



To: Members of the Pension Fund Committee

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

**Friday, 6 June 2014 at 10.10 am in Meeting Rooms 1 & 2**

**County Hall, New Road, Oxford**

*Peter G. Clark.*

Peter G. Clark  
County Solicitor

May 2014

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

Chairman –  
Deputy Chairman -

*Councillors*

Lynda Atkins  
Surinder Dhosi  
Jean Fooks

Patrick Greene  
Nick Hards  
Richard Langridge  
Sandy Lovatt

Stewart Lilly  
Sandy Lovatt  
Neil Owen

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*Co-optees*

District Councillor Hywel Davies  
District Councillor Jerry Patterson

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**Notes:**

- ***A lunch will be provided***
- ***Date of next meeting: 5 September 2014***
- ***This meeting will be preceded by a training session for members of the Committee starting at 9:30 in the meeting room itself. This will be in the form of an 'Ask the Expert Panel' session. Members will be invited to submit questions in advance.***

## 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](mailto: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. Election of Chairman for 2014/15

To elect a Chairman for this municipal year to the first meeting of the next municipal year 2015.

## 2. Election of Deputy Chairman 2014/15

To elect a Deputy Chairman for this municipal year to the first meeting of the next municipal year.

## 3. Apologies for Absence and Temporary Appointments

## 4. Declarations of Interest - see guidance note

## 5. Minutes (Pages 1 - 10)

To approve the minutes of the meeting held on 14 March 2014 (PF5) and to receive information arising from them.

## 6. Petitions and Public Address

## 7. Overview of Past and Current Investment Position (Pages 11 - 36)

**10:15**

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 31 March 2014 using the following tables:

Table 1	provides a consolidated valuation of the Pension Fund at 31 March 2014
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 24	provide investment performance for the consolidated Pension Fund and for the four Managers for the quarter ended 31 March 2014
Table 25	Provides details of the Pension Fund's top holdings

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 - Wellington
- Graph 5 - 6 – Legal & General
- Graphs 7 - 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 9, 10, 11, 12 and 13 on the agenda.***

## **8. EXEMPT ITEMS**

***The Committee is RECOMMENDED that the public be excluded for the duration of items 9, 10, 11, 12, 13, 14 and 15 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 10 and 11, there are no reports circulated with the Agenda. Any exempt information will be reported orally.

## **9. Overview and Outlook for Investment Markets (Pages 37 - 44)**

**10:25**

Report of the Independent Financial Adviser (**PF9**).

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.***

## 10. UBS

10:40

- (1) The Independent Financial Adviser will report orally on the performance and strategy of UBS drawing on the tables at Agenda Items 7 and 9.
- (2) The representatives (Malcolm Gordon and Nick 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 31 March 2014;
  - (b) give their views on the future investment scene.

In support of the above is their report for the period to 31 March 2014.

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.***

## **11. Legal & General**

**11:15**

- (1) The Independent Financial Adviser will report orally on the performance and strategy of Legal & General drawing on the tables at Agenda Items 7 and 9.
- (2) The representatives (Jonathan Cloke and Nick Griffiths) 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 2014;
  - (b) give their views on the future investment scene.

In support of the above is their report for the period to 31 March 2014.

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.***

## **12. Report of Main Issues arising from Reports of the Fund Managers not represented at this meeting (Pages 45 - 56)**

**11:55**

The Independent Financial Adviser will report (**PF12**) on the officer meetings with Baillie Gifford and Wellington, as well as update the Committee on any other issues relating to the Fund Managers not present. These reports should be read in conjunction with information contained in the tables (Agenda Item 7).

This item also includes a report (**PF12**) highlighting potential issues surrounding a decision of HM Revenue & Customs (HMRC) to remove the Venture Capital Trust (VCT) status from one of the Fund's investments and seeks the Committee's views on a draft letter to be sent to the HMRC on behalf of the Committee.

*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:**

- (a) ***note the main issues arising from the reports on the officer meetings with Baillie Gifford and Wellington and to take any necessary action, if required;***
- (b) ***note the key issue set out in the report arising from one of the Fund's investments and to determine whether to send the attached draft response to the HMRC.***

## **13. 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.*

**14. Urgent Decision by Chief Executive under Delegated Powers - Application for Release of a Deferred Benefit (Pages 57 - 60)**

**12:05**

To report a decision made by the Chief Executive under her delegated powers in respect of an urgent request to grant payment of deferred benefits on the grounds of ill-health (**PF14**).

*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:**

- (a) note the report; and**
- (b) determine whether future cases should be delegated to the Chief Finance Officer, following consultation with the Chairman of this Committee, in the first instance.**

**15. Employer Update (Pages 61 - 62)**

**12:10**

The report (**PF15**) updates the Committee on closures of recent scheme employers.

*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 progress of cessation cases.**



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

### 16. DCLG Consultation Paper - Opportunities for Collaboration, Cost Savings and Efficiencies (Pages 63 - 70)

12:10

The report (**PF16**) provides details of the Government's current consultation document on the future structure of the Local Government Pension Scheme, and the potential implications for the on-going discussions with the Buckinghamshire and Berkshire Funds. The Committee are invited to agree a response for submission to the consultation.

For reference purposes, please find below a link to the government consultation paper:

<https://www.gov.uk/government/consultations/local-government-pension-scheme-opportunities-for-collaboration-cost-savings-and-efficiencies>

***The Committee is RECOMMENDED to***

- (a) note the report;***
- (b) offer any views it wishes to see incorporated into the final response;***
- (c) ask Officers to continue with the joint work with the Buckinghamshire and Berkshire Funds to the extent that it is consistent with the approach included in the consultation response; and***
- (d) delegate to the Service Manager (Pensions, Insurance and Money Management) the authority to finalise and submit the response to the consultation, having consulted the Chairman, Deputy Chairman and Opposition Spokesperson on the final draft.***

### 17. Annual Review of Pension Fund Policies (Pages 71 - 122)

12:30

This annual report (**PF17**) provides the Committee with the opportunity to undertake a formal review of its major policy documents held in line with the LGPS Regulations. The last such comprehensive review of policies was in September 2013 and the report provides an update of any key changes since that date, including the introduction of an Administration Strategy for the Fund. Members will be asked to approve all policy documents.

***The Committee is RECOMMENDED to approve the revised policy documents as set out in Annexes 1-7 to the report PF17, noting the main changes in the documents as discussed in the covering report.***

## **18. Corporate Governance (Pages 123 - 134)**

**12:40**

The report (**PF18**) sets out the latest advice regarding the Administering Authority's fiduciary duty and provides a summary of voting activity for 2013.

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

- (a) note the Opinion of Nigel Giffin QC, provided to the Local Government Association, on the duties of administering authorities under the Local Government Pension Scheme; and***
- (b) note the proxy voting activity of the Fund Managers during 2013 provided in annexes 1 and 2.***

## **19. Employer Update (Pages 135 - 136)**

**12:50**

The report (**PF19**) seeks Committee approval for any new admissions to the Fund, as well as update members on the status of any current employer which impacts on future Scheme membership.

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

- (a) note the progress of previously approved applications for admitted body status; and***
- (b) approve the application for admitted body status by Proclean Limited subject to either pass through arrangements or bonds being put in place.***

## **20. Write Offs (Pages 137 - 138)**

**13:00**

The report (**PF20**) 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 Committee is RECOMMENDED to note the report.***

## **21. Corporate Governance and Socially Responsible Investment**

**13:05**

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

The 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.

## **22. Annual Pension Forum**

**14:45**

The Chief Finance Officer will report orally on any issues arising from the last Forum or about the Annual Pension Forum which will take place on **Friday 12 December 2014 at 10.00am at Unipart House.**

**LUNCH**

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### **Pre-Meeting Briefing**

There will be a pre-meeting briefing at County Hall on **Wednesday 4 June 2014** at **1:00pm** in the **Members Board Room** for the Chairman, Deputy Chairman and Opposition Group Spokesman.