



To: Members of the Pension Fund Committee

Notice of a Meeting of the Pension Fund Committee

Friday, 5 June 2015 at 10.10 am

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

Peter G. Clark.

Peter G. Clark
County Solicitor

May 2015

Contact Officer: **Julie Dean**
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Membership

Councillors

Surinder Dhesi
Jean Fooks
Nick Hards

Richard Langridge
Sandy Lovatt
Neil Owen

Les Sibley
Stewart Lilly
Patrick Greene

Co-optees

District Councillor - one vacancy
District Councillor - one vacancy

Notes:

- ***A lunch will be provided***
- ***Date of next meeting: 4 September 2015***
- ***The meeting will be preceded at 9.30 by a training session looking at the work programme developed by the Shadow Scheme Advisory Board and the implications for the work of this Committee.***

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. Election of Chairman 2015/16

To elect a Chairman for the municipal year 2015/16 – to the first meeting of the next municipal year 2016/17.

2. Election of Deputy Chairman 2015/16

To elect a Deputy Chairman for the municipal year 2015/16 – to the first meeting of the 2016/17 municipal year.

3. Apologies for Absence and Temporary Appointments

4. Declarations of Interest - see guidance note

5. Minutes

To approve the minutes of the meeting held on 13 March 2015 (**PF5**) and to receive information arising from them.

6. Petitions and Public Address

7. Corporate Governance and Socially Responsible Investment

10:20

This item covers any issues concerning Corporate Governance and Socially Responsible Investment which need to be brought to the attention of the Committee. It includes a discussion on the key issues being raised in the debate about future investments in fossil fuel companies, and reviews the Committee's current approach in respect of the guidance it provides to its Fund Managers.

Members will recall that Professor Allport gave an address to the Committee in December of last year on Fossil Fuel Investment. As a result a report was commissioned from UBS and was submitted for consideration to the last meeting in March. Since then a petition was submitted to Cabinet and it was requested that it be sent to all members of this Committee. The petition's rationale is duly attached at **PF7** together with a report from the officers (**PF7**). A full copy of the petition will be available to view at the meeting.

The Committee is RECOMMENDED to note the content of the report, and endorse the current Statement of Investment Principles in respect of Corporate Governance and Socially Responsible Investment.

8. Management of Pension Fund Deficits

10:35

The report **(PF8)** discusses the Committee's approach to the management of the Fund's deficit, in light of the focus placed on this issue by the Shadow Scheme Advisory Board.

The Committee is RECOMMENDED to:

(a) note the report;

(b) ask officers to work with the Fund's Actuary, Barnett Waddingham, to provide a detailed cash flow forecast based on assumed pension liabilities, and known plans of the main employers; and

(c) provide reports to future meetings of this Committee setting out the cash flow projections, and any implications for the current investment strategy and asset allocation.

9. Employer Management

10:50

The report **(PF9)** discusses the Committee's approach to the management of employers within the Oxfordshire LGPS Fund. It builds on the employer risk report presented to the last meeting, and sets out additional indicators to assess the quality of the record keeping within the Fund and the performance of individual employers.

The Committee is RECOMMENDED to:

(a) note the report;

(b) approve the performance template as contained in Annex 1 as the basis for future reports to this Committee; and

(c) review the Administration Strategy on a regular basis to ensure it supports the developing approach to employer management.

10. Future Management Arrangements

11:05

The report (**PF10**) looks at the potential implications for the management arrangements for the administration and investment functions in light of the new agenda for the service and the transfer of financial services to the Integrated Business Centre in Hampshire.

The Committee is RECOMMENDED to note the report and endorse the proposed changes in management arrangements as outlined.

11. Annual Review of Fund Policies

11.25

The report (**PF11**) provides the annual review of the Fund policies and seeks Committee approval of any changes.

The strategy statements and policies are attached as follows:

- Annex 1 - The Funding Strategy Statement
- Annex 2 – The Statement of Investment Principles
- Annex 3 – Governance Policy and Governance Compliance Statement
- Annex 4 – Communication Policy and Annex
- Annex 5 – Early Release of Deferred Benefits Policy
- Annex 6 – Scheme of Delegation
- Annex 7 – Administration Strategy Statement

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

12. Employer Update

11.45

The report (**PF12**) covers the key operational issues around individual employer membership of the Fund, including any new applications for admissions and cessations.

The Committee is RECOMMENDED to:

(a) note the position regarding the previous applications;

(b) note the position regarding new applications for admission;

(c) note the position regarding closure of scheme employers; and

(d) confirm the intention that, in the event that Abingdon and Witney College was to cease operations before the completion of the reimbursement arrangements set out following the transfer of adult learning staff, to transfer notional assets from Abingdon and Witney College to the County Council as set out in paragraph 12 above.

13. Write Offs

11.55

The report **(PF13)** provides the Committee with summary details of the amounts written off in the last quarter in accordance with Financial Regulations of the Fund.

The Committee is RECOMMENDED to note the report.

14. Overview of Past and Current Investment Position

12:00

Tables 1 and 2 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 2015 using the following tables:

Table 1	provides a consolidated valuation of the Pension Fund at 31 March 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 31 March 2015
Table 5	provides details on the Pension Fund's top holdings

In addition to the above tables, the market value of the Fund over the past three years has been displayed graphically in Graph 1.

The Committee is RECOMMENDED to receive the tables and graph, and that the information contained in them be borne in mind, insofar as they relate to

items 16, 17 and 18 on the agenda.

15. EXEMPT ITEMS

The Committee is RECOMMENDED that the public be excluded for the duration of items 16, 17, 18, 19, and 20 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 17 and 19, there are no reports circulated with the Agenda. Any exempt information will be reported orally.

16. Overview and Outlook for Investment Markets

12:05

The report by the Independent Financial Adviser (**PF16**) 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.

17. Insight Investment

12:10

The representatives of Insight Investment (Alex Giles, Sherilee Mace and Steve Waddington) will:

- (a) present their approach to investments in relation to their part of the Fund and their strategy against the background of the current investment scene;
- (b) give their views on the future investment scene.

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

18. Report of Main Issues arising from Reports of the Fund Managers not represented at this meeting

12:50

The Independent Financial Adviser will report orally on the officer meetings with Baillie Gifford, Legal & General, Wellington and UBS in conjunction with information contained in the tables (Agenda Item 14).

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.

19. 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.*

20. Additional Voluntary Contribution (AVC) Scheme - Annual Review

13:00

The report **(PF20)** provides the annual review of the Fund's AVC Scheme, reviewing the performance of Prudential as the scheme manager, and the individual funds available to 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.*

The Committee is RECOMMENDED to note the report and to confirm the continued use of Prudential as the Council's AVC provider.

LUNCH

Pre-Meeting Briefing

There will be a pre-meeting briefing at County Hall, in the Members' Board Room, on 3 June 2015 at 2.00 pm, for the Chairman, Deputy Chairman and Opposition Group Spokesman.