



To: Members of the Pension Fund Committee

Notice of a Meeting of the Pension Fund Committee

Friday, 5 September 2014 at 10.10 am in Meeting Rooms 1 & 2

County Hall, New Road, Oxford

Peter G. Clark.

Peter G. Clark
County Solicitor

August 2014

Contact Officer: **Julie Dean**
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Membership

Chairman – Councillor Stewart Lilly
Deputy Chairman - Councillor Patrick Greene

Councillors

Lynda Atkins
Surinder Dhesi
Jean Fooks

Nick Hards
Richard Langridge
Sandy Lovatt

Neil Owen

Co-optees

District Councillor Hywel Davies
District Councillor Jerry Patterson

Notes:

- ***A lunch will be provided***
- ***Date of next meeting: 5 December 2014***
- ***This meeting will be preceded by a training session for members of the Committee starting at 9.30am in the meeting room itself. This will be run by Sally Fox, Pension Services Manager and will cover key aspects of the Administration function and the role of Members.***

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**

To approve the minutes of the meeting held on 6 June 2014 (**PF3**) and to receive information arising from them.

- 4. Petitions and Public Address**
- 5. Overview of Past and Current Investment Position**

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 30 June 2014 using the following tables:

Table 1	provides a consolidated valuation of the Pension Fund at 30 June 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 30 June 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 7, 8, 9, 10, 11 and 12 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, 12 and 13 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 12, there is no report circulated with the Agenda. Any exempt information will be reported orally.

7. Presentation by WM Company on the Fund's Investment Performance

10:20

Karen Thrumble of the WM Company will review the Fund's performance for the 2013/14 year, including comparison to benchmark data for the WM Local Authority Pension Fund Universe.

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.

8. Overview and Outlook for Investment Markets

11:00

Report of the Independent Financial Adviser (**PF8**).

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.

9. Wellington

11:15

- (1) The Independent Financial Adviser will report orally on the performance and strategy of Wellington drawing on the tables at Agenda Items 5 and 8.
- (2) The representatives (Nicola Staunton and Ian Link) 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 2014;
 - (b) give their views on the future investment scene.

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

10. Baillie Gifford

11.55

- (1) The Independent Financial Adviser will report orally on the performance and strategy of Baillie Gifford drawing on the tables at Agenda Items 5 and 8.
- (2) The representatives (Anthony Dickson and Iain 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 2014;
 - (b) give their views on the future investment scene.

In support of the above is their report for the period to 30 June 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. Report of Main Issues arising from Reports of the Fund Managers not represented at this meeting

12:35

The Independent Financial Adviser will report **(PF11)** on the officer meetings with UBS and Legal & General, 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 5).

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.

12. Summary by the Independent Financial Adviser

12:40

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.*

13. Additional Voluntary Contributions (Update)

12:45

The report **(PF13)** updates the Committee on the issues outstanding from the

report to the March 2014 meeting.

The report provides details of the Fund's Additional Voluntary Contribution (AVC) Scheme, including issues regarding the performance of the individual funds and the Scheme Provider (Prudential) itself.

The public should therefore 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 Scheme Provider involved and would prejudice the position of the authority's investments in funding the Pension Fund.

The Committee is RECOMMENDED to agree the recommendation contained in the report PF13.

ITEMS FOLLOWING THE RE-ADMISSION OF THE PRESS AND PUBLIC

14. Draft Regulations on Scheme Governance - Consultation Paper

12:50

The Public Service Pensions Act 2013 includes a requirement for the Department of Communities and Local Government (DCLG) as the responsible authority for the Local Government Pension Scheme to make regulations establishing a national scheme advisory board, and to enable each Administering Authority to establish a local pension board. DCLG published these draft regulations in mid-June with an 8 week consultation period, closing on 15 August 2014. The report (**PF14**) details the key elements of the draft regulations, and includes at Annex 1 a copy of the consultation response submitted by the officers. As the consultation was limited to 8 weeks, the response was submitted following consultation with the Chairman of the Committee, and is included for information.

The Committee is RECOMMENDED to:

(a) note the details of the consultation document and the response at Annex 1; and

(b) offer any comments on the key issues raised in this report to support the initial planning work for the creation of the new Pension Board.

LUNCH

15. Options for the Future Arrangements for the Oxfordshire Pension Fund

14:00

The report (**PF15**) sets out the business proposal for the future arrangements of the Oxfordshire Pension Fund. Annex 1 is the full business proposal from the lead pension officers for the three pension funds of Buckinghamshire, Oxfordshire and Berkshire. The Committee is recommended to consult key stakeholders and staff on the proposal for the establishment of a Joint Committee, supported by a new wholly owned company.

The Committee is RECOMMENDED to:

- (a) consider the detailed business proposal included at Annex 1 to this report;*
- (b) offer any comments and amendments on the key issues raised in the proposal and agree to consult key stakeholders and staff on the basis of the business proposal (including any proposed amendments); and*
- (c) determine any further issues they wish to see included in the final report early in 2015 when the Committee will be asked to make final recommendations to full Council.*

16. Draft Annual Report and Accounts 2013/14

14:45

The draft Annual Report and Accounts for 2013/14 are presented for comment and amendment (**PF16**). The Fund's External Auditors will attend to present any key findings from their audit and to answer questions from the Committee.

The Committee is RECOMMENDED to receive the draft report and accounts for 2012/13.

17. Oxfordshire Pension Fund Budget Outturn Report for 2013/14

15:00

The report (**PF17**) analyses the actual spend by Oxfordshire County Council during 2013/14 against the budget and highlights the reasons for any material variances.

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

18. Pensions Administration - Service Performance

15:05

The report (**PF18**) provides details of the annual review of the performance of the Pensions Administration Team including key performance indicators.

The Committee is RECOMMENDED to note the report.

19. Employer Issues

15:15

The report (**PF19**) seeks Committee approval for any new admissions to the Fund, as well as updates the Committee on the status of any current employer which impacts on future Scheme membership. The report also covers the proposed phased arrangements for the recovery of pension liabilities from ceasing employers where this is in the best interests of the Fund.

The Committee is RECOMMENDED to:

- (a) note the progress of previously approved applications for admitted body status;*
- (b) note the approved applications for admitted body status by Regency Cleaning; Fresh Start Catering; Edwards & Ward; The School Lunch Company; Oxford Active; Aspens Services and Greenwich Leisure Limited subject to either pass through arrangements or bonds being put in place;*
- (c) note the closure of two scheme admission agreements with Soll Vale and Greenwich Leisure Limited;*
- (d) agree the changes to the Funding Strategy Statement as set out in paragraph 13 above; and*
- (e) note information on employer covenant project.*

20. Co-habiting Partners

15:25

In March this Committee received a report seeking the Committee's views in updating the Administering Authority Discretions in line with the LGPS Regulations 2013, which came in to force on 1 April 2014

The new regulations removed the requirement for current scheme members, as at 1 April 2014, to nominate a co-habiting partner, to be eligible to receive benefits in the event of the death of the member, with the provision of evidence after death.

In March the Committee requested that legal advice be sought on what information would be required as evidence.

The report (**PF20**) considers the potential evidence this Committee may wish to require before the payment of a pension to a co-habiting partner.

The Committee is RECOMMENDED to:

***(a) agree the list of evidence to be required in these circumstances;
and***

(b) confirm the proposed procedure.

21. Internal Management of Property

15:30

As part of the Fundamental Asset Allocation review at the March 2014 meeting, the Committee agreed to earmark £20m of the current allocation to property for opportunistic property investments. The first such opportunity was recently identified by the Independent Financial Adviser, but could not be followed through as the timescales to commit to the investment were too short to enable the Committee to meet to agree the investment. As the approval is for opportunistic investments, a similar issue is likely to arise in the future.

The Committee have previously delegated decisions on Private Equity Investments to officers following the advice of the Independent Financial Adviser, thereby reducing the timescales involved and maximising the opportunities to the Fund. A similar arrangement is now recommended in respect of this allocation for property investments. Under the Scheme of Delegation all delegated decisions must be reported back to the Committee at their next meeting.

The Committee is RECOMMENDED to amend the current Pension Fund Scheme of Delegation to include the following:

'Internal property fund decisions are delegated to the lead officer for Pension Fund investments or in their absence to the Principal Financial Manager, Treasury Management and Pension Fund Investments. Responsibility for placing internally managed property trades is delegated to the Pension Fund Investments team.'

22. Write Offs

15:35

The report (**PF22**) provides the Committee with summary details of the amounts written off in the last quarter, in accordance with Financial Regulations of the Fund.

The Pension Fund Committee is RECOMMENDED to note the report.

23. Corporate Governance and Socially Responsible Investment

15:40

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

24. Annual Pension Forum

15:45

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.**

Pre-Meeting Briefing

There will be a pre-meeting briefing at County Hall on **Wednesday 3 September 2014** at **1.00 pm** in the **Members Board Room** for the Chairman, Deputy Chairman and Opposition Group Spokesman.