



To: Members of the Pension Fund Committee

Notice of a Meeting of the Pension Fund Committee

Friday, 3 March 2023 at 10.00 am

Council Chamber - County Hall, New Road, Oxford OX1 1ND

Stephen Chandler
Interim Chief Executive

February 2023

Committee Officer: **Khalid Ahmed**
Tel: 07990 368048; E-Mail: khalid.ahmed@oxfordshire.gov.uk

Membership

Chairman – Councillor Bob Johnston
Deputy Chairman – Councillor Kevin Bulmer

County Councillors

Councillor Imade
Edosomwan

Councillor Nick Field-
Johnson
John Howson

Councillor John Howson

Non-Voting Members

Non-voting Members of the Academy sector – Ms Shelley Cook and Mr Alan Staniforth
Non-voting Scheme Member Representative - Mr Steve Moran
Non-voting Member of Oxford Brookes University – Mr Alistair Fitt
Non-voting Member of District Councils – Councillor Jo Robb

Notes:

- ***Date of next meeting: 9 June 2023***

AGENDA

- 1. Apologies for Absence and Temporary Appointments**
- 2. Declarations of Interest - see guidance note**
- 3. Minutes (Pages 1 - 8)**

To approve the minutes of the meeting held on 2 December 2022 and to receive information arising from them.

- 4. Petitions and Public Address**

Members of the public who wish to speak at this meeting can attend the meeting in person or 'virtually' through an online connection. To facilitate 'hybrid' meetings we are asking that requests to speak are submitted by no later than 9am four working days before the meeting i.e., 9am on Monday 27 February 2023.

Requests to speak should be sent to khalid.ahmed@oxfordshire.gov.uk If you are speaking 'virtually', you may submit a written statement of your presentation to ensure that if the technology fails, then your views can still be taken into account. A written copy of your statement can be provided no later than 9am 2 working days before the meeting. Written submissions should be no longer than 1 A4 sheet.

- 5. Report of the Independent Investment Advisor (Pages 9 - 66)**

10.05am

This report covers an overview of the financial markets, the overall performance of the Fund's investments against the Investment Strategy Statement and commentary on any issues related to the specific investment portfolios.

The report includes the quarterly investment performance monitoring reports, including the newly designed report from Brunel.

- 6. Presentation from the Chief Investment Officer from Brunel**

10.20am

David Vickers (Brunel) will cover the main issues arising from the performance of the Brunel portfolios over the past year and highlight the key issues for the forthcoming year.

7. Strategic Asset Allocation (Pages 67 - 84)

10.35am

The report of the Independent Investment Advisor sets out the direction of travel for the Fund's Strategic Asset Allocation for the next three years.

The Committee will be recommended to approve the following recommendations.

- 1. Against a higher inflationary environment to work with Brunel to ensure that the Fund's assets continue to match the liability profile at the cashflow level, including if necessary generating sufficient income to fund increased pension payments.**
- 2. To consider if the Fund should put in place a currency hedging strategy, utilising the resources available through Brunel.**
- 3. To review the exposure to the UK equity market with the objectives of:**
 - i. Reducing the overweight position of UK Equities in comparison to the Global UK weighting over time. Consideration will be given to switching to either the Paris Aligned Global passive sub fund or to the active Global Sustainable Investment sub fund.**
 - ii. For the retained UK exposure to achieve better representation to UK plc in earnings terms and reducing carbon/ climate risk exposure, either on a passive or active basis.**
- 4. To review the Emerging Markets mandate so as to remove exposure to China so far as is practically possible.**
- 5. In the absence of similar arrangements being offered by Brunel, to retain the listed Private Equity (PE) portfolio and return the management of that to a semi-active basis to ensure that an appropriate balance of investments is maintained.**
- 6. To continue to work with Brunel and independently to meet the Fund's evolving ESG and Climate policy requirements.**
- 7. To consider the DLUHC "Levelling Up" local investment proposals**
- 8. To confirm that the Fund will continue to reinvest on a timely basis capital distributions made by legacy managers and Brunel as investments mature.**

8. Minutes of the Local Pension Board (Pages 85 - 92)

11.20am

A copy of the unconfirmed Minutes of the Local Pension Board, which met on 20 January 2023 is attached for information only.

9. Report of the Local Pension Board (Pages 93 - 94)

11.25am

The report sets out the items the Local Pension Board wishes to draw to the attention of this Committee following their last meeting in January 2023.

10. Annual Business Plan 2023/24 (Pages 95 - 120)

11.35am

This report proposes a Business Plan, Budget and Training Plan for the forthcoming financial year. The report also includes a review on progress against the key priorities set out in the Annual Business Plan for 2022/23.

The Committee is RECOMMENDED to:

- a. Note the progress against the service priorities for 2022/23;**
- b. approve the Business Plan and Budget for 2023/24 as set out at Annex 1;**
- c. approve the Pension Fund Cash Management Strategy for 2023/24.**
- d. delegate authority to the Director of Finance to make changes necessary to the Pension Fund Cash Management Strategy during the year, in line with changes to the County Council's Treasury Management Strategy;**
- e. delegate authority to the Director of Finance to open separate pension fund bank, deposit and investment accounts as appropriate;**
- f. delegate authority to the Director of Finance to borrow money for the pension fund in accordance with the regulations.**

11. Risk Register (Pages 121 - 128)

11.55am

This report presents the latest position on the Fund's risk register, including any new risks identified since the report to the last meeting.

The Committee is RECOMMENDED to note the latest risk register and agree that the risk register covers all key risks to the achievement of their statutory responsibilities, and that the mitigation plans, where required, are appropriate.

12. Communications Policy (Pages 129 - 142)

12.05pm

This report presents a review of the Communication Policy for the Fund and highlights a number of new initiatives agreed with the Pension Board to seek improvement with scheme member engagement.

The Committee is RECOMMENDED to

- a) approve the revised Communications Policy,**
- b) note the outcome of the Member Engagement Review carried out by the Governance and Communications Team and**
- c) ask Officers to develop an implementation plan based on the outcome of the Member Engagement Review.**

13. Administration Report (Pages 143 - 156)

12.15pm

This report updates the Committee on the key administration issues including service performance measurement, the debt recovery process and any write offs agreed in the last quarter.

The Committee is RECOMMENDED to

- a) Approve the increase in establishment of two administrator posts
- b) Comment on changes to way in which performance information is presented and what other information should be included
- c) Confirm whether this committee would like to receive a copy of the fire administration report to the fire pension board minutes with this report
- d) Confirm if the proposed changes to the nomination process is acceptable
- e) Confirm if the proposed changes to the recovery of overpayments in cases where the pensioner has died, is acceptable.

14. Cyber Security Report (Pages 157 - 160)

12.25pm

This report is the first annual report on cyber security and covers those issues identified during the review undertaken earlier in the year.

The Committee is RECOMMENDED to

- a) To review this report and determine any further actions to be taken
- b) To confirm that this report is to be produced on an annual basis
- c) To decide if pension specific fund penetration testing should be carried out.

15. Corporate Governance and Socially Responsible Investment

12.35pm

Members will be updated on any items not covered elsewhere on today's agenda in respect of their responsibilities in respect of corporate governance and responsible investment.

16. Exempt Items

The Committee is RECOMMENDED that the public be excluded for the duration of the following items on the Agenda (during discussion on confidential matters) 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.

PART II

17. Additional Voluntary Contributions (AVC) Review (Pages 161 - 174)

12.35pm

This report updates the Committee on the on-going review into the future AVC provision to scheme members. The Committee will be recommended to agree in principle the arrangements for the future provision of the AVC service.

The Committee is recommended to approve the recommendation contained in the confidential report.

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.

18. Brunel Special Reserved Matters (Pages 175 - 194)

12.50pm

The confidential report sets out the key issues associated with the current Special Reserved Matter issued by Brunel.

The Committee is recommended to endorse the approval to the SRM.

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.

Councillors declaring interests

General duty

You must declare any disclosable pecuniary interests when the meeting reaches the item on the agenda headed 'Declarations of Interest' or as soon as it becomes apparent to you.

What is a disclosable pecuniary interest?

Disclosable pecuniary interests relate to your employment; sponsorship (i.e. payment for expenses incurred by you in carrying out your duties as a councillor or towards your election expenses); contracts; land in the Council's area; licenses for land in the Council's area; corporate tenancies; and securities. These declarations must be recorded in each councillor's Register of Interests which is publicly available on the Council's website.

Disclosable pecuniary interests that must be declared are not only those of the member her or himself but also those member's spouse, civil partner or person they are living with as husband or wife or as if they were civil partners.

Declaring an interest

Where any matter disclosed in your Register of Interests is being considered at a meeting, you must declare that you have an interest. You should also disclose the nature as well as the existence of the interest. If you have a disclosable pecuniary interest, after having declared it at the meeting you must not participate in discussion or voting on the item and must withdraw from the meeting whilst the matter is discussed.

Members' Code of Conduct and public perception

Even if you do not have a disclosable pecuniary interest in a matter, the Members' Code of Conduct says that a member 'must serve only the public interest and must never improperly confer an advantage or disadvantage on any person including yourself' and that 'you must not place yourself in situations where your honesty and integrity may be questioned'.

Members Code – Other registrable interests

Where a matter arises at a meeting which directly relates to the financial interest or wellbeing of one of your other registerable interests then you must declare an interest. You must not participate in discussion or voting on the item and you must withdraw from the meeting whilst the matter is discussed.

Wellbeing can be described as a condition of contentedness, healthiness and happiness; anything that could be said to affect a person's quality of life, either positively or negatively, is likely to affect their wellbeing.

Other registrable interests include:

- a) Any unpaid directorships

- b) Any body of which you are a member or are in a position of general control or management and to which you are nominated or appointed by your authority.
- c) Any body (i) exercising functions of a public nature (ii) directed to charitable purposes or (iii) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union) of which you are a member or in a position of general control or management.

Members Code – Non-registrable interests

Where a matter arises at a meeting which directly relates to your financial interest or wellbeing (and does not fall under disclosable pecuniary interests), or the financial interest or wellbeing of a relative or close associate, you must declare the interest.

Where a matter arises at a meeting which affects your own financial interest or wellbeing, a financial interest or wellbeing of a relative or close associate or a financial interest or wellbeing of a body included under other registrable interests, then you must declare the interest.

In order to determine whether you can remain in the meeting after disclosing your interest the following test should be applied:

Where a matter affects the financial interest or well-being:

- a) to a greater extent than it affects the financial interests of the majority of inhabitants of the ward affected by the decision and;
- b) a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest.

You may speak on the matter only if members of the public are also allowed to speak at the meeting. Otherwise you must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation.