

PENSION FUND COMMITTEE

MINUTES of the meeting held on Friday, 13 March 2015 commencing at 10.15 am and finishing at 1.05 pm

Present:

Voting Members: Councillor Stewart Lilly – in the Chair

Councillor Patrick Greene (Deputy Chairman)
Councillor Surinder Dhesi
Councillor Jean Fooks
Councillor Richard Langridge
Councillor Sandy Lovatt
Councillor Neil Owen
District Councillor Jerry Patterson
Councillor Les Sibley (In place of Councillor Lynda Atkins)
Councillor John Sanders (In place of Councillor Nick Hards)

District Council Representatives: Councillor Jerry Patterson

By Invitation: Paul Gerrish (Beneficiaries Observer)
Peter Davies (Independent Financial Adviser)
Annemarie Allen, Barnett Waddington (Agenda Item 12)

Officers:

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

Part of meeting S. Furlong (Fire & Rescue) (Agenda Item 16)

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.

1/15 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS

(Agenda No. 1)

Cllr John Sanders attended for Cllr Nick Hards, Cllr Les Sibley attended for Cllr Lynda Atkins and an apology was received from Cllr Hywel Davies.

The Chairman took this opportunity to thank outgoing District Councillor Hywel Davies and Paul Gerrish for all their work on the Committee over the past years.

2/15 DECLARATIONS OF INTEREST - SEE GUIDANCE NOTE

(Agenda No. 2)

Councillors Fooks, Lilly, 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.

3/15 MINUTES

(Agenda No. 3)

The Minutes of the Meeting held on 5 December 2014 were approved and signed subject to the correction of the word 'returns' for 'reserves; in sentence 3, Minute 72/14 'Petitions and Public Address'.

There were no Matters Arising.

4/15 PETITIONS AND PUBLIC ADDRESS

(Agenda No. 4)

There were no requests to submit a petition or to make an address.

5/15 OVERVIEW OF PAST AND CURRENT INVESTMENT POSITION

(Agenda No. 5)

The Independent Financial Adviser reviewed the investment activity during the past quarter and presented an overview of the Fund's position as at 31 December 2014.

Mr Davies noted that the overall value of the Fund had risen by approximately £60million over the last quarter.

RESOLVED: 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 and 10 on the agenda.

6/15 EXEMPT ITEMS

(Agenda No. 6)

The Committee **RESOLVED** that the public be excluded for the duration of items 7, 8, 9, 10, 11, 12, 13 and 14 in the Agenda since it was likely that if they were present during those items there would be disclosure of exempt information as defined in 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 outweighs the public interest in disclosing the information.

7/15 **OVERVIEW AND OUTLOOK FOR INVESTMENT MARKETS**

(Agenda No. 7)

The Committee considered a report of the Independent Financial Adviser (PF7) which gave an overview of the current and future investment scene and market developments across various regions and sectors. The report itself did not contain exempt information and was available to the public.

The public was 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 to bear the Independent Financial Adviser's conclusions in mind when considering the Fund Managers' reports.

8/15 **BAILLIE GIFFORD**

(Agenda No. 8)

The Independent Financial Adviser reported orally on the performance and strategy of Baillie Gifford drawing on the tables at Agenda Items 5 and 7.

The representatives, Anthony Dickson and Iain McCombie 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 on 31 December 2014. They also gave their views on the future investment scene.

At the end of the presentation they responded to questions from members.

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 presentation and to take any necessary action, if required.

9/15 WELLINGTON

(Agenda No. 9)

The independent Financial Adviser reported orally on the performance and strategy of Wellington drawing on the tables at Agenda Items 5 and 7.

The representatives, Nicola Staunton and Luke Stellini 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 on 31 December 2014. They also gave their views on the future investment scene.

At the end of the presentation they responded to questions from members.

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 presentation and to take any necessary action, if required.

10/15 REPORT OF MAIN ISSUES ARISING FROM REPORTS OF THE FUND MANAGERS NOT REPRESENTED AT THIS MEETING

(Agenda No. 10)

The Independent Financial Adviser reported on the main issues arising from the officer meetings with UBS and Legal & General in conjunction with information contained in the tables (Agenda Item 5). He also updated the Committee on other issues relating to the Fund Managers not present.

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.

11/15 SUMMARY BY THE INDEPENDENT FINANCIAL ADVISER

(Agenda No. 11)

The Independent Financial Adviser reported that no summary was required.

12/15 MANAGEMENT OF EMPLOYER RISK

(Agenda No. 12)

Following the closure of several of the smaller admitted bodies in the Oxfordshire Pension Fund and mixed results in terms of whether any monies, assessed at closure valuation could be recouped; the Committee asked officers to undertake a review of the financial status of scheme employers and the impact on the Fund if they ceased to be scheme employers. The Fund's Actuary, Barnett Waddington, had been commissioned to produce the report which was attached at Annex 1 to the report PF12. The report set out information on deficit levels, and financial risks to the Fund, and looked at key ways of reducing levels of risk going forward.

Annemarie Allen from Barnett Waddington was invited to join the Committee for this item following her training session on the management of employer risk given prior to the meeting.

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 reveal financial and other information of scheme employers.

RESOLVED:

- (a) that a total risk score of 60% or more is the standard indicator to be used;
- (b) (amendment proposed by Cllr Langridge, seconded by Cllr Greene and carried nem con) that officers should review and contact scheme employers identified in the report and report back to Committee as information becomes available, but on a regular basis;
- (c) a report be submitted to Committee on an annual basis, unless external factors change the risk profiles; and
- (d) incorporate any necessary changes in the next review of the Funding Strategy Statement.

13/15 ANNUAL REVIEW OF THE INDEPENDENT FINANCIAL ADVISER

(Agenda No. 13)

(Mr Davies left the room for the duration of this item).

The Committee had before them a report (PF13) which reviewed the activities and performance over the last year of the Independent Financial Adviser, Peter Davies and which asked members to agree any feedback on the levels of service received and/or changes going forward.

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.*

RESOLVED: to note the report and that Mr Davies be thanked for his clear and thorough advice which is imparted in 'user friendly' terms to accord with his audience.

14/15 REPORT ON DELEGATED DECISION TAKEN BY THE CHIEF FINANCE OFFICER

(Agenda No. 14)

The Committee had before them, for information, a report (PF14) on a recent decision made by the Chief Finance Officer under delegated powers in respect of a request for the release of deferred benefits where the previous employer was no longer in existence.

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.*

RESOLVED: to note the report.

ITEMS FOLLOWING THE READMISSION OF THE PRESS AND PUBLIC

15/15 OXFORDSHIRE PENSION FUND BUSINESS PLAN FOR 2015/16

(Agenda No. 15)

The Committee considered the Pension Fund Annual Business Plan for the 2015/16 financial year (PF15). As well as the Business Plan it included the key objectives of the Fund, the service priorities for the coming year, a budget for 2015/16 and the latest risk register for the service.

RESOLVED: to

- (a) approve the Business Plan and Budget for 2015/16 as set out at Annex 1;
- (b) approve the Pension Fund Cash Management Strategy for 2015/16 as set out at Annex 2;
- (c) delegate authority to the Chief Finance Officer to make the changes necessary to the Pension Fund Cash Management Strategy during the year, in line with changes to the County Council's Treasury Management Strategy;
- (d) delegate authority to the Chief Finance Officer to open separate pension fund bank, deposit and investment accounts as appropriate; and
- (e) delegate authority to the Chief Finance Officer to borrow money for the pension fund in accordance with the regulations.

16/15 LOCAL PENSION BOARDS

(Agenda No. 16)

The Public Service Pension Act 2013 required Pension Boards to be established for all public service pension schemes. An amendment to the regulations required the Pension Boards to be established by 1 April 2015 with training being delivered by the Local Government Association in May and June 2015 for Pension Board members.

The Committee considered two reports at PF16 the first of which set out a recommendation for the establishment of a Local Pension Board for the Oxfordshire Local Government Pension Scheme and also asking approval of a draft Constitution.

Simon Furlong, Assistant Fire Officer, introduced the second report which set out, for approval, the format of the Firefighters Pension Board (the regulations for which had only just been laid down by Government). He agreed to come along to a future meeting and deliver training to members prior to the start of the meeting on the differences between the two schemes.

RESOLVED: to

- (a) note the reports;
- (b) approve the Constitution of the Oxfordshire Local Government Pension Board as presented at Annex 1 and agree that the Board be established with effect from 1 April 2015;
- (c) in respect of the Firefighters Local Pension Scheme , to delegate the authority to the Chief Fire Officer to make decisions on the everyday administration of the Scheme;
- (d) (as amended and agreed nem con) approve the format of the Firefighters Pension Board with the amendment that the three employer representatives

be appointed ***following a similar process as identified in the Constitution for the Oxfordshire Local Government Pension Board*** ; and

- (e) agree that the sign-off for the terms of reference of the Firefighters pension Board be delegated to the Chairman of the Oxfordshire Pension Fund Committee.

17/15 EMPLOYER UPDATE

(Agenda No. 17)

The Committee considered a report (PF17) which sought approval for any new admissions to the Fund and which gave an update on the status of any current employer which impacted on future scheme membership.

RESOLVED: to

- (a) note the position regarding previous applications;
- (b) approve the application from UBICO providing that either a pass through arrangement, or a bond is put in place;
- (c) approve the write off in respect of AAA NORCAP; and
- (d) note the position regarding closure of scheme employers.

18/15 CORPORATE GOVERNANCE - VOTING

(Agenda No. 18)

The Committee had before them a report (PF18) which provided information on the voting records of the fund managers in circumstances when they have voted on behalf of the Pension Fund.

RESOLVED: to note the Fund's voting activities.

19/15 PENSION FUND SCHEME OF DELEGATION

(Agenda No. 19)

The Committee were asked to agree variations to the Scheme of Delegation to reflect recent organisational changes within the Council (PF19).

RESOLVED: to

- (a) note the report; and
- (b) approve the amendments to the Scheme of Delegation as shown at Annex 1.

20/15. WRITE OFFS

(Agenda No. 20)

The Committee had before them summary details of the amounts written off in the last quarter in accordance with Financial Regulations of the Fund (PF20).

RESOLVED: to note the report.

21/15 CORPORATE GOVERNANCE AND SOCIALLY RESPONSIBLE INVESTMENT

(Agenda No. 21)

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

At the last meeting the Committee asked that UBS prepare a report following the presentation by Professor Allport on divesting in fossil fuels. This was presented at PF21.

RESOLVED: to note the report.

..... in the Chair

Date of signing