



To: Members of the Pension Fund Committee

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

**Friday, 2 September 2016 at 10.00 am**

**County Hall, New Road, Oxford**

Peter G. Clark  
County Director

August 2016

Contact Officer: **Julie Dean**  
Tel: 07393 001089; E-Mail: [julie.dean@oxfordshire.gov.uk](mailto:julie.dean@oxfordshire.gov.uk)

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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

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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 December 2016***

## 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. **Apologies for Absence and Temporary Appointments**
2. **Declarations of Interest - see guidance note**
3. **Minutes** (Pages 1 - 12)

To approve the public part of the Minutes of the meetings held on 10 June 2016 and the Minutes of the special meeting held on 1 July 2016 (**PF3**) and to receive information arising from them.

4. **Minutes of the meeting of the Local Pension Board** (Pages 13 - 16)

The Local Pension Board met on 15 July 2016. The public part of the Minutes of this meeting is attached, for information (**PF4**).

5. **Petitions and Public Address**
6. **Collaboration Update** (Pages 17 - 20)

**10:05**

The report (**PF6**) updates the Committee on the work of Project Brunel to develop a full business case to establish the Brunel Pension Partnership. A full briefing of members is planned for Monday 17 October 2016.

***The Committee is RECOMMENDED to note the latest position on developing the full business case, and the importance of the joint workshops to be held in October, which will update members of the Committee and Board on the key details.***

7. **Risk Register** (Pages 21 - 30)

**10:15**

The report (**PF7**) updates the Committee on the Fund's Risk Register, setting out the latest 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.***

**8. Draft Annual Report and Accounts 2015/16 (Pages 31 - 132)**

**10:30**

The draft Annual Report and Accounts (**PF8**) are presented for comment and any final amendment.

***The Committee is RECOMMENDED to receive the draft report and accounts for 2015/16.***

**9. Budget Outturn Report for the Year Ended 31 MARCH 2016  
(Pages 133 - 136)**

**10:40**

The report (**PF9**) analyses the actual spend by the Oxfordshire County Council's Pension Fund Committee during the budgetary year and highlights the reasons for any material variances.

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

**10. Annual Review of the Performance of the Pensions  
Administration Service (Pages 137 - 144)**

**10:50**

Attached at **PF10** is the annual review on the performance of the Pensions Administration Service which includes information on key performance indicators for the service.

***The Committee is RECOMMENDED to note the report.***

**11. Administration Report (Part 1) (Pages 145 - 148)**

**11:05**

The report (**PF11**) updates members of the Committee 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 also 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 note the report, including the write off of £1,648.66 during this period.***

**12. Overview of Past and Current Investment Position (Pages 149 - 158)**

**11:15**

Tables 1 to 4 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 2016 using the following tables:

Table 1	provides a consolidated valuation of the Pension Fund at 30 June 2016
Table 2	shows net investments/disinvestments during the quarter
Table 3	provides investment performance for the consolidated Pension Fund for the quarter ended 30 June 2016
Table 4	provides details on the Pension Fund's top holdings

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

- 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 2016

***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, 19, 20 and 21 on the agenda.***

**13. EXEMPT ITEMS**

***The Committee is RECOMMENDED that the public be excluded for the duration of items 14, 15, 16, 18, 19, 20 and 21 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 18 and 19, there are no reports circulated with the Agenda. Any exempt information will be reported orally.

**14. Exempt Minutes - Pension Fund Committee (Pages 159 - 160)**

**11:25**

To approve the exempt part of the Minutes of the meeting held on 10 June **(PF14)**.

*The public was excluded during this item because its discussion in public was 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 funds, and future negotiations with Fund Managers.*

**15. Exempt Minute - Local Pension Board (Pages 161 - 162)**

**11:25**

The exempt part of the Local Pension Board Minutes of the meeting held on 15 July 2016 is attached, for information **(PF15)**.

*The public was excluded during this item because its discussion in public was 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 funds, and future negotiations with Fund Managers.*

## 16. Administration Report (Part 2) (Pages 163 - 166)

11:30

The report (**PF16**) provides confidential information to the Committee on the latest position in relation to a number of admission agreements where commercial negotiations are currently on-going.

*The public should be excluded during this item because its discussion in public was 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 agree the recommendations as set out in the exempt report PF16.**

## 17. Overview and Outlook for Investment Markets (Pages 167 - 176)

11:40

Report of the Independent Financial Adviser (**PF17**).

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.**

## 18. 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 12 and 17.
- (2) The representatives (Anthony Dickson and Ian 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 2016;
  - (b) give their views on the future investment scene.

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

## 19. Legal and 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 12 and 17.
- (2) The representatives (Chris Lyons and Tom Carr) 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 2016;



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

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

## **20. Report of Main Issues arising from Reports of the Fund Managers not represented at this meeting (Pages 177 - 182)**

**13:10**

The Independent Financial Adviser will report orally on the officer arising from the reports from UBS and Wellington as well as update 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.***

## **21. 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.

*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.*

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

## **22. 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.

## **23. Annual Pension Forum**

**13:25**

Sally Fox will report further on arrangements, if necessary.

**LUNCH**

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### **Pre-Meeting Briefing**

There will be a pre-meeting briefing at County Hall on **Wednesday 31 August 2016 at 2:00pm** for the Chairman, Deputy Chairman and Opposition Group Spokesman.