



To: Members of the Pension Fund Committee

Notice of a Meeting of the Pension Fund Committee

Friday, 14 September 2018 at 10.00 am

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

Peter G. Clark
Chief Executive

September 2018

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

Membership

Chairman – Councillor Kevin Bulmer
Deputy Chairman - Councillor Ian Corkin

Councillors

Nicholas Field-Johnson
John Howson
Mark Lygo

Charles Mathew
John Sanders
Lawrie Stratford

Alan Thompson

Co-optees

District Councillor Alaa Al-Yousuf
District Councillor Bill Service

Notes:

- ***A lunch will be provided***
- ***Date of next meeting: 7 December 2018***

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**

To approve the minutes of the meeting held on 8 June 2018 (**PF3**) and to receive information arising from them.

4. **Petitions and Public Address**
5. **Minutes of Local Pension Board and Brunel Oversight Board**
(Pages 1 - 16)

10:05

A copy of the unconfirmed Minutes of the Local Pension Board, which met on 13 July 2018, is attached for information only (**PF5**).

Also attached is a copy of the latest Minutes of the Brunel Oversight Board which met on 18 July 2018, again for information only (**PF5**).

6. **Report of Local Pension Board** (Pages 17 - 18)

10:10

Attached at **PF6** 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 on 13 July 2018.

The Committee is RECOMMENDED to note the report of the Board and consider whether there is any specific work the Committee wishes the Board to undertake in respect of future improvements to the administration processes, with regard to paragraph 3 above.

7. **Administration Improvement Plan** (Pages 19 - 24)

10:20

This report (**PF7**) updates the Committee on progress against the administration improvement plan and the target agreed with the Pension Regulator for 31 August

2018. It also covers future plans to ensure that similar breaches of the pension regulations are not repeated going forward.

The Committee is RECOMMENDED to note the achievements against the targets set for 31 August 2018; and the key components of the comprehensive plan to be submitted to the Pension Regulator to ensure sustainable improvements going forward.

8. Review of the Annual Business Plan (Pages 25 - 28)

10:40

The report reviews progress to date on the key objectives, budget and training programme set out in the business plan for the Pension Fund for the forthcoming financial year.

The Committee is RECOMMENDED to:

- (a) note the progress against the key service priorities and budget included within the Business Plan 2018/19; and***
- (b) agree any further subjects it wishes to see included within the future training plans.***

9. Risk Register (Pages 29 - 36)

10:50

The report (**PF9**) presents the latest position on the Fund's Risk Register. It includes any new risks identified since the report to the last meeting.

The Committee is RECOMMENDED to note the current Risk Register and to determine any changes it wishes to see made.

10. Administration report (Pages 37 - 46)

11:00

The report **PF10** updates the Committee on the latest position on administration issues.

The Committee is RECOMMENDED to:

- (a) to consider whether it wishes to apply the intention of the Regulations for the pre-1998 leavers and allow member request for early payment at any time from age 55 for that group, or to wait until all options are covered in a further set of consultations and new regulations;***
- (b) determine whether this fund will / will not consider applications to 'switch on' the 85 year as this would increase costs/ on an individual***

application initially to the Pension Services Manager for decision;

(c) agree to the inclusion of the groups as set out in paragraphs 12-23 in the administration strategy, as events requiring the upfront full cost to be provided by the employer agreeing to the request/ having a policy incurring this cost;

(d) determine in respect of the case set out in paragraph 35;

(e) whether payment of the child's pension can continue from present until age 23:

- i. whether dependency in this case would hold after that date?*
- ii. What medical information the committee would require?*
- iii. Whether the committee has a view on the frequency of reviewing continued payment?*

(f) determine whether to set up an escrow account for the Fund;

(g) determine what approach is to be applied to discrepancies arising from GMP reconciliation; and

(h) agree the appointment of ITM to finalise this project at cost stated.

11. Budget Outturn Report 2017/18 (Pages 47 - 50)

11:05

The report (**PF11**) analyses the actual spend by the OCC Pension Fund during 2017/18 against the budget and highlights the reasons for any material variances.

The Committee is RECOMMENDED to receive the report and to note the outturn position.

12. Overview of Past and Current Investment Position (Pages 51 - 60)

11:10

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 within his valuation figures and may also use different exchange rates and prices compared with the fund managers. The custodian also treats dividend 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 manager.

The Independent Financial Adviser will review the investment activity during the quarter and present an overview of the Fund's position as at 30 June 2018 and highlight any key performance issues using the following tables:

Table 1	provides a consolidated valuation of the Pension Fund at 30 June 2018
Table 2	shows net investments/disinvestments during the quarter
Table 3	provides investment performance for the consolidated Pension Fund for the quarter ended 30 June 2018
Table 4	provides details of 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

Graphs 2-5 – Performance of the Fund Managers attending Committee to the quarter ended 30 June 2018

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 16, 17 and 18 on the agenda.

13. EXEMPT ITEMS

The Committee is RECOMMENDED that the public be excluded for the duration of items 14, 15, 16, 17, 18, 19, 20 and 21 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 16 and 17, there are no reports circulated with the Agenda. Any exempt information will be reported orally.

14. Exempt Minutes (Pages 61 - 64)

11:15

To **approve** the exempt Minute of the Pension Fund Committee meeting held on 8 June 2018 (PF14).

To **note** the exempt Minute of the Local Pension Board meeting held on 13 July 2018 (PF14).

15. Overview and Outlook for Investment Markets (Pages 65 - 72)

11:15

The attached report of the Independent Financial Adviser (PF15) sets out an overview of the current and future investment scene and market developments across various regions and sectors. It provides the context for the 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.

16. Baillie Gifford

11:25

(1) The Independent Financial Adviser will report orally on the performance and strategy of Baillie Gifford drawing on the tables at Agenda Items 12 and 15.

- (2) The representatives (Anthony Dickson and Ian McCombie) 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 June 2018;
 - (b) give their views on the future investment scene.

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

17. Legal and General

12:05

- (1) The Independent Financial Adviser will report orally on the performance and strategy of Legal and General drawing on the tables at Agenda Items 12 and 15.
- (2) The representatives (Chris Lyons and Tom Carr) 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 June 2018;
 - (b) give their views on the future investment scene.

In support of the above is their report for the period to 30 June 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 73 - 80)

12:45

To consider a report (**PF18**) from the Independent Financial Adviser on the main issues arising from the reports from UBS, Wellington and Adams Street Partners in conjunction with information contained in the tables (Agenda Item 12).

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

12:50

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.

20. Review of the AVC Arrangements (Pages 81 - 106)

12:55

The Local Government Pension Fund Regulations require the Administering Authority to appoint an Additional Voluntary Contributions (AVC) provider, to fulfil the statutory requirement of section 12 of the Social Security Act 1986. The authority must provide facilities whereby members may elect to pay additional contributions, within Her Majesty's Revenue and Customs limits, to provide additional benefits at retirement or in the event of death in service. These additional contributions do not form part of the Oxfordshire County Council Pension Fund and do not require an employer's contribution.

The Administering Authority appointed The Prudential Assurance Company Limited (Prudential) in 1998 to provide its AVC scheme. The Administering Authority is responsible for determining and periodically reviewing the performance of the range of fund options from which the members can select. A review of Oxfordshire County Council Pension Fund's AVC provider has been undertaken periodically by officers. It was determined that it would be appropriate to undertake an external review of the Fund's AVC arrangements including an assessment of the arrangements against other providers in the market. Aon Hewitt were appointed to undertake this review and their report is included at **PF20**.

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.*

The Committee is RECOMMENDED to:

- (a) note the report;**
- (b) continue to use Prudential as the AVC provider of the Administering Authority; and**
- (c) instruct officers to implement the recommendations of the Aon Hewitt report as deemed appropriate following discussion with Prudential.**

21. Annual Report and Accounts 2017/18 (Pages 107 - 232)

13:05

The Annual Report and Accounts for 2017/18 is before the Committee, including any comments from the Auditors (**PF21**). The report itself does not contain exempt information and is available to the public. However, Annex 1 does contain exempt information and therefore:

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.*

The Committee is RECOMMENDED to approve the Annual Report and Accounts for 2017/18.

ITEMS FOLLOWING THE RE-ADMISSION OF THE PRESS AND PUBLIC

22. Corporate Governance and Socially Responsible Investment

13:15

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.

23. Annual Pension Forum

13:20

To report any matters arising in relation to the next Forum in January 2019.

LUNCH

Pre-Meeting Briefing

There will be a pre-meeting briefing at County Hall on **Wednesday 12 September 2018** at **11:00am** for the Chairman, Deputy Chairman and Opposition Group Spokesman.