



To: **Members of the Pension Fund Committee**

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

**Friday, 10 June 2016 at 10.30 am**

**County Hall, New Road, Oxford**

Peter G. Clark  
County Director

June 2016

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

Chairman -  
Deputy Chairman -

#### *Councillors*

Surinder Dhesi  
Jean Fooks  
Nick Hards

Nick Hards  
Richard Langridge  
Stewart Lilly

Sandy Lovatt  
Neil Owen  
Les Sibley

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#### *Co-optees*

City Councillor James Fry  
District Councillor Bill Service

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#### **Notes:**

- ***A lunch will be provided***
- ***Date of next meeting: 2 September 2016***
- ***Alison Hamilton from Barnett Waddingham will deliver a training session on the 2016 Valuation for members of the Committee and the Local Training Board. This session will run from 9:30am until 10:30am in the meeting room itself.***

## 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](mailto: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. Election of Chairman 2016/17

To elect a Chairman for the municipal year 2016/17.

## 2. Election of Deputy Chairman 2016/17

To elect a Deputy Chairman for the municipal year 2016/17.

## 3. Apologies for Absence and Temporary Appointments

## 4. Declarations of Interest - see guidance note

## 5. Minutes

To approve the minutes of the meeting held on 11 March 2016 (PF5) and to receive information arising from them.

## 6. Minutes of meetings of the Local Pension Board

The Local Pension Board has now met on two occasions, on 18 November 2015 and 15 April 2016, respectively. The Minutes of these meetings are attached, for information (PF6).

## 7. Petitions and Public Address

## 8. Collaboration Update

**10:40**

The report (PF8) updates the Committee on the work of Project Brunel to develop a proposal to Government on future Pensions Investments Collaboration. A full briefing for Members of the Committee and the Local Pension Board is planned for Monday 13 June 2016.

***The Committee is RECOMMENDED to note the latest position on developing the July submission, the detailed developments to date which will be shared at the Seminar on 13 June 2016, and the areas which require additional work before the final submission is submitted to this Committee at its special meeting on 1 July 2016.***

## 9. Risk Register

10:55

This report (PF9) updates the Committee on the Fund's Risk Register, updating the position on risks reported to the last meeting and adding in new risks identified in the intervening period.

***The Committee is RECOMMENDED to note the current risk register, and confirm their wish for quarterly updates.***

## 10. Vacation of Unipart House

11:10

As noted in the risk register, there is a key risk to the performance of the Fund as a result of the relocation of all Council staff from Unipart House, where Pension Services have been based for the past 10 years. The Team lost over 50% of their staff when initially moving to Unipart House. This report (PF10) therefore will cover the options open to the Committee if it wishes to relocate Pension Services independently of the main re-location project.

***The Committee is RECOMMENDED to consider this report and to determine which option they wish to adopt***

## 11. Administration Report

11:20

The report (PF11) is to update members on any current administrative issues and sets out the latest position in respect of the employers within the Oxfordshire Fund. It includes an update on the end of year employer returns and any implications for the 2016 Valuation. The report includes a proposal for new admission agreements in respect of the successful contractors under the recent 5 Council procurement exercise undertaken by South Oxfordshire and the Vale of White Horse District Councils (amongst others). The report also includes any other new requests for admission to the Fund; an update on previously approved applications; and the write off of any amounts due to the Fund.

***The Committee is RECOMMENDED to:***

***(a) to note changes in staffing and agree increase to the staffing budget for the current financial year;***

***(b) note the performance of scheme employers in making required returns;***

***(c) agree write off of £3.58;***

*(d) note previous applications for admission to the fund & those applications approved by Service Manager (PIMMS);*

*(e) agree admission of the Groundworks and Capita in respect of contracts listed, and note potential admission of another provider;*

*(f) note progress made in respect of closure valuation; and*

*(g) note the position regarding second generation outsourcing.*

## 12. Review of Pension Fund Policies

11:40

The report (**PF12**) provides an opportunity for the Committee to undertake a formal review of its major policy documents, held in line with the LGPS Regulations. The Committee has previously agreed to review all such documents on an annual basis, as a minimum, at its June meeting.

The Annexes to the report are listed as follows:

- Annex 1 – The Funding Strategy Statement
- Annex 2 – The Statement of Investment Principles
- Annex 3 – Governance Policy and Governance Compliance Statement
- Annex 4 – Communication Policy and Annex
- Annex 5 – Early Release of Benefits Policy
- Annex 6 – Scheme of Delegation
- Annex 7 – Administration Strategy and two consultation responses
- Annex 8 – Procedure for Reporting Breaches of Law to the Pension Regulator

***The Committee is RECOMMENDED to approve the revised policy documents as set out in Annexes 1-8 to this report, noting the main changes in the documents as discussed, and in particular the feedback in respect of the recent consultation on changes to the Administration Strategy.***

## 13. Overview of Past and Current Investment Position

12:00

Tables 1 to 5 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 31 March 2016 using the following tables:

Table 1	provides a consolidated valuation of the Pension Fund at 31 March 2016
Table 2	shows net investments/disinvestments during the quarter
Table 3 and 4	provide investment performance for the consolidated Pension Fund for the quarter ended 31 March 2016
Table 5	provides details on the Pension Fund's top holdings

In addition to the above tables, the performance of the Fund Managers over the past 36 months has been produced graphically as follows:

Graph 1      Market value of the Fund over the last three years

The Committee will also be informed of the impact of the recent decision by State Street to withdraw from the provision of performance management services for all clients where it does not act in a custodial role.

***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 17, 18 and 19 on the agenda.***

## **EXCLUSION OF PRESS AND PUBLIC**

### **14. EXEMPT ITEMS**

***The Committee is RECOMMENDED that the public be excluded for the duration of items 15, 16, 17, 18, 19 and 20 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 items 17 and 19, there are no reports circulated with the Agenda. Any exempt information will be reported orally.

## 15. Exempt Minutes

12:10

To approve the exempt part of the Minutes of the meeting held on 11 March 2016 (PF15) and to receive information arising from them.

*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 disclosure could distort the proper process of each of the 10 Committees negotiating the final proposal. It is intended that once all Committees have agreed the final proposal for submission to Government, the final proposal will become a public document. Disclosure would also prejudice the commercial position of the individual pension fund, and future negotiations with Fund Managers.*

## 16. Overview and Outlook for Investment Markets

12:15

The report (PF16) sets out an overview of the current and future investment scene and market developments across various regions and sectors, and provides a context for consideration of the reports from the Fund Managers. 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.**

## 17. Insight

12:25

- (1) The Independent Financial Adviser will report orally on the performance and strategy of Insight drawing on the tables at Agenda Items 13 and 16.
- (2) The representatives (Sherilee Mace and Steve Waddington) 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 31 March 2016;
  - (b) give their views on the future investment scene.

In support of the above is their report for the period to 31 March 2016.

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

13:05

The Independent Financial Adviser reports **(PF18)** on the officer meetings with UBS, Legal & General and Baillie Gifford, 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**

**13:10**

The Independent Financial Adviser will, if necessary, summarise any issues arising from the previous discussions.

*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.*

## **20. Annual Review of the AVC Scheme**

**13:15**

The report (**PF20**) covers the performance of the Fund's AVC provider (the Prudential) covering both the performance of the investment funds offered, and the administration of the scheme.

*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.*

**The Committee is RECOMMENDED to note the report and to confirm the continued use of Prudential as the Council's AVC provider.**

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

### 21. Corporate Governance and Socially Responsible Investment

**13:20**

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

### 22. Annual Pension Forum

**13:25**

It was agreed at the last meeting that the annual Pension Fund Forum will take place on **Wednesday 18 January 2017 at 10 am**. Sally Fox will report further on arrangements for the event.

**LUNCH**

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#### **Pre-Meeting Briefing**

There will be a pre-meeting briefing in the Members Board Room at County Hall on **Wednesday 8 June 2016 at 2:00pm** for the Chairman, Deputy Chairman and Opposition Group Spokesman.