

These notes indicate the decisions taken at this meeting and the officers responsible for taking the agreed action. For background documentation please refer to the agenda and supporting papers available on the Council's web site (www.oxfordshire.gov.uk.)

If you have a query please contact Sue Whitehead (Tel: (01865) 810262; E-Mail: sue.whitehead@oxfordshire.gov.uk)

PENSION FUND COMMITTEE - FRIDAY, 5 SEPTEMBER 2014

<i>RECOMMENDATIONS FROM THE AGENDA</i>	<i>DECISIONS</i>	<i>ACTION</i>
1. Apologies for Absence and Temporary Appointments	Councillor Atkins (Councillor Sibley substituting), Councillor Fooks (Councillor Howson substituting), Councillor Langridge (Councillor Rose substituting); Councillor Owen (Councillor Bulmer substituting).	Glenn Watson
2. Declarations of Interest - see guidance note	Councillors Bulmer, Howson, Lilly, Rose, Sibley, District Councillor Patterson and Paul Gerrish each declared personal interests as members of the Pension Fund Scheme under the provisions of Section 18 of the Local Government & Housing Act 1989.	SW
3. Minutes To approve the minutes of the meeting held on 6 June 2014 (PF3) and to receive information arising from them.	Minutes agreed and signed subject to the following correction to the figures in the second paragraph of the preamble to minute 30/14: Figures relative to benchmark: 0.5% above over the quarter 0.8% below over 12 months 0.3% below over last 3 years <u>Matters Arising</u> 40/14 – Sally Fox advised that the consultation period for the Administration Strategy had been extended to the end of September as only one response had been received to date.	Julie Dean
4. Petitions and Public Address	None.	

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<p>5. Overview of Past and Current Investment Position</p> <p>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 2014 using the following tables:</p> <p><i>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 7, 8, 9, 10, 11 and 12 on the agenda.</i></p>	Received.	Sean Collins
<p>6. EXEMPT ITEMS</p> <p><i>The Committee is RECOMMENDED that the public be excluded for the duration of items 7, 8, 9, 10, 11, 12 and 13 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.</i></p>	Agreed	
<p>7. Presentation by WM Company on the Fund's Investment Performance</p> <p>Karen Thrumble of the WM Company will review the Fund's performance for the 2013/14 year, including comparison to benchmark data for the WM Local Authority Pension Fund Universe.</p> <p><i>The public should be excluded during this item because its discussion in public would</i></p>	Noted.	Sean Collins

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<p><i>be likely to lead to the disclosure to members of the public present of information in the following prescribed category:</i></p> <p>3. <i>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.</i></p>		
<p>8. Overview and Outlook for Investment Markets</p> <p>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.</p> <p><i>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:</i></p> <p>3. <i>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</i></p>		

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<p><i>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.</i></p> <p><i>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.</i></p>	Received.	Sean Collins
<p>9. Wellington</p> <p>(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.</p> <p>(2) The representatives (Nicola Staunton and Ian Link) of the Fund Manager will:</p> <p style="padding-left: 40px;">(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 2014;</p> <p style="padding-left: 40px;">(b) give their views on the future investment scene.</p> <p>In support of the above is their report for the period to 30 June 2014.</p> <p>At the end of the presentation, members are invited to question and comment and the Fund Managers to respond.</p> <p><i>The public should be excluded during this item because its discussion in public would</i></p>		

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<p><i>be likely to lead to the disclosure to members of the public present of information in the following prescribed category:</i></p> <p>3. <i>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.</i></p> <p>The Committee is RECOMMENDED to note the main issues arising from the presentation and to take any necessary action, if required.</p>	<p>Noted.</p>	<p>Sean Collins and Donna Ross</p>
<p>10. Baillie Gifford</p> <p>(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.</p> <p>(2) The representatives (Anthony Dickson and Iain McCombie) of the Fund Manager will:</p> <p>(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 2014;</p>		

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<p>(b) give their views on the future investment scene.</p> <p>In support of the above is their report for the period to 30 June 2014.</p> <p>At the end of the presentation, members are invited to question and comment and the Fund Managers to respond.</p> <p><i>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:</i></p> <p>3. <i>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.</i></p> <p>The Committee is RECOMMENDED to note the main issues arising from the presentation and to take any necessary action, if required.</p>	<p>Noted.</p>	<p>Sean Collins and Donna Ross</p>
<p>11. Report of Main Issues arising from Reports of the Fund Managers not represented at this meeting</p> <p>The Independent Financial Adviser will report (PF11) on the officer meetings with UBS and Legal & General, as well as update the Committee on any other issues relating to the Fund Managers not present. These reports should be read in</p>		

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<p>conjunction with information contained in the tables (Agenda Item 5).</p> <p><i>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:</i></p> <p>3. <i>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.</i></p> <p>The Committee is RECOMMENDED to note the main issues arising from the reports and to take any necessary action, if required.</p>	<p>Noted.</p>	<p>Sean Collins</p>
<p>12. Summary by the Independent Financial Adviser</p> <p>The Independent Financial Adviser will, if necessary, summarise the foregoing reports of the Fund Managers and answer any questions from members.</p> <p><i>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:</i></p> <p>3. <i>Information relating to the financial or business affairs of any particular person (including the authority holding that</i></p>	<p>No summary required</p>	

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<p><i>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.</i></p>		
<p>13. Additional Voluntary Contributions (Update)</p> <p>The report (PF13) updates the Committee on the issues outstanding from the report to the March 2014 meeting.</p> <p>The report provides details of the Fund's Additional Voluntary Contribution (AVC) Scheme, including issues regarding the performance of the individual funds and the Scheme Provider (Prudential) itself.</p> <p><i>The public should therefore 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:</i></p> <p style="padding-left: 40px;"><i>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.</i></p>		

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<p><i>The Committee is RECOMMENDED to agree the recommendation contained in the report PF13.</i></p>	<p>Recommendation agreed.</p>	<p>Donna Ross</p>
<p>14. Draft Regulations on Scheme Governance - Consultation Paper</p> <p>The Public Service Pensions Act 2013 includes a requirement for the Department of Communities and Local Government (DCLG) as the responsible authority for the Local Government Pension Scheme to make regulations establishing a national scheme advisory board, and to enable each Administering Authority to establish a local pension board. DCLG published these draft regulations in mid-June with an 8 week consultation period, closing on 15 August 2014. The report (PF14) details the key elements of the draft regulations, and includes at Annex 1 a copy of the consultation response submitted by the officers. As the consultation was limited to 8 weeks, the response was submitted following consultation with the Chairman of the Committee, and is included for information.</p> <p><i>The Committee is RECOMMENDED to:</i></p> <p><i>(a) note the details of the consultation document and the response at Annex 1; and</i></p> <p><i>(b) offer any comments on the key issues raised in this report to support the initial planning work for the creation of the new Pension Board.</i></p>	<p>Agreed</p> <p>No comments offered</p>	<p>Sean Collins</p> <p>Sean Collins</p>
<p>15. Options for the Future Arrangments for the Oxfordshire Pension Fund</p> <p>The report (PF15) sets out the business</p>		

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<p>proposal for the future arrangements of the Oxfordshire Pension Fund. Annex 1 is the full business proposal from the lead pension officers for the three pension funds of Buckinghamshire, Oxfordshire and Berkshire. The Committee is recommended to consult key stakeholders and staff on the proposal for the establishment of a Joint Committee, supported by a new wholly owned company.</p> <p>The Committee is RECOMMENDED to:</p> <p>(a) consider the detailed business proposal included at Annex 1 to this report;</p> <p>(b) offer any comments and amendments on the key issues raised in the proposal and agree to consult key stakeholders and staff on the basis of the business proposal (including any proposed amendments); and</p> <p>(c) determine any further issues they wish to see included in the final report early in 2015 when the Committee will be asked to make final recommendations to full Council.</p>	<p>Following lengthy discussion the Committee agreed to:</p> <p>(a) Request further details of costs and performance measures to be collated in order to justify further progress;</p> <p>(b) Await the outcome of the Government's consultation on the use of Common Investment Vehicles and Passive Management in order to finalise an actual firm proposal;</p> <p>(c) Arrange a meeting for the Chairman, Deputy Chairman and Opposition Spokesman of the three Councils (or their equivalents) to meet with officers from Oxfordshire, Buckinghamshire and Berkshire to agree a common way forward; and</p> <p>(d) Subject to the above, arrange for the consultation with employers, employees and beneficiaries, to take place as soon as possible.</p>	<p>Sean Collins</p>
<p>16. Draft Annual Report and Accounts 2013/14</p> <p>The draft Annual Report and Accounts for</p>		

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<p>2013/14 are presented for comment and amendment (PF16). The Fund's External Auditors will attend to present any key findings from their audit and to answer questions from the Committee.</p> <p><i>The Committee is RECOMMENDED to receive the draft report and accounts for 2012/13.</i></p>	Received.	Donna Ross/Sean Collins
<p>17. Oxfordshire Pension Fund Budget Outturn Report for 2013/14</p> <p>The report (PF17) analyses the actual spend by Oxfordshire County Council during 2013/14 against the budget and highlights the reasons for any material variances.</p> <p><i>The Committee is RECOMMENDED to receive the report and to note the outturn position.</i></p>	Noted.	Donna Ross/Sally Fox
<p>18. Pensions Administration - Service Performance</p> <p>The report (PF18) provides details of the annual review of the performance of the Pensions Administration Team including key performance indicators.</p> <p><i>The Committee is RECOMMENDED to note the report.</i></p>	Noted.	Sally Fox
<p>19. Employer Issues</p> <p>The report (PF19) 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 report also covers the proposed phased arrangements for the recovery of pension liabilities from ceasing employers where this is in the best interests of the Fund.</p>		

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<p>The Committee is RECOMMENDED to:</p> <p>(a) note the progress of previously approved applications for admitted body status;</p> <p>(b) note the approved applications for admitted body status by Regency Cleaning; Fresh Start Catering; Edwards & Ward; The School Lunch Company; Oxford Active; Aspens Services and Greenwich Leisure Limited subject to either pass through arrangements or bonds being put in place;</p> <p>(c) note the closure of two scheme admission agreements with Soll Vale and Greenwich Leisure Limited;</p> <p>(d) agree the changes to the Funding Strategy Statement as set out in paragraph 13 above; and</p> <p>(e) note information on employer covenant project.</p>	<p>Recommendations agreed.</p>	<p>Sally Fox</p>
<p>20. Co-habiting Partners</p> <p>In March this Committee received a report seeking the Committee's views in updating the Administering Authority Discretions in line with the LGPS Regulations 2013, which came in to force on 1 April 2014</p> <p>The new regulations removed the requirement for current scheme members, as at 1 April 2014, to nominate a co-habiting partner, to be eligible to receive benefits in the event of the death of the member, with the provision of evidence after death. In March the Committee requested that legal advice be sought on</p>		

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<p>what information would be required as evidence.</p> <p>The report (PF20) considers the potential evidence this Committee may wish to require before the payment of a pension to a co-habiting partner.</p> <p>The Committee is RECOMMENDED to:</p> <p>(a) agree the list of evidence to be required in these circumstances; and</p> <p>(b) confirm the proposed procedure.</p>	<p>Recommendations agreed.</p>	<p>Sally Fox</p>
<p>21. Write Offs</p> <p>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.</p> <p>The Pension Fund Committee is RECOMMENDED to note the report.</p>	<p>Noted.</p>	<p>Sally Fox</p>
<p>22. Internal Management of Property</p> <p>As part of the Fundamental Asset Allocation review at the March 2014 meeting, the Committee agreed to earmark £20m of the current allocation to property for opportunistic property investments. The first such opportunity was recently identified by the Independent Financial Adviser, but could not be followed through as the timescales to commit to the investment were too short to enable the Committee to meet to agree the investment. As the approval is for opportunistic investments, a similar issue is likely to arise in the future.</p> <p>The Committee have previously delegated decisions on Private Equity Investments to</p>		

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<p>officers following the advice of the Independent Financial Adviser, thereby reducing the timescales involved and maximising the opportunities to the Fund. A similar arrangement is now recommended in respect of this allocation for property investments. Under the Scheme of Delegation all delegated decisions must be reported back to the Committee at their next meeting.</p> <p><i>The Committee is RECOMMENDED to amend the current Pension Fund Scheme of Delegation to include the following:</i></p> <p><i>'Internal property fund decisions are delegated to the lead officer for Pension Fund investments or in their absence to the Principal Financial Manager, Treasury Management and Pension Fund Investments. Responsibility for placing internally managed property trades is delegated to the Pension Fund Investments team.'</i></p>	<p>Recommendation agreed.</p>	<p>Sally Fox</p>
<p>23. Corporate Governance and Socially Responsible Investment</p> <p>This item covers any issues concerning Corporate Governance and Socially Responsible Investment which need to be brought to the attention of the Committee.</p>	<p>Following a request at the last Council meeting from a member of the Green Party concerning disinvestment in fossil fuels the Committee confirmed that they were satisfied with the Opinion of Nigel Giffins QC as set out in a report to the last meeting and noted that the Pension Fund Committee had a responsibility to the members and beneficiaries of the Fund.</p>	<p>Sean Collins</p>
<p>24. Annual Pension Forum</p> <p>The Chief Finance Officer will report orally on any issues arising from the last Forum or about the Annual Pension Forum which will take place on <u>Friday 12 December 2014 at 10.00am at Unipart House.</u></p>	<p>No issues arose.</p>	

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