

PENSION FUND COMMITTEE

MINUTES of the meeting held on Friday, 4 December 2009 commencing at 10.15 am and finishing at 12.56 pm

Present:

Voting Members: Councillor David Harvey – in the Chair

Councillor Jean Fooks
Councillor Steve Hayward (in place of Councillor Don Seale)
Councillor Stewart Lilly
Councillor Bill Service
Councillor John Tanner
Councillor Alan Thompson

District Council Representatives: District Councillor Richard Langridge

Beneficiaries Observer: Peter Fryer

Independent Financial Adviser: Peter Davies

By Invitation: Tony Wheeler (consultant)

Officers:

Whole of meeting Mr S Collins (Assistant Head of Shared Services (Financial Services)), Mr P Gerrish (Head of Finance & Procurement), Mrs D Ross (Corporate Core) and Ms M Holyman (Corporate Core)

The Committee considered the matters, reports and recommendations contained or referred to in the agenda for the meeting, together with a schedule of addenda tabled at the meeting and decided as set out below. Except insofar as otherwise specified, the reasons for the decisions are contained in the agenda, reports and schedule, copies of which are attached to the signed Minutes.

37/09 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS

(Agenda No. 1)

Apologies for absence and temporary appointments were received as follows:

Apology from	Temporary Appointment
Councillor Seale	Councillor Hayward
Councillor Wood (co-opted member)	

The Committee was advised that Brenda Churchill had resigned as beneficiaries' observer for health reasons and Peter Fryer had replaced her as the beneficiaries' observer. The Committee sent her their best wishes.

38/09 DECLARATIONS OF INTEREST

(Agenda No. 2)

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

39/09 MINUTES

(Agenda No. 3)

The Minutes of the meeting of the Committee held on 4 September 2009 were approved and signed.

On Minute 21/09 (WM Company Presentation on the Pension Fund's Investment Performance for the Twelve Months ended 31 March 2009), the Independent Financial Adviser reported, for clarification, that the reference in paragraph 2, line 5 to the underperformance of bonds was in general and did not relate to the bonds held in the Oxfordshire Fund, which had performed well.

40/09 OVERVIEW OF PAST AND CURRENT INVESTMENT POSITION

(Agenda No. 5)

The Committee was advised that Tables 1 to 19 were compiled from the custodian's records. The custodian was the Pension Fund's prime record keeper. He 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 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.

The Independent Financial Adviser reviewed the investment activity during the past quarter and presented an overview of the Fund's position as at 30 September 2009. He also updated the Committee on the current market value of the Fund's investments, which was the same as the value as at 30 September.

RESOLVED: 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 and 9 on the agenda.

41/09 EXEMPT ITEMS

RESOLVED: that the public be excluded for the duration of Items 6, 7, 8, 9, 10 and 11 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.

42/09 OVERVIEW AND OUTLOOK FOR INVESTMENT MARKETS

(Agenda No. 6)

The Committee considered a report (PF6) which set out an overview of the current and future investment scene and market developments across various regions and sectors. The Independent Financial Adviser updated the Committee orally.

RESOLVED: to receive the report, tables and graphs, to receive the oral report and to bear the Independent Financial Adviser's conclusions in mind when considering the Fund Managers' reports.

43/09 UBS GLOBAL ASSET MANAGEMENT

(Agenda No. 7)

The representatives (Mr P Harris and Ms Y Thomas) reported and reviewed 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 2009. The representatives reported that a significant portion of the cash being held for investment in property had now either been committed or invested. The representatives responded to members' questions.

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

44/09 ALLIANCE BERNSTEIN

(Agenda No. 8)

The representatives (Mr N Davidson and Mr D Stewart) reported and reviewed 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 2009. The representatives responded to members' questions.

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

45/09 REPORT OF MAIN ISSUES ARISING FROM REPORTS OF THE FUND MANAGERS NOT REPRESENTED AT THIS MEETING

(Agenda No. 9)

The Independent Financial Adviser reported that the performance of Baillie Gifford had been disappointing since the end of March and that the performance of Legal & General had exceeded the benchmarks over both the twelve-month and three-year periods.

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

46/09 SUMMARY BY THE INDEPENDENT FINANCIAL ADVISER

(Agenda No. 10)

In relation to private equity, the Independent Financial Adviser reported that the commitment to invest in Adams Street Partners and Partners Group Funds would be drawn down over a number of years. Since the last meeting, some cash had been drawn down by these Funds but no investments had been made in quoted private equity investment trusts.

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

47/09 REVIEW OF HEDGE FUNDS

(Agenda No. 11)

The Committee considered a report (PF11) which reviewed hedge fund investment including the objectives of investing in hedge funds and whether those objectives are being achieved and of investing in hedge fund replication vehicles as an alternative.

RESOLVED: to:

- (a) continue with the current allocation to Hedge Funds;
- (b) agree that Hedge Funds continue to be managed by UBS Wealth Management.

ITEMS FOLLOWING THE RE-ADMISSION OF THE PRESS AND PUBLIC

48/09 PENSION FUND ANNUAL REPORT AND ACCOUNTS FOR 2008/09

(Agenda No. 12)

(a) Pension Fund Annual Report and Accounts for 2008/09

The Committee considered the Pension Fund Annual Report and Accounts for 2008/09.

RESOLVED: to adopt formally the Pension Fund Annual Report and Accounts 2008/09.

(b) Report to those charged with Governance 2008/09: Oxfordshire County Council Pension Fund

The Committee considered the Report by the External Auditors of the Pension Fund for 2008/09 (PF12(b)). Ms J Awty and Mr S Allsop (KPMG) attended for Item 12(b).

RESOLVED: to accept the report (PF12b) to those charged with governance.

49/09 INVESTMENT MANAGER MONITORING ARRANGEMENTS

(Agenda No. 13)

The Committee considered a report (PF13) on the monitoring arrangements for the Investment Managers for 2010/11.

RESOLVED: to agree the programme of manager meetings as set out in the report, subject to the Head of Finance & Procurement scheduling attendance by Adam Street Partners/Partners Group at one of the meetings in 2010/11.

50/09 ACTUARIAL TENDER AND THE IMPLICATIONS FOR THE FUNDING STRATEGY STATEMENT

(Agenda No. 14)

The Committee considered a report (PF14) on the recent tender exercise to appoint an Actuary for the Pension Fund, following the expiry of our previous contract with Hewitt Associates, and also provides an update on the approach to our Funding Strategy Statement following the appointment of the new Actuary, and further discussions held with a number of Admitted Bodies and with the Department for Communities and Local Government and addenda circulated at the meeting.

RESOLVED: to:

- (a) note the appointment of a new Actuary with effect from 11 December 2009; and
- (b) add the option to the consultation on changes to the Funding Strategy Statement of a standard approach to future funding for all admitted bodies, with Scheduled Bodies underwriting the risk for the smaller Community Admitted Bodies.

51/09 PAYMENT OF DEATH BENEFITS

(Agenda No. 15)

The Committee considered a report (PF15) on the Chief Executive's decision, under delegated powers, in the payment of a death grant and sought delegation for future decisions where there were no contentious circumstances.

RESOLVED: to:

- (a) note the decision in making payment of the death benefits detailed in the report;
- (b) delegate authority to the Assistant Head of Shared Services (Financial Services), after consultation with the Chairman of the Pension Fund Committee, to determine non-contentious cases, subject to reporting to the next meeting of the Committee on such determinations.

52/09 DEPARTMENT OF COMMUNITIES AND LOCAL GOVERNMENT - CONSULTATION PAPER - LEARNING & SKILLS COUNCIL STAFF

(Agenda No. 16)

The Committee considered a report (PF16) on the recent consultation paper from the Government, and sought the Committee's view on any draft response it wished to make to the Government and addenda circulated at the meeting.

RESOLVED: to note the report and to respond to the Government expressing its concerns in respect of the proposed changes to the LGPS for such a small number of staff and to suggest the Government explores other options and, in particular, admission for the transferred staff to the Teachers' Pension Scheme.

53/09 INTERNAL DISPUTES RESOLUTION PROCEDURE - PAYMENT OF COMPENSATION

(Agenda No. 17)

The Committee considered a report (PF17) about a recent complaint submitted under the Internal Disputes Resolution Procedure. The complaint investigation had found fault within Pension Services, which had financially disadvantaged a Scheme Member. As the issue could not be resolved under the relevant Regulations, the Committee was recommended to agree a compensation payment which would hopefully avoid the need for the matter to be determined by the Pensions Ombudsman under a maladministration finding.

The Committee was also asked to consider whether such decisions in future cases could be determined by Officers, subject to an appropriate limit on the payment.

The Committee also considered the addenda circulated at the meeting.

RESOLVED:

- (a) based on the evidence of the report, and to compromise any future claim against the Council to the Pensions Ombudsman, to award compensation to Mr P of £2,629 to offset the requirement to repay compensatory pension to the same sum; and
- (b) to delegate authority to the Assistant Head of Shared Services (Financial Services), following consultation with the Chairman of the Pension Fund Committee and the County Solicitor, to determine payment of compensation up to £5,000 in settlement of any complaint relating to a possible claim of maladministration of the Pension Fund. All such cases should be reported to the next full meeting of the Committee for its information. Cases above £5,000 would need to be brought to the Committee for approval.

54/09 CORPORATE GOVERNANCE AND SOCIALLY RESPONSIBLE INVESTMENT

(Agenda No. 18)

The Assistant Chief Executive and Chief Finance Officer reported that she had nothing specific to report this quarter but it should be noted that all the managers had included pages within their valuation reports which provided details on their voting at company AGMs, engagement with companies and their involvement with other socially responsible initiatives.

RESOLVED: to note the report.

55/09 ANNUAL PENSION FORUM

(Agenda No. 19)

The Assistant Chief Executive and Chief Finance Officer reported that Mr Davies, the Independent Financial Adviser, the Pension Fund's Actuary and Mr Collins would give presentations at the meeting of the Forum which would take place on 9 December 2009.

RESOLVED: to note the report.

..... in the Chair

Date of signing 2010