

PENSION FUND COMMITTEE

MINUTES of the meeting held on Friday, 13 December 2024 commencing at 10.30 am and finishing at 1.00 pm

Present:

Voting Members: Councillor Donna Ford – in the Chair

Councillor Michael O'Connor (Deputy Chair)
Councillor Imade Edosomwan
Councillor Nick Field-Johnson
Councillor John Howson
Councillor Peter Stevens
Councillor Ian Middleton

Non-Voting Members: District Councillor Jo Robb, District Councils (non-voting)
Alistair Fitt, Oxford Brookes University (non-voting)
Steve Moran, Pension Scheme Member (non-voting)

By Invitation: Anita Bhatia, Independent Financial Advisor
Simon Ward, Brunel Partnership
Bethan Jones, Brunel Partnership
Tim Dickson, Brunel Partnership

Local Pension Board Members: Alistair Bastin, Janet Wheeler

Officers: Lorna Baxter (Executive Director for Resources and Section 151 Officer), Mark Smith (Pension Service Manager), Vicki Green (Pension Services Administration Manager), Mukhtar Master (Governance & Communications Manager), Greg Ley (Pension Fund Investment Manager), Josh Brewer (Responsible Investment Manager), Anna Lloyd (Governance & Communications Officer), Lucy Brown (Senior Democratic Services Officer)

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 [agenda, reports and schedule/additional documents], copies of which are attached to the signed Minutes.

121/24 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS

(Agenda No. 1)

Apologies were received from Angela Priestley-Gibbons and Liz Hayden, Local Pension Board Members.

122/24 DECLARATIONS OF INTEREST - SEE GUIDANCE NOTE

(Agenda No. 2)

Anita Bhatia, Independent Financial Adviser advised the Committee that, in the interests of transparency, she wished to declare she was a Board Member for a Housing company discussed later on the agenda.

123/24 PETITIONS AND PUBLIC ADDRESS

(Agenda No. 3)

Councillor Michael O'Connor arrived at the meeting.

Peter Wallis and Kate Robinson, OCC Employer-Led Climate Action Group addressed the meeting, a copy of which is attached to these minutes.

Dr Spragg addressed the meeting on Item 13: Corporate Governance and Socially Responsible Investment. She noted that the Council had refrained from investing in companies involved in some of the dirtiest fossil fuels and looked forward to similar action in coal and gas in the future. She highlighted the continued environmental damage caused by the use of plastics and the connection between the use of plastic and fossil fuels.

124/24 MINUTES OF THE PENSION FUND COMMITTEE

(Agenda No. 4)

The minutes of the meeting held on 6 September 2024 were agreed as a correct record of the meeting.

125/24 MINUTES OF THE LOCAL PENSION BOARD

(Agenda No. 5)

The Committee **RESOLVED** to note the unconfirmed minutes of the Local Pension Board which had met on 18 October 2024.

126/24 REPORT OF THE LOCAL PENSION BOARD

(Agenda No. 6)

Alistair Bastin, Local Pension Board Member introduced the report which set out the items the Local Pension Board wished to draw to the attention of the Committee following their last meeting. He advised that the Board considered the reports presented to the previous Committee meeting, and introduced a new member, Janet Wheeler, as a new employer representative to the Board.

He highlighted the discussions regarding the Review of the Annual Business Plan and in particular the challenge of resourcing and noted that this continued to be a

challenge across the LGPS nationally. The Board reviewed the timelines for the Strategic Asset Allocation, which would be discussed by the Committee today and included on the agenda for the next Board meeting in January. Concerns that were raised regarding the Risk Register Report were noted for the report to the Committee.

The Committee **RESOLVED** to note the report.

127/24 REVIEW OF THE ANNUAL BUSINESS PLAN 2024/25, INCLUDING THE 'LGPS (E&W): FIT FOR THE FUTURE' CONSULTATION

(Agenda No. 7)

Mark Smith, Pension Services Manager presented the report of the Executive Director of Resources and Section 151 Officer which reviewed progress against the key priorities set out in the Annual Business Plan for 2024/25. He advised that progress had been made against all measures in the Business Plan and that compliance with the General Code of Practice continued to make progress and at present, were on target to be fully compliant by the end of the 2024/25 scheme year. Hymans Robertson had been engaged to undertake a review and scrutinise the work completed by the Fund, and an update would come to the Committee mid-2025.

In response to a query from the Committee regarding the change in role between the Administering Authority and pool following the government consultation released after the Chancellor Mansion House speech on the 14 November 2024, Mark Smith advised there were a number of options, and these would be presented to the Committee for comment and feedback ahead of the 16 January 2025 deadline. The Committee requested that a meeting be convened to agree the consultation before it was submitted, and Mark Smith agreed that this could be convened in the New Year. **(ACTION)**

In response to a query from the Committee regarding the performance of Brunel and the emphasis on boosting local investment, Mark Smith advised that the government direction is primarily based on the Committee's oversight of the Fund, rather than the level of investment.

The Committee were **RESOLVED** to:

- a) **Review progress against each of the key service priorities as set out in the report; and**
- b) **Agree any further actions to be taken to address those areas not currently on target to deliver the required objectives.**

128/24 RISK REGISTER

(Agenda No. 8)

Mukhtar Master, Governance and Communications Manager presented the report of the Executive Director of Resources and Section 151 Officer which presented the latest position on the Fund's risk register, including any new risks identified since the report to the last meeting. He advised the Committee of a new risk: Risk 24 – Impact of a potential turnover of Pension Fund Committee members as a result of the elections in May 2025 and assessed as an amber rating score 8. He also advised that Risk 13 – Insufficient Skills and Knowledge on the Committee had reduced from

amber to green due to good results received by the Committee for the National Knowledge Assessment 2024 undertaken by Hymans.

The Committee were RESOLVED to note the latest risk register and accept that the risk register covers all key risks to the achievement of their statutory responsibilities, and that the mitigation plans, where required, were appropriate.

129/24 GOVERNANCE AND COMMUNICATIONS REPORT

(Agenda No. 9)

Mukhtar Master, Governance and Communications Manager presented the report of the Executive Director of Resources and Section 151 Officer which covered the key governance and communications issues for the Fund, including a report on any breaches of regulation in the last quarter. He provided an update on the progress made regarding the General Code of Practice and advised that the Fund was on track to meet the March 2025 deadline of having reviewed all the required modules for the General Code of Practice.

He updated the Committee on mandatory training requirements following discussion at the last Committee meeting, and the advised of the two changes as follows: Committee members and substitutes must complete the pension fund induction training prior to attendance of a pension fund committee meeting, and that all committee members must complete their mandatory training by 31 December in the year that they have become a committee member. These changes, if accepted by the Committee would be implemented as part of the Constitution agreed at Full Council in April.

In response to a query raised by the Committee regarding the implementation of an appointment of an independent adviser to the Committee, Mukhtar Master advised that this could be a voting member of the Committee and future details would be available when the results of the 'Local Government Pension Scheme (England and Wales): Fit for the Future' consultation had ended.

In response to a query raised by the Committee regarding the requirement for all Committee members to complete their mandatory training by 31 December in the year they have become a committee member, it was agreed that the wording should be amended to include that committee members should 'normally' complete their mandatory training by 31 December in the year they have become a committee member. The Committee were in agreement with this change and recommendation c) was updated and shown below in italics.

The Committee were RESOLVED to:

- a) Note the Fund's update on the Pension Regulator's General Code of Practice.**
- b) Note the results of the Hymans LGPS National Knowledge Assessment 2024.**
- c) Agree changes to mandatory training requirements for Committee members *subject to the change of wording to include 'normally' complete their***

mandatory training by 31 December in the year they become a committee member.

- d) Note the proposed government proposals for fund governance as part of the 'Local Government Pension Scheme (England and Wales): Fit for the future' consultation.**
- e) Note the latest quarter's breaches for the fund.**
- f) Note the communications update.**

130/24 ADMINISTRATION REPORT

(Agenda No. 10)

Vicki Green, Pension Services Manager presented the report of the Executive Director of Resources and Section 151 Officer which updated the Committee on the key administrative issues including service performance measurement, the debt recovery process and any write offs agreed in the last quarter. She provided an update on the current level of staffing and recruitment and advised that three posts had been recruited to and steps were being taken to address those posts still outstanding which included greater use of technology and redistribution of tasks.

She advised the Committee that the data quality score reported to the Pension Regulator in the scheme was 95%, and the area for improvement was missing addresses, of which would be rectified when the new contract for an address tracing service was procured in conjunction with the Pension Dashboard project requirements.

In response to a query from the Committee regarding the level of risk associated with the McCloud project, Vicki Green advised that the number of non-OCC records had seen a slower progress, and for the risk to raise in level, greater progress would have to be made in this area which should be reported at the next Committee meeting.

The Committee expressed their thanks for all of the progress made.

The committee was RESOLVED to note:

- a) the progress of the McCloud project.**
- b) the revised benefit administration statistics and to confirm the information required for this report.**

131/24 POLICY REVIEWS

(Agenda No. 11)

Vicki Green, Pension Services Manager presented the report of the Executive Director of Resources and Section 151 Officer which updated changes to the following policies:

- Table of discretionary decisions
- Funding strategy statement
- Voluntary Scheme Pays Policy

In response to a query raised by the Committee regarding the amber discretion recorded in Annex 1, Vicki Green advised that this would be investigated and updated for the next Committee meeting.

The Committee noted that there were no changes to be made to any of the above policies and therefore these were agreed.

The Committee was RESOLVED to receive the report and note there were no changes to be made to the policies.

132/24 PENSION INVESTMENT REVIEW - A CALL FOR EVIDENCE

(Agenda No. 12)

Mark Smith, Pension Services Manager presented the report of the Executive Director of Resources and Section 151 Officer which provided a copy of the Fund's response to the recent call for evidence for noting. He advised the Committee that on 4 September 2024 HM Treasury, Department for Work and Pensions and the Ministry of Housing, Communities and Local Government issued a Call for Evidence from interested parties to inform the first phase of the Pensions Investment Review. Annex 1 provided a copy of the Administering Authorities response for reference.

The Committee was RESOLVED to:

- a) Note the final version submitted to HM Treasury after feedback from Pension Fund Committee and the Executive Director for Resources & Section 151 Officer.**

133/24 CORPORATE GOVERNANCE AND SOCIALLY RESPONSIBLE INVESTMENT

(Agenda No. 13)

Josh Brewer, Responsible Investment Officer presented the Local Authority Pension Fund Forum Quarterly Engagement Report for July – September 2024, which provided the opportunity to raise any issues concerning Corporate Governance and Responsible Investment to be brought to the attention of the Committee.

In response to a query raised by the Committee, Josh Brewer advised that both the Fund and Brunel do not utilise modelling described as 'dice' modelling as they do tend to underplay the effects of climate warming on investment fund performance.

Following an action regarding the progress made by list of companies provided in the report, Josh Brewer advised that information regarding companies of concern had been forwarded to all members of the Committee for information. He also provided an update on a report circulated to all Members regarding engagement activity carried out by the fund for companies of concern that had been highlighted in the LAPFF Q3 quarterly engagement report. An attached spreadsheet identified the level of engagement activity that had been carried out by the fund or Brunel on the issue in question, and it was noted that Brunel had continued a dialogue with Shell regarding those issues identified within the report.

It was agreed by the Committee that all future updates would be circulated with the agenda rather than sent separately by Officers.

Following further discussion, it was agreed that more information regarding the level and engagement of asset managers, and also identification of voting patterns of those asset managers could be brought to the next Pension Fund Committee Working Group. **(ACTION)**

The Committee noted the report.

Following this item, the Committee adjourned for a 10 minute break.

134/24 REPORT OF THE INDEPENDENT FINANCIAL ADVISER

(Agenda No. 14)

Anita Bhatia, Senior Advisor, as substitute for John Arthur, Independent Financial Advisor presented the report which provided an overview of the Fund's investments against the Investment Strategy Statement and commentary on any issues related to the specific investment portfolios. The report also included the quarterly investment performance monitoring report from Brunel.

She advised that from the report entitled 'Quarterly Investment Report – Q3 2024' it was noted that all asset classes continued to generate positive returns over the quarter, and the Fund was partially offset by the strength of Sterling which rose over 5% against the US Dollar and was strong against the Euro. However, it was highlighted that despite this high performance of the Sterling, the Fund had underperformed against its benchmark, and this was mainly due to under-performance of the underlying managers selected by Brunel and she welcomed the earlier questions from the Committee in addressing these issues.

The Committee expressed their frustration that despite requests, the report did not show how their own Fund had performed quarterly and yearly against the benchmark and requested this for future reports. The Committee also requested that another table be included in future reports which showed Brunel's performance against other asset classes. Anita Bhatia advised that this information could be shared independently before the next meeting and informed the Committee of other papers produced by Brunel and State Street which could be incorporated into these papers. **(ACTION)**

Anita Bhatia advised that the information provided within the report had been written for the Q3 of 2024, and therefore previously to the recent downturn of the Sterling against the US Dollar. The Committee also held a general discussion regarding the US Market in light of the new presidency and advised that a cautious approach might be advisable as a 'sticky' inflation was expected.

The Committee thanked the Independent Advisor for the report.

135/24 EXEMPT ITEMS

(Agenda No. 15)

The Committee **RESOLVED** that the public be excluded for the duration of Items 16, 17 and 18 on 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 of Page 10 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 outweighed the public interest in disclosing that information.

136/24 BRUNEL: MANAGER SELECTION AND LISTED MARKET REPORT

(Agenda No. 16)

The Committee received a report from the Executive Director of Resources and Section 151 Officer which provided oversight of the fiduciary duty in monitoring the performance of the Brunel Partnership and were joined by members of Brunel to discuss this item in private session.

The Committee requested Fund Officers investigate with the Independent Financial Advisor the ways performance of Brunel can be benchmarked against other pools. **(ACTION)**

The Committee requested pool Governance be discussed as part of the response to the recent Government consultation, a separate meeting is to be convened to discuss further. **(ACTION)**

The Committee were RESOLVED to:

- a) Note the update from Brunel Pensions Partnership.**
- b) Agree if any actions are to be taken to address areas not currently meeting Committee expectations.**

137/24 AFFORDABLE HOUSING INVESTMENT OPTIONS

(Agenda No. 17)

The Committee received a report from the Executive Director of Resources and Section 151 Officer which followed from an affordable housing training session prior to the September 2024 meeting and set out further details on the investment options for the Committee to consider.

The Committee discussed the paper in private session and that a full briefing should be organised prior to the next Committee meeting so that decisions could be taken at that meeting. Josh Brewer, Responsible Investment Officer agreed to organise an online briefing for the Committee. **(ACTION)**

The Committee was RESOLVED to:

- a) Discuss the questions posed in paragraphs 12 and 19.**

138/24 WORKFORCE STRATEGY

(Agenda No. 18)

The Committee received a report from the Executive Director of Resources and Section 151 Officer which set out the latest progress on development of the Workforce Strategy for Oxfordshire Pension Fund.

The Committee held a discussion in private session no actions were taken.

The Committee was RESOLVED to:

- a) Review progress on development of a Workforce Strategy for the Pension Fund.**
- b) Agree any further actions to be taken to support building an inclusive and sustainable workforce for the future.**

..... in the Chair

Date of signing