



To: Members of the Pension Fund Committee

Notice of a Meeting of the Pension Fund Committee

Friday, 2 December 2016 at 9.45 am

County Hall, New Road, Oxford

Peter G. Clark
County Director

November 2016

Contact Officer: **Julie Dean**
Tel: 07393 001089; E-Mail: julie.dean@oxfordshire.gov.uk

Membership

Chairman – Councillor Stewart Lilly
Deputy Chairman - Councillor Patrick Greene

Councillors

Surinder Dhesi
Jean Fooks
Nick Hards

Richard Langridge
Sandy Lovatt
Neil Owen

Les Sibley

Co-optees

City Councillor James Fry
District Councillor Bill Service

Notes:

- ***A lunch will be provided***
- ***Date of next meeting: 10 March 2017***
- ***Please note the earlier start time.***

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 **07776 997946** 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. **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 September 2016 (**PF3**) and to receive information arising from them.

4. **Minutes of the meeting of the Local Pension Board** (Pages 9 - 12)

The Local Pension Board met on 21 October 2016. The public part of the Minutes of this meeting is attached for information (**PF4**).

5. **Petitions and Public Address**
6. **Brunel Pension Partnership - Approval of full business case**
(Pages 13 - 216)

09:50

The report (**PF6**) recommended the Committee to recommend full Council to approve the full business case for the establishment of the Brunel Pension Partnership.

The report itself and Annexes 1 – 3 do not contain exempt information and are available to the public. Annexes 4 – 9 do contain commercially sensitive data relating to each of the Funds and the proposed company. The public should therefore be excluded during consideration of Annexes 4 - 9 because their discussion in public would be likely to lead to the disclosure to members of the public present of information in the following category prescribed by Part I of Schedule 12A to the Local Government Act 1972 (as amended):

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 disclosure at this time is likely to prejudice the future negotiations to set up the pooling arrangements.

Members of the Committee are advised of the following order of documents:

- Brunel Pension Partnership - Approval of Full Business Case (FBC)(public)
- Brunel Pension Partnership – Oxfordshire – FBC - Annex 1 (public)
- Brunel Pension Partnership - FBC - Document List – Annex 2 (public)
- Brunel Pension Partnership – FBC – Glossary of Terms – Annex 3 (or Annex A1 in papers) (public)
- Brunel Pension Partnership – FBC – Main Sections – Annex 4 (exempt)
- Brunel Pension Partnership – FBC – Financial Case Section - Annex 5 (exempt)
- Brunel Pension Partnership – FBC – Economic Case Section – Annex 6 (exempt)
- Brunel Pension Partnership – FBC – Commercial Case Section – Annex 7 (exempt)
- Brunel Pension Partnership – FBC – Management Case Section – Annex 8 (exempt)
- Brunel Pension Partnership – FBC – Risk Register Details (Part 11 paper) – Annex 9 (exempt)

The Committee is RECOMMENDED to RECOMMEND the following resolution to the Council:

In its capacity as the Administering Authority for the Oxfordshire County Council Pension Fund, and having received and reviewed this report and the Business Case attached to it, the Council HEREBY RESOLVES to enter into investment pooling with respect to the Oxfordshire County Council Pension Fund.

Such Resolution is made on and subject to the following terms and conditions:

- ***THAT the Brunel Pension Partnership investment pool be developed, funded and implemented substantially in accordance with the terms and provisions described in the said Business Case, and more particularly that:***
 - ***a FCA regulated company to be named Brunel Pension Partnership Limited be established, and that the company be operated with all necessary and appropriate arrangements as to its ownership, structure, governance and services capability.***
 - ***a new supervisory body comprising representatives of the Council and all other participants in the Brunel Pension Partnership be established to ensure oversight of the Council's investment and participation in the Brunel Pension Partnership.***
- ***THAT the Pensions Committee be authorised and granted delegated powers to undertake such tasks as it thinks appropriate to progress implementation of investment pooling, and to take such decisions and do all other things deemed necessary in order to promote the interests of the Council with respect to pooling, which***

without limitation shall include agreeing and authorising any documentation, contracts, terms of reference, financial expenditure or investment that may be required consequential upon the Council's participation in the Brunel Pension Partnership.

- *THAT the Chief Finance Officer and Chief Legal Officer be similarly authorised and granted delegated powers to undertake such tasks as they think appropriate to progress implementation of investment pooling, and to take such decisions and do all things deemed necessary in order to support the Pensions Committee and to promote the interests of the Council with respect to pooling, which without limitation shall include informing and advising the Pensions Committee on the continued viability and suitability of investment pooling in light of any developments, financial or otherwise, in the period up to the establishment of the Brunel Pension Partnership.*

- *THAT subject to the above, all such matters be carried out with the aim of achieving a target date for investment pooling of 1 April 2018, and otherwise subject to such intermediate steps and timescales as may be considered appropriate and necessary by the Pensions Committee.*

7. Risk Register (Pages 217 - 224)

10:40

The report updates the Committee on the Fund's Risk Register, updating the position on risks reported to the last meeting and adding in new risks identified in the intervening period (PF7).

The Committee is RECOMMENDED to note the current Risk Register.

8. Administration Report (Pages 225 - 240)

10:55

The report (PF8) updates members on current issues within the Pension Services team from both a management and an operational perspective. It also sets out the latest position in respect of the employers within the Oxfordshire Fund. It includes new requests for admission to the Fund, an update on previously approved applications and the write off of any amounts due to the Fund.

The Committee is RECOMMENDED to:

- (a) *note current team performance;*
- (b) *approve the increase in staffing levels;*
- (c) *approve the write off of £34.04; and*
- (d) *note the current positions with applications for admission to the fund and other employer changes.*

9. Fund Valuation 2016 - Update (Pages 241 - 244)

11:05

The report (**PF9**) updates the Committee on key issues arising from the provisional results of the 2016 Fund Valuation.

The Committee is RECOMMENDED to note the report and to comment on any assumptions used in this exercise.

10. Overview of Past and Current Investment Position (Pages 245 - 254)

11:20

Tables 1 to 4 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 30 September 2016 using the following tables:

Table 1	provides a consolidated valuation of the Pension Fund at 30 September 2016
Table 2	shows net investments/disinvestments during the quarter
Table 3	provides investment performance for the consolidated Pension Fund for the quarter ended 30 September 2016
Table 4	provides details on the Pension Fund's top holdings

In addition to the above tables, the performance of the Fund Managers has been produced graphically as follows:

- Graph 1 Market value of the Fund over the last three years
- Graphs 2-5 Performance of the Fund Managers attending Committee for the quarter ending 30 September 2016

The Committee is RECOMMENDED to receive the tables and graphs, and that the information contained in them be borne in mind, insofar as they relate to items 14, 15, 16, 17 and 18 on the agenda.

11. Fund Manager Monitoring Report (Pages 255 - 256)

11:30

Each year the Pension Fund Committee considers the arrangements for monitoring the performance of its Fund Managers. The report (**PF11**) sets out the proposed schedule for 2017/18 for approval.

The Committee is RECOMMENDED to approve the Fund Manager Monitoring Arrangements as set out in the report.

12. EXEMPT ITEMS

The Committee is RECOMMENDED that the public be excluded for the duration of items 13, 14, 15, 16, 17, 18 and 19 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 15 and 16, there are no reports circulated with the Agenda. Any exempt information will be reported orally.

13. Exempt Minutes - Local Pension Board (Pages 257 - 258)

11:35

The exempt part of the Local Pension Board Minutes of the meeting held on 21 October 2016 is attached for information (**PF13**)

The public was excluded during this item because its discussion in public was 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 disclosure could distort the proper process of each of the 10 Committees negotiating the final proposal. It is intended that once all Committees have agreed the final proposal for submission to Government, the final proposal will become a public document. Disclosure would also prejudice the commercial position of the individual pension funds, and future negotiations with Fund Managers.

14. Overview and Outlook for Investment Markets (Pages 259 - 266)

11:40

Report of the Independent Financial Adviser (**PF14**).

The report 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. It also sets the context for consideration of the reports from the Fund Managers. 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.

15. UBS

11:50

- (1) The Independent Financial Adviser will report orally on the performance and strategy of UBS drawing on the tables at Agenda Items 10 and 14.
- (2) The representatives (Malcolm Gordon, Scott Wilkin and Charles Burbeck) of the Fund Manager will:
 - (a) report and review 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 2016;
 - (b) give their views on the future investment scene.

In support of the above is their report for the period to 30 September 2016.

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.

16. Partners Group

12:20

- (1) The Independent Financial Adviser will report orally on the performance and strategy of Partners Group drawing on the tables at Agenda Items 10 and 14.
- (2) The representatives (Sian Roberts and Sergio Jovele) of the Fund Manager will:
 - (a) report and review 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 2016;
 - (b) give their views on the future investment scene.

In support of the above is their report for the period to 30 September 2016.

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.

17. Report of Main Issues arising from Reports of the Fund Managers not represented at this meeting (Pages 267 - 282)

12:50

The Independent Financial Adviser will report **(PF17)** on the officer meetings with Insight and Wellington as well as update the Committee on any other issues relating to the Fund Managers not present, including issues in respect of the Private Equity portfolio.

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.

18. 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.*

ITEMS FOLLOWING THE RE-ADMISSION OF THE PRESS AND PUBLIC

19. Corporate Governance and Socially Responsible Investment

13:05

This item covers any issues concerning Corporate Governance and Socially Responsible Investment which need to be brought to the attention of the Committee.

20. Annual Pension Forum

13:10

The Annual Pension Forum is scheduled to take place at **County Hall on Wednesday 18 January 2017 at 10am.** Sally Fox will report further on arrangements, if necessary.

LUNCH

Pre-Meeting Briefing

There will be a pre-meeting briefing at County Hall on **Wednesday 30 November at 11.30 am** for the Chairman, Deputy Chairman and Opposition Group Spokesman.