

PENSION FUND COMMITTEE

MINUTES of the meeting held on Friday, 6 September 2013 commencing at 10.10 am and finishing at 3.20 pm.

Present:

Voting Members: Councillor Stewart Lilly – in the Chair

Councillor Patrick Greene (Deputy Chairman)

Councillor Surinder Dhesi

Councillor Jean Fooks

Councillor Mark Gray

Councillor Nick Hards

Councillor Sandy Lovatt

Councillor Neil Owen

Councillor Yvonne Constance (for Councillor Richard Langridge)

District Council Representatives: District Councillor Hywel Davies
District Councillor Jerry Patterson

By Invitation: P. Davies (Independent Financial Adviser)

Officers:

Whole of meeting S. Collins and S. Fox (Environment & Economy); D. Ross and J. Dean (Chief Executive's Office)

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

47/13 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS

(Agenda No. 1)

Councillor Yvonne Constance attended for Councillor Richard Langridge

48/13 DECLARATIONS OF INTEREST - SEE GUIDANCE NOTE

(Agenda No. 2)

Councillors Fooks, Lilly, Owen and Patterson each declared personal interests as members of the Pension Fund Scheme under the provisions of Section 18 of the Local Government & Housing Act 1989.

49/13 MINUTES

(Agenda No. 3)

The Minutes of the meetings held on 14 June 2013 and 9 July 2013 were approved and signed.

50/13 PETITIONS AND PUBLIC ADDRESS

(Agenda No. 4)

A written address from Nigel Williams, a trustee of Oxfordshire Community Foundation (OCF) – Agenda Item 19(a) – Employer Update (Exempt report).

51/13 OVERVIEW OF PAST AND CURRENT INVESTMENT POSITION

(Agenda No. 5)

Mr Davies reported that, after the unprecedented asset appreciation seen in the first quarter, there had been a capital loss of approximately £21million in the second quarter. This comprised £11million in UK equities and £12million in bonds offset by increases in overseas equities, property and hedge funds of £3million in total.

RESOLVED: to receive the tables and graphs; and that the information contained in them be borne in mind insofar as they related to items 10, 11 and 12 on the agenda.

52/13 EXEMPT ITEMS

(Agenda No. 6)

RESOLVED: that the public be excluded for the duration of items 7,8, 9,10,11,12, 13 and 14 in the Agenda since it was likely that if they were present during those items there would be disclosure of exempt information as defined in Part 1 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 was considered that, in all circumstances of each case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

53/13 EXEMPT MINUTES

(Agenda No. 7)

The exempt Minutes of the meetings held on 14 June 2013 and 9 July 2013 were approved and signed.

54/13 PRESENTATION BY THE WM COMPANY ON THE FUNDS INVESTMENT PERFORMANCE

(Agenda No. 8)

Karen Thrumble, representing the WM Company, presented her report (PF8) on the Pension Fund's investment performance for the 12 months ended 31 March 2013. The presentation compared Oxfordshire's performance against its own customised benchmark and against the WM Local Authority Pension Fund Universe. A copy of her presentation is attached to the signed copy of the Minutes.

The public were 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.*

RESOLVED: to take note of the points raised in the presentation and to thank Karen Thumble for her presentation.

55/13 OVERVIEW AND OUTLOOK FOR INVESTMENT MARKETS

(Agenda No. 9)

The Committee considered a report of the Independent Financial Adviser (PF9) which set out an overview of the current and future investment scene and market developments across various regions and sectors. Members asked a number of questions, to which the Independent Financial Adviser responded.

The public were 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.*

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

56/13 WELLINGTON

(Agenda No. 10)

The representatives, Nicola Staunton and Ian Link reported on and reviewed the present investments in relation to their part of the Fund and their strategy against the background of the current investment scene for the period which ended 30 June 2013.

The public were 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.*

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

57/13 BAILLIE GIFFORD

(Agenda No. 11)

The representatives, Anthony Dickson and Ian McCombie reported on and reviewed the present investments in relation to their part of the Fund and their strategy against the background of the current investment scene for the period which ended 30 June 2013.

The public were 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.*

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

58/13 REPORT OF MAIN ISSUES ARISING FROM REPORTS OF THE FUND MANAGERS NOT REPRESENTED AT THIS MEETING

(Agenda No. 12)

The Committee considered two notes of meetings which took place since the last meeting (PF12) with representatives from UBS Global Asset Management and Legal & General Investment Management.

The public were 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.*

RESOLVED: to note the reports.

59/13 SUMMARY BY THE INDEPENDENT FINANCIAL ADVISER

(Agenda No. 13)

The Independent Financial Adviser reported that no summary was required.

60/13 SECURITIES LENDING

(Agenda No. 14)

The Committee considered a report (PF14) which sought agreement to a revised securities lending policy following the change of Custodian arrangements.

The public were 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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RESOLVED:

- (a) to delegate to officers the responsibility for reviewing and approving the securities lending approved counterparty list;
- (b) not to make any changes to the securities lending collateral policy;
- (c) to restrict the value of securities on loan to 25% of the total fund; and
- (d) to agree the continued use of discretionary lending for UK and overseas securities.

READMISSION OF PRESS AND PUBLIC

61/13 DRAFT ANNUAL REPORT AND ACCOUNTS 2012/13

(Agenda No. 15)

The Committee considered the draft Annual Report and Accounts for 2012/13 (PF15) which showed the final accounts for the Pension Fund ended 3131 March 2012.

Mary Fetigan, representing Ernst & Young, the Fund's external auditors, attended the meeting to present the findings and to respond to questions from Members. She

reported that there were a small number of areas to conclude on but no significant risk, or any major concerns or issues had been identified to date.

Mary Fetigan was thanked for her presentation.

RESOLVED: to receive the draft report and accounts for 2012/13 subject to the meaning of the text in note 9, page 29, being made clearer.

62/13 PENSION INVESTMENT AND ADMINISTRATION OUTTURN REPORT 2 - YEAR ENDED 31 MARCH 2013

(Agenda No. 16)

The Committee had before them a report (PF16) which set out the income and expenditure for both the Pension Investment and Administration Teams during 2012/13 and which also explained key variations from the agreed budget.

Mr Gerrish pointed out that the previous Chairman had arranged for in-house member training for members of the Committee and asked if this, or an alternative, would be arranged in the future. Mr Collins confirmed that officers were currently preparing an in-house training day for the Committee members.

The Committee **AGREED** to:

- (a) receive the report PF16 and to note the outturn position; and
- (b) to request the Officers to begin organising member/staff training in the new regulations.

63/13 PENSION ADMINISTRATION - SERVICE PERFORMANCE

(Agenda No. 17)

The Committee had before them a report (PF17) which provided details of the annual review of the Pensions Administration Service, highlighting key performance indicators and any key issues over the past year.

RESOLVED: to note the report PF17.

64/13 ANNUAL REVIEW OF SCHEME POLICIES

(Agenda No. 18)

The Committee considered a report (PF18) which provided an opportunity for the Committee 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 June 2012, and the report provides an update of any key changes since that date.

RESOLVED: to approve the revised policy documents as set out in Annexes 1 – 6 of the report PF18, noting the main changes in the documents; and also noting that the Officers would be taking the necessary action to address the issues round member training as highlighted in paragraph 10 of the main report PF18.

65/13 EMPLOYER ISSUES

(Agenda No. 19)

The Committee considered two reports, the first of which (PF19(a)) gave an update on a previous application for admission to the Fund and which detailed a current case regarding the closure of a scheme employer's admission agreement. The second report (PF19(b)) updated Members of the Committee on recent employer issues including applications for admission and the closures of scheme employers.

With regard to report PF19(a), the Committee **RESOLVED** to note the exempt report and to authorise the officers to take the necessary action as set out in the report.

The public were 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.*

With regard to report PF19(b), the Committee **RESOLVED** to:

- (a) note the progress of previously approved applications for admitted body status;
- (b) approve the application for admitted body status by Adviza;
- (c) delegate the approval of new admission bodies detailed in the report to the Service Manager (Pension), following consultation with the Chairman; and
- (d) note the cessation of scheme employers as detailed in the report.

Also to request the Officers to:

- (a) ensure that the schools/and or academies understand, on admission, that they would be underwriting any risk under the new regulations;
- (b) submit a report to a future meeting, following advice from the Actuary, assessing the level of risk to the Pension Fund associated with the cessation of admission bodies;
- (c) arrange a brief training session on transferable pensions; and
- (d) request the officers to write to all those bodies who had been admitted to the Scheme under the old regulations requesting them to send the Pensions Manager a copy of their annual balance sheet on a year to year basis.

66/13 LGPS - REGULATION UPDATE

(Agenda No. 20)

The Committee had before them a report (PF20) which gave an update on the recent consultation exercise on the New Look LGPS 2014, and on future Governance

arrangements. The Committee's approval was also sought to a draft response (Annex 3) to the recent Call for Evidence on the future arrangements for the LGPS.

Attached to the report were the following annexes:

- Annexes 1 and 2 – copies of previous consultation responses;
- Annex 3 - - draft consultation response.

The Committee **AGREED** to:

- (a) note the consultation responses as set down at Annexes 1 and 2; and
- (b) authorise Sean Collins to formulate a committee response to the draft consultation, as set out at Annex 3, for submission to the Department for Communities & Local Government, following final consultation with the Chairman.

67/13 SCHEME MANAGEMENT IN OXFORDSHIRE

(Agenda No. 21)

Members discussed some of the issues being considered as part of the on-going discussions about the future management of the Oxfordshire Fund, as agreed at the 14 June 2013 meeting.

There was some uncertainty about which body within the County Council would be taking the final decision.

The Committee **RESOLVED** to:

- (a) note the report; and
- (b) request the Chairman and the Officers to take legal advice as to where the final decision should be taken with regard to the future management of the Oxfordshire Pension Fund.

68/13 WRITE OFF'S

(Agenda No. 22)

The Committee had before them a report (PF22) which set out summary details of the amounts written off in the last quarter in accordance with Financial Regulations of the Fund.

69/13 ANNUAL PENSION FORUM

(Agenda No. 23)

The Committee were reminded that the Annual Pension Forum would take place at Unipart House on **Friday 13 December 2013 at 10.00am.**

..... in the Chair

Date of signing