



To: Members of the Pension Fund Committee

Notice of a Meeting of the Pension Fund Committee

Friday, 4 September 2015 at 10.00 am

Meeting Rooms 1 & 2, County Hall, New Road, Oxford

Peter G. Clark.

Peter G. Clark
County Solicitor

August 2015

Contact Officer: **Julie Dean**
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Membership

Chairman – Councillor Stewart Lilly
Deputy Chairman - Councillor Patrick Greene

Councillors

Surinder Dhesi
Jean Fooks
Nick Hards

Richard Langridge
Sandy Lovatt
Neil Owen

Les Sibley

Co-optees

City Councillor James Fry
District Councillor Bill Service

Notes:

- ***A lunch will be provided***
- ***Date of next meeting: 4 December 2015***

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 Glenn Watson on (01865) 815270 or glenn.watson@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** (Pages 1 - 10)

To approve the minutes of the meeting held on 5 June 2015 (PF3) and to receive information arising from them.

4. **Petitions and Public Address**
5. **EXEMPT ITEMS**

The Committee is RECOMMENDED that the public be excluded for the duration of items 6, 15, 16, 17, 18 and 19 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 1 of Schedule 12 A 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.

WITH THE EXCEPTION OF THE WRITTEN REPORT AT AGENDA ITEM 15 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 19, there is no report circulated with the Agenda. Any exempt information will be reported orally.

6. **Annual Presentation on Investment Management Performance and Associated Issues**

10:05

Karen Thrumble from the State Street Company will give her annual presentation on the performance of the Fund, including performance relative to benchmark and to other LGPS Funds.

The UK Local Authority Annual Review booklet has been enclosed within Members' document pack.

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.*

RE-ADMISSION OF PRESS AND PUBLIC

7. Government Consultation on further Collaboration/Pooling in the LGPS

10:40

As part of his Spring Budget, the Chancellor announced a future consultation on further collaboration/pooling in the Local Government Pension Scheme, This item will allow for an oral update on the position, including feedback from round table discussion with officials from the Department for Communities & Local Government (DCLG) and Her Majesty's Treasury (HMT).

The Committee is RECOMMENDED to note the report.

8. Draft Annual Report and Accounts 2014/15 (Pages 11 - 128)

10:50

The draft Annual Report and Accounts are presented for comment and any final amendment (**PF8**). Representatives of the External auditor (Ernst & Young), Sue Gill and Tom Crous, have been invited to present any findings from their audit work to date. Their findings are also attached at **PF8**.

The Committee is RECOMMENDED to receive the draft report and accounts for 2014/15.

9. Oxfordshire Pension Fund Budget Outturn Report for 2014/15 (Pages 129 - 132)

11:00

The report (**PF9**) analyses the actual spend by the Oxfordshire County Council Pension Fund during 2014/15 against the budget and highlights the reasons for any material variances.

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

10. Pensions Administration - Service Performance (Pages 133 - 138)

11:05

The report (PF10) provides details of the annual review of the Pensions Administration Team, including key performance indicators.

The Committee is RECOMMENDED to note the report.

11. Employer Management (Pages 139 - 144)

11:15

The report (PF11) covers the key operational issues around individual employer membership of the Fund, including the latest performance information as well as any new applications for admissions and cessations.

The Committee is RECOMMENDED to:

(a) note the position regarding scheme employer performance;

(b) note the position regarding previous applications;

(c) note the position regarding withdrawn applications;

(d) agree the admission of Age UK Oxfordshire providing that either a bond or pass through arrangement is put in place; and

(e) note the position regarding closure valuations.

12. Fund Governance (Pages 145 - 146)

11:25

The report (PF12) identifies any changes required to the Fund's governance arrangements, and in particular to the Fund's discretionary policies and the Scheme of Delegation following changes to the management structure of the Council.

The Committee is RECOMMENDED to:

(a) amend the Scheme of Delegation to replace all delegations to the post of Chief Executive to the post of Head of Paid Service, and to review the position again on completion of the Council's review of

senior management arrangements; and

(b) consider amending the requirement for a medical certificate before starting a contract to pay Additional Pension contributions to cases where the additional pension is being purchased over a period greater than one year.

13. Write Offs (Pages 147 - 148)

11:30

The report **(PF13)** will provide 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.

14. Overview of Past and Current Investment Position (Pages 149 - 160)

11:30

Tables 1 and 2 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 2015 using the following tables:

Table 1	provides a consolidated valuation of the Pension Fund at 30 June 2015
Table 2	shows net investments/disinvestments during the quarter
Tables 3 and 4	provide investment performance for the consolidated Pension Fund for the quarter ended 30 June 2015
Table 5 - 7	provide investment performance for the fund managers attending committee for the quarter ended 30 June 2015
Table 8	Provides details on the Pension Fund's top holdings

In addition to the above tables, the following graphs have been included:

Graph 1 – Market value of the fund over the last three years

Graphs 2-5 – Performance of the fund managers attending committee for the quarter ending 30 June 2015.

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 16, 17 and 18 on the agenda.

EXCLUSION OF PRESS AND PUBLIC

15. Overview and Outlook for Investment Markets (Pages 161 - 170)

11:40

Report of the Independent Financial Adviser (**PF15**).

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.

16. Baillie Gifford

11:50

- (1) The Independent Financial Adviser will report orally on the performance and strategy of Baillie Gifford drawing on the tables at Agenda Items 14 and 15.
- (2) The representatives (Anthony Dickson 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 2015;

- (b) give their views on the future investment scene.

In support of the above is their report for the period to 30 June 2015.

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.

17. Legal & General

12:30

- (1) The Independent Financial Adviser will report orally on the performance and strategy of Legal and General drawing on the tables at Agenda Items 14 and 15.
- (2) The representatives (Chris Lyons and Nick Griffiths) 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 2015;
 - (b) give their views on the future investment scene.

In support of the above is their report for the period to 30 June 2015.

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.

18. Report of Main Issues arising from reports of the Fund Managers not represented at this meeting (Pages 171 - 176)

13:10

The Independent Financial Adviser reports **(PF18)** on the officer meetings with UBS and Wellington, as well as updates the Committee on any other issues relating to the Fund Managers not present including issues in respect of the Private Equity portfolio.

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.

19. Summary by the Independent Financial Adviser

13:15

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

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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.

20. Employer Management (Pages 177 - 180)

13:15

This confidential report seeks the Committee's views with regard to a closure of a scheme employer (**PF20**).

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 commercial position of the parties involved and would prejudice the position of the Authority's investments to the detriment of the Council's ability properly to discharge its fiduciary and other duties as a public authority.

The Committee is:

(a) asked for their views on the options for repayment; and

(b) to delegate the negotiation and final agreement of the amount to be repaid to The Service Manager, Pensions, Insurance & Money Management.

ITEMS FOLLOWING THE RE-ADMISSION OF THE PRESS AND PUBLIC

21. Corporate Governance and Socially Responsible Investment

13:20

An oral report will cover any issues concerning Corporate Governance and Socially Responsible Investment which need to be brought to the attention of the Committee, including an updated position on fossil fuel investments.

LUNCH

Pre-Meeting Briefing

There will be a pre-meeting briefing at County Hall on **Wednesday 2 September 2015 at 1.00pm** for the Chairman, Deputy Chairman and Opposition Group Spokesman.