INVESTMENT POSITION

(Agenda No. 5)

Mr Davies reported that the third quarter that seen a very strong rise in equity appreciation. Since the end of the quarter there had been further appreciation in equity values, such that UK equities had reached the maximum of the allowed range when expressed as a proportion of the Fund as a whole. A decision to rebalance had therefore been taken at the end of November with the transfer of £16m or 1% of the Fund from the UK passive Equities mandate to Bonds.

Overall the Fund had performed 0.1% below its benchmark over the past year, but was 0.9% behind over the last 5 years.

75/13 EXEMPT ITEMS

(Agenda No. 6)

It was **AGREED** that the public be excluded for the duration of items 8, 9,10,11,12,13,14 and 15 in the Agenda since it was likely that if they were present during those items there would be a disclosure of exempt information as defined under Part 1 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 was considered that, in all the circumstances of each case, the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

76/13 EXEMPT MINUTES

(Agenda No. 7)

The exempt Minute of the meeting held on 6 September was approved and signed as a correct record subject to the amendment of 'Stanska to 'Skanska' and subject to the

inclusion of Paul Gerrish, Beneficiaries Observer, into the list of the attendees of the meeting.

77/13 OVERVIEW AND OUTLOOK FOR INVESTMENT MARKETS

(Agenda No. 8)

The Committee considered a report of the Independent Financial Adviser (PF8) which set out an overview of the current and future investment scene and market developments across various regions and sectors. Members asked a number of questions, to which the Independent Financial Adviser responded.

The public were 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.

RESOLVED: To receive the report, tables and graphs and the oral report of the Independent Financial Adviser and to bear his conclusions in mind when considering the Fund Manager's reports.

78/13 UBS

(Agenda No. 9)

The representatives, Malcolm Gordon, Eric Byrne and Anthony Sander reported on and reviewed the present investments in relation to their part of the Fund and their strategy against the background of the current investment scene for the period which ended 30 September 2013.

The public were 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.

RESOLVED: to note the main issues arising from the report.

79/13 ADAMS STREET

(Agenda No. 10)

The representatives, Ana Maria Harrison and David Arcauz reported on and reviewed the present investments in relation to their part of the Fund and their strategy against the background of the current investment scene for the period which ended 30 September 2013.

The public were 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.

RESOLVED: to note the main issues arising from the report.

80/13 REPORT OF MAIN ISSUES ARISING FROM REPORTS OF THE FUND MANAGERS NOT REPRESENTED AT THIS MEETING

(Agenda No. 11)

The Committee considered two notes of meetings which took place since the last meeting (PF 11) with representatives from Baillie Gifford and Wellington.

The public were 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.

RESOLVED: to note the reports.

81/13 SUMMARY BY THE INDEPENDENT FINANCIAL ADVISER

(Agenda No. 12)

The Independent Financial Adviser raised a matter of concern with regard to the underperformance against a target by one of the Fund Managers.

The public were 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:

4. *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.

It was **RESOLVED** to note the oral summary and to request the officers to take the action identified in the meeting (this is the subject of an exempt Minute).

82/13 EMPLOYER CESSATION

(Agenda No. 13)

The Committee was asked to determine its 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 were 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:

5. *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 **RESOLVED** to request the officers to take the action identified in the meeting (this is the subject of an exempt Minute).

83/13 DEATH GRANT

(Agenda No. 14)

The Committee were asked to determine the payment of a death grant where payment had been contested (PF14).

The report contained personal and financial information relating to the former scheme member and his family members

The report contained personal and financial information relating to the late former scheme member and his family members and therefore the public were 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:

1. *Information relating to any individual;*
6. *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 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 determined the beneficiaries due to receive payment of the death grant (this is the subject of an exempt minute).

84/13 IDRUP UPDATE

(Agenda No. 15)

The Committee had before them a report (PF15) which gave information on the determination by the Pensions Ombudsman of a case which was initially considered by Members in December 2011. The Pensions Ombudsman had dismissed the complaint and supported the Council's right to recover the full overpayment initially made to the complainant.

The public were 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:

7. *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.

RESOLVED: to note the report and the final determination (this is the subject of an exempt Minute).

ITEMS FOLLOWING THE RE-ADMISSION OF THE PRESS AND PUBLIC

85/13 THE 2013 VALUATION

(Agenda No. 16)

The Committee had before them a report (PF16) which gave an update on the latest position in respect of the 2013 Valuation.

RESOLVED: to note the report.

86/13 POTENTIAL SCHEME MERGER

(Agenda No. 17)

The Committee had before them an update (PF17) on the on-going discussions in respect of the potential merger of the Oxfordshire Fund with those of Berkshire and Buckinghamshire.

RESOLVED: to note the report.

87/13 ANNUAL REPORT AND ACCOUNTS 2012/13

(Agenda No. 18)

The Committee was 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 and a copy circulated in booklet form to all members of the Committee.

RESOLVED: (nem con) to adopt formally the Pension Fund Annual Report and Accounts 2012/13.

88/13 THE LGPS REGULATION UPDATE

(Agenda No. 19)

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

RESOLVED: to note the report.

89/13 EMPLOYER UPDATE

(Agenda No. 20)

The Committee considered a report (PF20) which gave an update on recent employer issues, on new requests for admission and employer cessations.

RESOLVED: 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 Services; and
- (e) note the cessation of scheme employers.

90/13 PENSION FUND SCHEME OF DELEGATION

(Agenda No. 21)

The Committee's agreement was sought to 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).

RESOLVED: 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.

91/13 WRITE OFFS

(Agenda No. 22)

The Committee had before them a report (PF22) which provided summary details of the amounts written off in the last quarter, in accordance with the Financial Regulations of the Fund.

RESOLVED: to note the report.

92/13 FUND MANAGER MONITORING ARRANGEMENTS

(Agenda No. 23)

Each year this Committee considers the arrangements for monitoring the performance of its Fund Managers. Members considered a report (PF23) which set out the proposed schedule for 2014/15.

RESOLVED: to approve the Fund Manager Monitoring Arrangements as set out in the report PF23.

93/13 CORPORATE GOVERNANCE AND SOCIALLY RESPONSIBLE INVESTMENT

(Agenda No. 25)

No issues concerning Corporate Governance and Socially Responsible Investment were raised.

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94/13 ANNUAL PENSION FORUM

(Agenda No. 24)

Members of the Committee were reminded that the Annual Pension Fund Forum for all employers would take place at Unipart House on Friday 13 December 2013.

..... in the Chair

Date of signing