



To: Members of the Pension Fund Committee

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

**Friday, 8 June 2018 at 10.15 am**

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

Peter G. Clark  
Chief Executive

May 2018

Committee Officer: **Julie Dean**  
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### **Membership**

Chairman –  
Deputy Chairman -

#### *Councillors*

Nicholas Field-Johnson  
John Howson  
Mark Lygo

Charles Mathew  
John Sanders  
Lawrie Stratford

Alan Thompson  
Kevin Bulmer  
Ian Corkin

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#### *Co-optees*

District Councillor Alaa Al-Yousuf  
District Councillor Bill Service

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#### **Notes:**

- ***A lunch will be provided***
- ***Date of next meeting: 14 September 2018***
- ***The formal meeting will be preceded at 9:30 am by a training session given by Keith Bray, Forum Officer at the Local Authority Pension Fund Forum (LAPFF), on the role of the Pension Fund Committee as a Responsible Investor and why engagement matters in delivering long term returns. This will take place in the meeting room itself.***

## 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. ELECTION OF CHAIRMAN FOR THE 2018/19 COUNCIL YEAR

To elect a Chairman for the Committee for the 2018/19 Council Year.

## 2. ELECTION OF DEPUTY CHAIRMAN FOR THE 2018/19 COUNCIL YEAR

To elect a Deputy Chairman for the 2018/19 Council year.

## 3. Apologies for Absence and Temporary Appointments

## 4. Declarations of Interest - see guidance note

## 5. Minutes (Pages 1 - 10)

To approve the minutes of the meeting held on 9 March 2018 (PF3) and to receive information arising from them.

## 6. Petitions and Public Address

## 7. Minutes of Local Pension Board and Brunel Oversight Board (Pages 11 - 22)

A copy of the unconfirmed Minutes of the Local Pension Board, which met on 20 April 2018, is attached for information only (PF7).

Also attached is a copy of the Minutes of the Brunel Oversight Board which met on 23 March 2018, again for information only (PF7).

## 8. Report of the Local Pension Board (Pages 23 - 24)

**10:25**

Attached at PF8 is the report of the Local Pension Board to this Committee. It invites the Committee to respond to the key issues raised by the Pension Board at its most recent meeting.

***The Board RECOMMENDS the Committee to:***

***(a) note the comments of the Board when discussing the relevant items***

*on this Agenda; and*

*(b) write to the Scheme Advisory Board to support the publication of national benchmark information on data quality and the issue of annual benefit statements, alongside clear guidance on the calculation of such information.*

## **9. Administration Report (Pages 25 - 36)**

**10:35**

The report (**PF9**) updates the Committee on the latest position on administration issues, including any feedback from the Pension Regulator. The Committee is invited to review the latest performance data and to comment on both the presentation format and the data itself. The report also includes the latest position on the on-going projects, employer cessations and any debt write-offs.

*The Committee is RECOMMENDED to receive the report.*

## **10. Risk Register (Pages 37 - 44)**

**10:55**

The report (**PF10**) presents the latest position on the Fund's Risk Register, including any new risks identified since the last meeting.

*The Committee is RECOMMENDED to note the current risk register and to determine any changes it wishes to make.*

## **11. Review of the Annual Business Plan 2018/19 (Pages 45 - 48)**

**11:05**

This report reviews progress to date on the key objectives, budget and training programme as set out in the 2018/19 Business Plan for the forthcoming year (**PF11**).

*The Committee is RECOMMENDED to:*

*(a) note the progress against the key service priorities within the Business Plan 2018/19; and*

*(b) agree the outline programme for the training day and confirm the date for the session.*

## 12. Annual Review of Pension Fund Policies (Pages 49 - 132)

11:25

This report (**PF12**) provides an opportunity for the Committee to undertake a formal annual review of its major policy documents held in line with the LGPS regulations. The Committee had previously agreed to review all such documents on an annual basis at its June meeting.

Annex 1 – Funding Strategy Statement  
Annex 2 – Investment Strategy Statement  
Annex 3 – Governance Policy Statement  
Annex 3 – Governance Compliance Statement  
Annex 4 – Communication Policy  
Annex 5 – Early Release of Deferred Benefits Policy  
Annex 6 – Scheme of Delegation  
Annex 7 – Administration Strategy  
Annex 8 – Reporting Breaches of Law to the Pensions Regulator  
Annex 9 – Administering Authority Discretions

With reference to Annex 2 – Investment Strategy Statement - the Committee is informed that at its 27 March 2018 meeting, the following motion from Cllr Bob Johnston was agreed by 59 votes to 0 (with 1 abstention):

"Investment, environmental, social and governance (ESG) issues are now rising rapidly up the Agenda. This is evidenced, for example by the recent decision of the Norwegian Sovereign Wealth Fund to cease investment in oil and gas. The Oxfordshire Local Pension Fund has an obligation to review its investment strategy, when the present 3-year framework expires. Council therefore calls upon the Pension Committee to incorporate the latest and best advice available on ESG matters when reviewing its policies and drawing up the next 3-year investment strategy."

***The Committee is RECOMMENDED to:***

- (a) ***approve the revised policy documents as set out in Annexes 1, 2, and 4-9 to this report, noting the main changes in the documents as discussed above; and***
- (b) ***approve in principle the changes set out in Annex 3 to the Governance Policy and Governance Compliance Statement and RECOMMEND to Council via the Audit and Governance Committee the corresponding changes to the Terms of Reference and Constitution of the Pension Fund Committee.***

**13. Overview of Past and Current Investment Position (Pages 133 - 138)**

**11:45**

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 2018 and highlight any key performance issues using the following tables:

Table 1	provides a consolidated valuation of the Pension Fund at 31 March 2018
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 2018
Table 4	provides details on the Pension Fund's top holdings

In addition to the above tables, the performance of the Fund 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 graphs, and that the information contained in them be borne in mind, insofar as they relate to items 17 and 18 on the agenda.***

**14. EXEMPT ITEMS**

***The Committee is RECOMMENDED that the public be excluded for the duration of items 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 item 17, there are no reports circulated with the Agenda. Any

exempt information will be reported orally.

**15. Exempt Minutes - 9 March 2018 Pension Fund Committee and 20 April Local Pension Board meetings (Pages 139 - 146)**

**11:50**

To **approve** the exempt Minute of the Pension Fund Committee meeting held on 9 March 2018 (below) and to receive information arising from it.

To **note** the exempt Minute of the Local Pension Board meeting held on 20 April 2018 (below).

**16. Overview and Outlook for Investment Markets (Pages 147 - 156)**

**11:50**

The attached report of the Independent Financial Adviser (PF16) 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. 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.***

**17. Insight**

**12:00**

- (1) The Independent Financial Adviser will report orally on the performance and strategy of Insight drawing on the tables at Agenda Items 13 and 16.
- (2) The representatives (Gary Wilkinson and Matt McKelvey) 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 2018;
- (b) give their views on the future investment scene.

In support of the above is their report for the period to 31 March 2018.

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.***

## **18. Report of Main Issues arising from Reports of the Fund Managers not represented at this meeting (Pages 157 - 162)**

**12:40**

To consider a report (**PF18**) from the Independent Financial Adviser on the main issues arising from the officer meetings with Baillie Gifford and Legal & General in conjunction with information contained in the tables (Agenda Item 13).

*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.***



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

**12:45**

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**

## **20. The Local Authority Pension Fund Forum (Pages 163 - 166)**

**12:50**

The report (**PF20**) invites the Committee to consider becoming a member of the Local Authority Pension Fund Forum as a means of supporting the Committee in its role as a responsible investor.

***The Committee is RECOMMENDED to agree membership of the Local Authority Pension Fund Forum and instruct the officers to make the necessary arrangements.***

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

**13:00**

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

## **22. Annual Pension Forum**

**13:05**

To set a date for the next Annual Pension Forum.

## LUNCH

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### **Pre-Meeting Briefing**

There will be a pre-meeting briefing at County Hall on **6 June 2018 at 2:00 pm** for the Chairman, Deputy Chairman and Opposition Group Spokesman.