



To: Members of the Pension Fund Committee

Notice of a Meeting of the Pension Fund Committee

Friday, 8 March 2019 at 10.00 am

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

Yvonne Rees
Chief Executive

February 2019

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

Membership

Chairman – Councillor Kevin Bulmer
Deputy Chairman - Councillor Ian Corkin

County Councillors

Nicholas Field-Johnson
John Howson
Mark Lygo

Charles Mathew
John Sanders
Lawrie Stratford

Alan Thompson

District Councillors (Co-optees)

Alaa Al-Yousuf

Bill Service

Notes:

- ***A lunch will be provided***
- ***Date of next meeting: 7 June 2019***

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 7 December 2018 (**PF3**) and to receive information arising from them.

4. **Petitions and Public Address**
5. **Minutes of the Local Pension Board and the Oversight Board (Pages 9 - 22)**

10:05

A copy of the unconfirmed Minutes of the Local Pension Board, which met on 18 January 2019, is attached for information only (**PF5**).

Also attached is a copy of the approved 1 November 2018 Minutes of the Brunel Oversight Board, again for information only (**PF5**).

6. **Report of the Local Pension Board (Pages 23 - 26)**

10:10

In response to a request from the Chairman of Pension Fund Committee to have a dedicated item on each Committee agenda for the work of the Local Pension Board, attached at **PF6** is the report by the Independent Chairman of the Local Pension Board. It invites the Committee to respond to the key issues raised by the Pension Board at its most recent meeting on 18 January 2019.

The Committee is RECOMMENDED to note the Report of the Board and:

- (a) **note the comments of the Board in respect of the actions being taken to ensure that the Pensions Administration Team have adequate and appropriate resources to deliver the agreed implementation plan;**
- (b) **consider its request that all key reports in respect of the 2019 Valuation are submitted to the Board for their comments as appropriate; and**
- (c) **note its comments on the risk register and the investment in**

the low carbon portfolio and to consider this further on the separate item on the risk register elsewhere on this agenda.

7. Improvement Plan (Pages 27 - 42)

10:20

The attached report (**PF7**) updates the Committee on progress against the objectives and milestones set out in the Improvement Plan.

The Committee is RECOMMENDED to note the latest position with regard to the implementation of the Improvement Plan.

8. Review of the Annual Business Plan 2018-19 and Approval of Annual Business Plan 2019-20 (Pages 43 - 62)

10:45

The report (**PF8**) covers the Business Plan for the Pension Fund Committee for the forthcoming financial year and includes the key objectives for the forthcoming year, the proposed Budget and the Cash Management Strategy. Progress against the objectives set for the current financial year is also set out to provide the context for the forthcoming year.

The Committee is RECOMMENDED to:

- (a) approve the Business Plan and Budget for 2019/20 as set out at Annex 1;***
- (b) approve the Pension Fund Cash Management Strategy for 2019/20;***
- (c) 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;***
- (d) delegate authority to the Director of Finance to open separate pension fund bank, deposit and investment accounts as appropriate; and***
- (e) delegate authority to the Director of Finance to borrow money for the pension fund in accordance with the regulations.***

9. Risk Register (Pages 63 - 68)

11:00

The report (**PF9**) 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 comments of the Pension Board and determine any changes it wishes to see made to the Risk

Register.

10. Administration Report (Pages 69 - 74)

11:05

The Committee is updated (**PF10**) on those administration issues not covered under the Improvement Plan.

The Committee is RECOMMENDED to note the report, including the payment of £3,100 compensation following a stage 2 determination under the Adjudication of Disagreements Procedure.

11. Government Consultations (Pages 75 - 88)

11:10

Attached at **PF11** is a report which updates the Committee on recent government consultations and regulation changes and invites the Committee to approve responses to consultations on pooling guidance and pension protections on out sourcing.

The Committee is RECOMMENDED to:

- (a) approve the consultation response in respect of pooling guidance as contained in Annex 1;**
- (b) approve the consultation response in respect of pension protection as contained in Annex 2;**
- (c) note the changes introduced under the LGPS (Miscellaneous Amendment) Regulations 2018, and ask for a further report on the implications once the process and costs become clearer; and**
- (d) note the position in respect of the cost capping mechanism and consider it further as part of the 2019 Valuation process.**

12. Overview of Past and Current Investment Position (Pages 89 - 100)

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 31 December 2018 using the following tables:

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

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

Graph 1 – Market value of the Fund over the last three years

Graphs 2-7 – Performance of the Fund Managers attending Committee to the quarter ended 31 December 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 15, 16, 17, 18 and 19 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, 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 16 and 17, there are no reports circulated with the Agenda. Any exempt information will be reported orally.

14. Exempt Minutes (Pages 101 - 104)

11:25

To **note** the exempt Minute of the Local Pension Board meeting held on 18 January 2018 (PF14).

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 distort the proper process of free negotiations with another party.*

15. Overview and Outlook for Investment Markets (Pages 105 - 114)

11:25

The report (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 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. UBS Group

11:35

- (1) The Independent Financial Adviser will report orally on the performance and strategy of UBS drawing on the tables at Agenda Items 12 and 15.
- (2) The representatives (Malcolm Gordon and Anthony Sander) 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 December 2018;

- (b) give their views on the future investment scene.

In support of the above is their report for the period to 31 December 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. Wellington

12:15

- (1) The Independent Financial Adviser will report orally on the performance and strategy of Wellington drawing on the tables at Agenda Items 12 and 15.
- (2) The representatives (Nicola Staunton, Ian Link and Louise Kooy-Henckel) 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 December 2018;
 - (b) give their views on the future investment scene.

In support of the above is their report for the period to 31 December 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 115 - 122)

12:55

The Independent Financial Adviser will report orally on the officer meetings with Adams Street, Insight and Legal & General 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

13:00

The Independent Financial Adviser will, if necessary, summarise any issues arising from the previous discussions 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. Corporate Governance (Voting Review) (Pages 123 - 164)

13:05

This report (**PF20**) provides information on the voting records of the Fund Managers, which have been exercised on behalf of this Fund.

The Committee is RECOMMENDED to:

- (a) note the Fund's voting activities; and*
- (b) determine any issues it wishes to follow up with the specific fund managers, or in general.*

21. Corporate Governance and Socially Responsible Investment

13:15

This item will provide 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

13:15

The officers will report on the Annual Pension Forum which took place on 11 January 2019.

LUNCH

Pre-Meeting Briefing

There will be a pre-meeting briefing at County Hall on **Wednesday 6 March 2019 at 11am** for the Chairman, Deputy Chairman and Opposition Group Spokesman.