



To: Members of the Pension Fund Committee

## ***Notice of a Meeting of the Pension Fund Committee***

**Friday, 23 June 2017 at 11.45 am**

**Room 2 - County Hall, New Road, Oxford OX1 1ND**

Peter G. Clark  
Chief Executive

June 2017

Committee Officer: **Julie Dean**  
Tel: 07393 001089; E-Mail: [julie.dean@oxfordshire.gov.uk](mailto:julie.dean@oxfordshire.gov.uk)

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### **Membership**

Chairman – Councillor Kevin Bulmer  
Deputy Chairman - Councillor Ian Corkin

#### *Councillors*

Nicholas Field-Johnson  
Carmen Griffiths  
John Howson

Mark Lygo  
Charles Mathew  
John Sanders

Alan Thompson

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#### *Co-optees*

City Councillor James Fry  
District Councillor Bill Service

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***NB: Committee will be preceded by a training session starting at 10:00 in Meeting Room 2. Training will cover:***

- ***Roles and Responsibilities of the Pension Fund Committee***
- ***Pension Pooling and the Brunel Partnership***
- ***Key Fund Policies – to include the Investment Strategy Statement ( to include introduction to asset classes and asset allocation); Funding Strategy Statement; and Administration Strategy***
- ***A lunch will be provided***
- ***Date of Next Meeting: Friday 15 September 2017***

## 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](mailto: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 - 10)

To approve the minutes of the meetings held on 10 March 2017 (**PF3**) and 16 May 2017 (**TO FOLLOW**) and to receive information arising from them.

## 4. **Minutes of the Local Pension Board**

The unconfirmed Minutes of the Local Pension Board which met on 7 April 2017 are attached for information only at **PF4 (TO FOLLOW)**.

## 5. **Petitions and Public Address**

## 6. **Overview of Past and Current Investment Position** (Pages 11 - 16)

**12:00**

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 31 March 2017, and highlight any key performance issues using the following tables:

Table 1	Provides a consolidated valuation of the Pension Fund at 31 March 2017
Table 2	Shows net investments/disinvestments during the quarter
Table 3	Provides investment performance for the consolidated Pension Fund for the quarter ended 31 March 2017
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

***The Committee is RECOMMENDED to receive the tables and graph, and that the information contained in them be borne in mind, insofar as they relate to items 9, 10 and 11 on the agenda.***

## **7. EXEMPT ITEMS**

***The Committee is RECOMMENDED that the public be excluded for the duration of items 8, 9, 10, 11, 12 and 13 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 item 9 there are no reports circulated with the Agenda. Any exempt information will be reported orally.

## **8. Overview and Outlook for Investment Markets (Pages 17 - 24)**

**12:10**

This report of the Independent Financial Adviser (**PF8**) sets out an overview of the current and future investment scene and market developments across various regions and sectors. The report provides the context for consideration of the reports from the Fund Managers.

The report itself does not contain exempt information and is available to the public. 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.***

## **9. Insight**

**12:20**

- (1) The Independent Financial Adviser will report orally on the performance and strategy of Insight drawing on the tables at Agenda Items 6 and 8.
- (2) The representatives (Sherilee Mace and Steve Waddington) 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 31 March 2017;
  - (b) give their views on the future investment scene.

In support of the above is their report for the period to 31 March 2017.

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.***

## **10. Report of Main Issues arising from Reports of the Fund Managers not represented at this meeting (Pages 25 - 30)**

**12:50**

The Independent Financial Adviser will report on the officer meetings with Insight,

Baillie Gifford and Legal & General, as well as update the Committee on any issues relating to the Private Equity portfolio (**PF10**).

*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.**

## **11. Summary by the Independent Financial Adviser**

**12:55**

The Independent Financial Adviser will, if necessary, summarise any issues arising from the previous discussions.

*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.*

**LUNCH**

## **12. Brunel Pension Partnership - Update (Pages 31 - 42)**

**14:00**

The report (**PF12**) updates the Committee on the work of Project Brunel to develop the Brunel Pension Partnership and seeks the approval of the Committee to the execution of the legal documents to establish the Brunel Pension Partnership (BPP) Limited Company; and to appoint an individual to act as Oxfordshire's shareholder representative to the Company and to sit on the Oversight Board for the Company.

The report itself does not contain exempt information and will be available to the public. However, the Annex contained within the report does contain exempt information.

*The public should therefore be excluded during discussion of the Annex 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.*

**The Committee is RECOMMENDED to:**

- (a) delegate to the Director of Finance and the Director of Law and Governance, in consultation with the Committee Chairman, Deputy Chairman and Opposition Spokesperson the decision to execute the legal documents for the establishment of the Brunel Pension Partnership Limited;**
- (b) agree an individual to represent the Committee on the Oversight Board;**
- (c) agree an individual to act as the Shareholder's representative to attend the Shareholders' annual general meeting and to cast Oxfordshire's vote in accordance with the Committee's decision;**
- (d) agree a virement to the annual budget to allow for the latest proposal for the initial funding of the company as set out in paragraph 28 above; and**
- (e) note the progress set out in the other updates above.**

### **13. Administration Report (Pages 43 - 60)**

**14:30**

The report (**PF13**) updates the Committee on the latest position in relation to administration issues, including:

- progress against the Data Improvement Plan and the processing of the end of year returns from employers;
- the latest position on new admissions to the Fund;
- employer cessations; and
- any debt write offs.

The report itself and Annex 1 do not contain exempt information and are available

to the public. However, the report contains two further Annexes which are exempt in that they include exempt information.

*The public should therefore be excluded during discussion of Annexes 2 and 3 because their 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.*

**The Committee is RECOMMENDED to:**

- (a) note current team performance;**
- (b) note the position regarding end of year processes and the issue of annual benefit statements;**
- (c) approve the write off of £7.96;**
- (d) note the current positions with applications for admission to the fund and other employer changes; and**
- (e) decide whether to approve the release of deferred benefits in the case detailed in exempt Annex 3.**

## **ITEMS FOLLOWING THE RE-ADMISSION OF THE PRESS AND PUBLIC**

### **14. Risk Register (Pages 61 - 68)**

**14:50**

At its meeting on 11 March 2016, the Committee agreed that the risk register should form a standard item for each quarterly meeting. A copy of the report also goes to each meeting of the Pension Board for their review. This report (**PF14**) sets out any progress on the mitigation actions agreed for those risks not yet at target, and identifies any changes to the risks which have arisen since the register was last reviewed.

**The Committee is RECOMMENDED to note the current risk register.**

### **15. Review of Pension Fund Policies (Pages 69 - 178)**

**15:00**

The report (**PF15**) provides an opportunity for the Committee to undertake a formal annual review of its major policy documents held in line with the LGPS (Local Government Pension Scheme) Regulations. The Committee has previously agreed to review all such documents on a minimum of an annual basis at their June meeting. The attached policies are as follows:



- The Funding Strategy Statement – Annex 1
- The Investment Strategy Statement – Annex 2
- The Governance Policy and the Governance Compliance Statement – Annex 3
- The Communications Policy – Annex 4
- Early Release of Deferred Benefits Policy – Annex 5
- Scheme of Delegation – Annex 6
- Administration Strategy – Annex 7
- Procedure for reporting breaches of the law to the Pensions Regulator – Annex 8
- Administering Authority Discretions – Annex 9

***The Committee is RECOMMENDED to approve the revised policy documents as set out in Annexes 1-9 to this report, noting the main changes in the documents as discussed above, and the future changes required in the Governance Policy on the establishment of the Brunel Pension Partnership and the transition of Funds.***

## **16. Corporate Governance and Socially Responsible Investment**

**15:30**

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

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