

PENSION FUND COMMITTEE

MINUTES of the meeting held on Friday, 2 December 2011 commencing at 10.15 am and finishing at 13:05 pm

Present:

Voting Members: Councillor David Harvey – in the Chair

Councillor Bill Service (Deputy Chairman)

Councillor Jean Fooks

Councillor Roy Darke

Councillor Stewart Lilly

Councillor Don Seale

Councillor C.H. Shouler

District Councillor Richard Langridge

District Councillor Jerry Patterson

District Council Representatives: District Councillor Richard Langridge
District Councillor Jerry Patterson

Officers:

Whole of meeting S. Collins (Environment & Economy); J. Dean (Chief Executive's Office)

Part of meeting P. Gerrish (Environment & Economy); D. Ross (Chief Executive's Office)

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.

56/11 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS

(Agenda No. 1)

There were no apologies for absence.

57/11 DECLARATIONS OF INTEREST - SEE GUIDANCE NOTE

(Agenda No. 2)

Councillors Darke, Fooks, Harvey, Lilly, Patterson and Service declared personal interests as members of the Pension Fund Scheme under the provisions of Section 18 of the Local Government & Housing Act 1989.

58/11 MINUTES

(Agenda No. 3)

The Minutes of the meeting of the Committee held on 2 September 2011 were approved and signed as a correct record.

With regard to Minute 35/11 - the Committee sent their good wishes for a speedy recovery to Sally Fox who had undergone a second operation as a result of a motor cycle accident. The Committee were reassured that most of her workload was being undertaken by the other managers.

With regard to Minute 51/11 – Mr Collins reported that the latest School to apply for academy status, Hanwell Fields Community School, Banbury, had objected to the approach being taken by the Actuary, but were unable to negotiate their contribution.

59/11 PETITIONS AND PUBLIC ADDRESS

(Agenda No. 4)

A request to speak was agreed by the Chairman in respect of Agenda Item 21.

60/11 OVERVIEW OF PAST AND CURRENT INVESTMENT POSITION

(Agenda No. 5)

The Committee was advised that Tables 1 to 10 had been compiled from the custodian's records. The custodian was the Pension Fund's prime record keeper. He had accrued for dividends and recoverable overseas tax within his valuation figures and might also have used different exchange rates and pricing sources compared with the fund managers. The custodian had also treated dividend scrip issues as purchases which the fund managers might not have done. This might mean that there were minor differences between the tabled figures and those supplied by the managers.

Mr Davies reported that the third quarter for 2011 had been a severe one for Equity markets and there had been a fall of approximately 15% in the Pension Fund, amounting to £131m. This had been offset by a small gain in Bonds of £9m. At the end of November there had been an appreciation of approximately £50m leading to an overall Fund Value of approximately £1,200m.

RESOLVED: to note the comments of the Independent Financial Adviser and to receive the tables and graphs and that the information contained in them be borne in mind insofar as they related to items 9, 10 and 11 on the agenda.

61/11 MEMBERSHIP OF THE LOCAL AUTHORITY PENSION FUND FORUM

(Agenda No. 6)

Mr Keith Bray, Forum Officer, Local Authority Pension Fund Forum, gave a presentation which set out the benefits and costs of joining the Local Authority Pension Fund Forum in the context of the Committee's corporate governance responsibilities and shareholder activism.

Following a question and answer session with Mr Bray and then a member discussion, it was **AGREED** (by 6 votes to 3):

- (a) to thank Mr Bray for his presentation; and
- (b) not to join the Local Authority Pension Fund Forum at this time.

62/11 EXEMPT ITEMS

(Agenda No. 7)

It was **RESOLVED** that the public be excluded for the duration of items 8, 9, 10, 11,12 and 13 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 circumstances of each case, the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

63/11 ORDER OF BUSINESS

(Agenda No.)

It was **AGREED** that exempt item 9 on the Agenda be taken as the next item, to be followed by exempt item 8.

64/11 ADAMS STREET PARTNERS

(Agenda No. 9)

The representatives, Mr. M. Gonzalo and Mr. D. Alcauz, 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 30 September 2011. The representatives responded to members' questions.

It was **AGREED** to note the main issues arising from the presentation and to take any necessary action, if required.

65/11 OVERVIEW AND OUTLOOK FOR INVESTMENT MARKETS

(Agenda No. 8)

The Committee considered a report (PF8) which set out an overview of the current and future investment scene and market developments across various regions and sectors. Members asked questions and the Independent Financial Advisor responded to them.

RESOLVED: to receive the report, tables and graphs, to receive the oral report of the Independent Financial Adviser and to bear these comments in mind when considering the reports of the Fund Manager.

66/11 UBS

(Agenda No. 10)

The representatives, Mr N. Melhuish and Mr. S. Lee, 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 30 September 2011. The representatives responded to members' questions.

RESOLVED: to note the main issues arising from the reports.

67/11 REPORT OF MAIN ISSUES ARISING FROM REPORTS OF THE FUND MANAGERS NOT REPRESENTED AT THIS MEETING

(Agenda No. 11)

Mr Davies reported that Baillie Gifford were performing well above target. Legal & General had performed marginally below the bench mark in the latest quarter, but continued to perform in line with their mandate, exceeding benchmark by 1.2% over a three year period.

RESOLVED to note the Independent Financial Adviser's oral report.

68/11 SUMMARY BY THE INDEPENDENT FINANCIAL ADVISER

(Agenda No. 12)

Mr Davies reported that he had no additional comments to make on the existing Fund Managers performance and strategy. However, he gave an oral report on progress with regard to the interview process for the appointment of the new Global Equities Manager.

It was **AGREED** to note the Independent Financial Adviser's summary.

69/11 IDR P COMPLAINTS AND COMPENSATION PAYMENTS

(Agenda No. 13)

The Committee had before them a report (PF13) that set out the details of recent Internal Dispute Resolution Procedure (IDRP) where the Administering Authority had made compensation payments to the complainant. This item was in preparation for Agenda Item 21 below when Members would be asked to determine a current case using this procedure.

It was **RESOLVED** to note the report.

ITEMS FOLLOWING THE RE-ADMISSION OF THE PRESS AND PUBLIC

70/11 CONSULTATION ON PROPOSED INCREASES TO EMPLOYEE CONTRIBUTION RATES AND CHANGES TO SCHEME ACCRUAL RATES

(Agenda No. 14)

The Committee considered a report (PF14) which considered issues arising from a recent consultation paper issued by the Department for Communities and Local Government on Proposed Increases to Employee Contribution Rates and Changes to Scheme Accrual Rates.

RESOLVED to note the issues raised in the report PF14 and to agree the consultation response, as set out at Annex 1, for submission to the Government as the formal response of this Committee.

71/11 ORDER OF BUSINESS

(Agenda No.)

RESOLVED: to take Agenda Items 15 to19 inclusive following Agenda Item 21.

72/11 EXEMPT ITEM

(Agenda No. 20)

It was **RESOLVED** that the public be excluded for the duration of item 21 in the Agenda since it was likely that if they were present during this item 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 item in the Agenda and since it was considered that, in all circumstances of each case, the public interest in maintaining the exemption outweighed the public interest in disclosing the information,

73/11 INTERNAL DISPUTE RESOLUTION

(Agenda No. 21)

Using the Procedure set out in Agenda Item 13 above, this item set out the details of a current case, and asked the Committee to consider making a compensation payment to prejudice any future claim to the Pensions Ombudsman.

The Committee determined the recommendations as set out in the report, accordingly.

READMITTANCE OF PRESS AND PUBLIC

74/11 ANNUAL REPORT AND ACCOUNTS 2010/11

(Agenda No. 15)

A draft of the Annual Report and Accounts 2010/11 was approved by the Committee on 2 September 2011. A copy of the finalised Annual Report and Accounts 2010/11 had been circulated separately to members of the Committee and had been available for public inspection.

The Committee **RESOLVED** to adopt formally the Pension Fund Annual Report and Accounts 2010/11.

75/11 ADMISSION AGREEMENTS

(Agenda No. 16)

The Committee had before them a report (**PF16**) which gave an update on the latest applications for Admitted Body status, as well as the specific arrangements relating to Foundation Schools.

RESOLVED: to approve the admission applications from:

- Leonard Cheshire
- Allied HealthCare
- • Food for Thought
- Oxford Health

and note the retrospective changes in respect of Oxfordshire’s Foundation schools as listed in paragraph 16.

76/11 WRITE OFFS

(Agenda No. 17)

The Committee noted a report **(PF17)** which informed them of any write offs that had been agreed by the officers in line with the approved arrangements set out in the Scheme of Financial Delegation for the Fund.

RESOLVED: to note the report.

77/11 CORPORATE GOVERNANCE AND SOCIALLY RESPONSIBLE INVESTMENT

(Agenda No. 18)

During discussion in relation to Agenda Item 6 above, the matter of whether the Committee were compliant with CiPFA guidance was raised in relation to corporate governance and socially responsible investment.

It was **AGREED** that consideration be given at the next meeting as to what is expected from the Fund Managers, prior to addressing the matter with the Fund Managers themselves.

78/11 ANNUAL PENSION FORUM

(Agenda No. 19)

It was noted again that the Annual Pension Forum would take place on 9 December 2011 at 10am.

..... in the Chair

Date of signing