

To: Members of the Pension Fund Committee

Notice of a Meeting of the Pension Fund Committee

Friday, 7 December 2012 at 10.00 am

County Hall, New Road, Oxford



Peter G. Clark
County Solicitor

November 2012

Contact Officer: **Julie Dean**
Tel: (01865) 815322; E-Mail: julie.dean@oxfordshire.gov.uk

Membership

Chairman – Councillor David Harvey
Deputy Chairman - Councillor Bill Service

Councillors

Jean Fooks
Roy Darke

Stewart Lilly
A.M. Lovatt

C.H. Shouler

Co-optees

District Councillor Richard Langridge
District Councillor Jerry Patterson

Notes:

- ***A lunch will be provided.***
- ***Date of next meeting: 8 March 2013***

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 Rachel Dunn on (01865) 815279 or Rachel.dunn@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 - 8)**

To approve the minutes of the meeting held on 7 September 2012 (**PF3**) and to receive information arising from them.

4. **Petitions and Public Address**
5. **Overview of Past and Current Investment Position (Pages 9 - 34)**

10:05

Tables 1 to 10 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 September 2012 using the following tables:

Table 1	provides a consolidated valuation of the Pension Fund at 30 September 2012
Tables 2 to 9	provide details of the individual manager's asset allocations and compare these against their benchmark allocations
Table 10	shows net investments/disinvestments during the quarter
Tables 11 to 12	provide details on the Pension Fund's Private Equity
Tables 13 to 23	provide investment performance for the consolidated Pension Fund and for the four Managers for the quarter ended 30 September 2012
Table 24	Provides details of the top 20 holdings within the Fund

In addition to the above tables, the performance of the Fund Managers over the past 18 months has been produced graphically as follows:

Graph 1 – Value of Assets
Graph 2 - 3 – Baillie Gifford
Graph 4 - 5 – Legal & General
Graph 6 – 10 - UBS

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 7,8,9,10 and 11 on the agenda.

6. EXEMPT ITEMS

The Committee is RECOMMENDED that the public be excluded for the duration of items 7, 8, 9, 10, 11, and 12 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 11, there is no report circulated with the Agenda. Any exempt information will be reported orally.

7. Overview and Outlook for Investment Markets (Pages 35 - 40)

10:20

Report of the Independent Financial Adviser (**PF7**).

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.

8. UBS

10:35

- (1) The Independent Financial Adviser will report orally on the performance and strategy of UBS drawing on the tables at Agenda Items 5 and 7.
- (2) The representatives (Mr M. Gordon and Mr N. Irish) 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 2012;
 - (b) give their views on the future investment scene.

In support of the above is their report for the period to 30 September 2012.

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.

9. Partners Group

11:15

- (1) The Independent Financial Adviser will report orally on the performance and strategy of Partners Group drawing on the tables at Agenda Items 5 and 7.

- (2) The representatives (Mr G. Waller and Mr. S. Jovele) 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 2012;
 - (b) give their views on the future investment scene.

In support of the above is their report for the period to 30 September 2012.

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:

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The Committee is RECOMMENDED to note the main issues arising from the presentation and to take any necessary action, if required.

10. Report of Main Issues arising from Reports of the Fund Managers not represented at this meeting (Pages 41 - 42)

11:55

The Independent Financial Adviser will report (**PF10**) on the main issues arising from the reports from Baillie Gifford and Wellington in conjunction with information contained in the tables (Agenda Item 5). A report on a meeting conducted with Wellington is attached. A note of the meeting scheduled to take place this week with Baillie Gifford will be circulated separately.

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.

11. Summary by the Independent Financial Adviser

12:00

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.*

12. Internal Dispute Resolution Procedure (IDRP) - Case Update (Pages 43 - 44)

12:05

The report (**PF12**) updates the Committee on the latest position regarding the Internal Dispute Resolution Procedure complaint which was considered at the December 2011 meeting.

The Committee is RECOMMENDED to note the report.

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.*

ITEMS FOLLOWING THE RE-ADMISSION OF THE PRESS AND PUBLIC

13. Annual Report and Accounts 2011/12

12:15

A copy of the final Annual Report and Accounts for 2011/12 has been circulated separately to each member of the Committee. A copy has also been made available for public inspection.

The Committee is RECOMMENDED to adopt formally the Pension Fund Annual Report and Accounts 2011/12.

14. The New Look Local Government Pension Scheme (LGPS) 2014 (Pages 45 - 70)

12:20

The report (**PF14**) updates the Committee on the latest position regarding the redesign of the Local Government Pension Scheme (LGPS), to become effective from 1 April 2014.

The report includes information on the most recent Government consultation on Investment in Partnerships, which has been published with the aim of reducing barriers to future investment in infrastructure products.

The Committee is RECOMMENDED to:

- (a) ***note the latest position on the New Look LGPS 2014 as detailed in the report;***
- (b) ***agree the response to the Government Consultation on Investment in Partnerships based on the draft at Annex 3; and***
- (c) ***agree to hold a seminar on infrastructure investments, provisionally to be held on the afternoon of the 8 March 2013 Pension Fund Committee.***

15. Local Government Pension Scheme (Miscellaneous Regulations) 2012 (Pages 71 - 76)

12:30

The report (**PF15**) asks the Committee to approve a new Administering Authority policy giving employer discretion to bring employee benefits into payment where the scheme member's previous employer no longer exists.

The introduction of such a policy is a requirement of the 2012 Miscellaneous Regulations.

The Committee is RECOMMENDED to:

- a) agree the policy for assessing requests for early payment of pensions;***
- b) agree to delegate the decision making under this policy to a panel of officers, following consultation with the Chairman;***
- c) note the change of bond requirement; and***
- d) note the change of power to request closure valuations and revised rates and adjustment certificates.***

16. Employer Update (Pages 77 - 78)

12:40

The report **(PF16)** updates the Committee on any new employers within the Fund, including new scheduled bodies (academy schools) and Transferee Admission Bodies (following outsourcing exercises). It informs Members of the intention to start a consultation on the future pooling arrangements for Academy schools, which will then instruct the 2013 valuation process.

The Committee is RECOMMENDED to:

- (a) note the progress of previously approved applications for admitted body status;***
- (b) retrospectively approve the application for admitted body status by Hayward Services; and***
- (c) agree the consultation process with academies in relation to pooling options.***

17. Appointment Process for a New Fund Manager (Pages 79 - 82)

12:45

The report **(PF17)** responds to the Committee's concerns regarding the time taken to appoint a new Fund Manager. The report sets out the key elements in the timetable and looks to identify any key learning points for future selection exercises.

The Committee is RECOMMENDED to consider the report and determine any changes they would wish to see to the process for the appointment of future fund managers.

18. Pension Fund Scheme of Delegation (Pages 83 - 90)

12:50

The report **(PF18)** seeks Committee approval to two minor changes to the Fund's Scheme of Delegation relating to write off's and the investigation of IDRPs complaints.

- (a) approve the proposed changes to the Pension Fund's Scheme of Delegation, as set down at paragraph 3 of the report; and*
- (b) accept the change to the write off procedure to allow the Pension Services Manager to approve write off amounts of up to £500; subject to reports being made to this Committee.*

19. Write Off's (Pages 91 - 92)

12:55

The report (**PF19**) provides the Committee with summary details of the amounts written off in the last quarter, in accordance with the Financial Regulations of the Fund.

The Pension Fund Committee is RECOMMENDED to note the report.

20. 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.

The Assistant Chief Executive & Chief Finance Officer has no other issues to report for this quarter but it should be noted that all the managers have included pages within their valuation reports which provide details on their voting at company AGMs, engagement with companies and their involvement with other socially responsible initiatives.

21. Annual Pension Forum

13:05

The Committee is reminded that the annual Pension Fund Forum is to be held on **Friday 14 December 2012**. Members are encouraged to attend as part of their training programme.

LUNCH

Pre-Meeting Briefing

There will be a pre-meeting briefing at County Hall on Tuesday 4 December 2012 at 3:00 pm for the Chairman, Deputy Chairman and Opposition Group Spokesman.