



To: Members of the Pension Fund Committee

Notice of a Meeting of the Pension Fund Committee

Friday, 4 December 2015 at 10.00 am

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

Peter G. Clark
Head of Paid Service

November 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: 11 March 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 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 4 September 2015 (**PF3**) and to receive information arising from them.

4. **Petitions and Public Address**
5. **Employer Management (Pages 11 - 20)**

10:05

The report (**PF5**) updates members on the key operational issues arising around individual employer members of the Fund, including the latest performance data. It also includes updates on applications for admissions for admission to the Fund and details of any cessation issues.

Please note that Annex1 to the report will be circulated as part of an Addenda at the meeting and a colour copy will be tabled for members of the Committee at the meeting itself.

The Committee is RECOMMENDED to:

- (a) note the performance of scheme employers in making required returns;***
- (b) note the number of annual benefit statements issued and to advise officers of any further actions they want taken to resolve non-return of data;***
- (c) note the benchmarking data;***
- (d) agree a write off of £97.33;***
- (e) note the previous applications for admission to the fund & those applications approved by Service Manager (PIMMS);***
- (f) agree admission of the School Lunch Company in respect of schools listed; and***
- (g) note the progress made in respect of closure valuation.***

6. Collaboration Update (Pages 21 - 30)

10:30

The report (PF6) updates the Committee on future collaborative arrangements following on from announcements made by the Chancellor of the Exchequer on the requirement of Local Government Pension Schemes' (LGPS) funds to identify arrangements for future collaboration. There will be an oral report on the Government consultation papers on the subject if these have been published by the time of the meeting.

The Committee is RECOMMENDED to formally explore the option of joining the 8 funds in the South West (and others as agreed) to develop a proposal for future pooling arrangements in response to the Government's requirements.

7. Proposed Future Team Structure (Pages 31 - 38)

10:45

The report (PF7) sets out the proposed team structures for the Pensions Investment & Administration Teams in the light of the recent changes within the Council and the new pressures facing Pension Services.

The Committee is RECOMMENDED to agree the proposed team structures, as set out at Annex 2 to this report.

8. Future Work Programme (Pages 39 - 48)

11:00

The report (PF8) sets out the key tasks facing this Committee over the next year, and invites Members to consider the timescales for addressing these issues and the proposed role for the newly established Local Pension Board.

The Committee is RECOMMENDED to:

(a) determine its work programme for 2016 based on the draft programme contained in paragraph 17; and

(b) determine those aspects of the programme it wishes the Local Pension Board to consider in advance of the presentation to the Committee meeting itself.

9. Fund Manager Monitoring Arrangements 2016-17 (Pages 49 - 50)

11:30

Each year the Pension Fund Committee considers the arrangements for monitoring the performance of its Fund Managers. The report **(PF9)** sets out a proposed schedule for 2016-17 based on last year's agreement that each Manager should attend Committee on an annual basis.

The Committee is RECOMMENDED to approve the Fund Manager Monitoring Arrangements for the year 2016-17 as set out in the report.

10. Pension Fund Communications Policy Review (Pages 51 - 60)

11:35

The Pension Fund Committee is required to establish, review and publish its policy concerning pension scheme communications with all stakeholders. Whilst the communication policy was presented at the previous meeting, it is relevant to represent elements which may alter the terms of the current strategy and its delivery.

The report **(PF10)** seeks guidance on employer engagement and review of the employer's forum; and seeks approval for the adoption of a recognisable symbol for the Pension Fund. Additionally the report refers to changes in method of communication, needing consideration in order to adopt the disclosure regulations and move to members self service system.

The Committee is RECOMMENDED to:

(a) confirm any changes to be made to the Strategy concerning:

- (i) guidance from the committee on the employer forum including rescheduling for January or February next year to include details of the end of year data requirements; and***
- (ii) changes to the policy to enable adoption of member self service; and***

(b) approve a logo for this fund.

11. Overview of Past and Current Investment Position (Pages 61 - 66)

11:40

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, present an overview of the Fund's position as at 30 September 2015, and highlight any key performance issues, with reference to the following tables:

Table 1	provides a consolidated valuation of the Pension Fund at 30 September 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 September 2015
Tables 5	provides details on the Pension Fund's top holdings

In addition to the above tables, the following graph has been included:

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

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 14, 15, 16 and 17 on the agenda.

EXCLUSION OF PRESS AND PUBLIC

12. EXEMPT ITEMS

The Committee is RECOMMENDED that the public be excluded for the duration of items 13, 14, 15, 16 and 17 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 item 14, there is no report circulated with the Agenda. Any exempt information will be reported orally.

13. Overview and Outlook for Investment Markets (Pages 67 - 74)

11:45

This report of the Independent Financial Adviser (**PF13**) sets out an overview of the current and future investment scene and market developments across various regions and sectors; and provides the context for the 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.

14. Adams Street

11:55

- (1) The Independent Financial Adviser will report orally on the performance and strategy of Adams Street drawing on the tables at Agenda Items 11 and 13.
- (2) The representatives (Ana Maria Harrison and Sergey Sheshuryak) 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 September 2015;
 - (b) give their views on the future investment scene.

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

15. Review of Private Equity (Pages 75 - 82)

12:35

The report from the Independent Financial Adviser (**PF15**) reviews the private equity investments within the Fund.

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, question and to comment on the report.

16. Report of Main Issues arising from Reports of the Fund Managers not represented at this meeting (Pages 83 - 88)

12:50

The Independent Financial Adviser will report on the officer meetings with 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 (**PF16**).

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 report and to take any necessary action, if required.

17. Summary by the Independent Financial Adviser

12:55

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

18. Corporate Governance and Socially Responsible Investment

13:00

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

LUNCH

Pre-Meeting Briefing

There will be a pre-meeting briefing in **the Members Board Room, County Hall** on **Wednesday 2 December 2015 at 2.00pm** for the Chairman, Deputy Chairman and Opposition Group Spokesman.