

These notes indicate the decisions taken at this meeting and the officers responsible for taking the agreed action. For background documentation please refer to the agenda and supporting papers available on the Council's web site (www.oxfordshire.gov.uk.)

If you have a query please contact Julie Dean (Tel: 07393 001089; E-Mail: julie.dean@oxfordshire.gov.uk)

PENSION FUND COMMITTEE - FRIDAY, 8 MARCH 2019

RECOMMENDATIONS FROM THE AGENDA	DECISIONS	ACTION
<p>1. Apologies for Absence and Temporary Appointments</p>	<p>Apologies were received from Anya Greig (Beneficiaries Observer), Cllr Mark Lygo, Cllr Alan Thompson and Cllr Lawrie Stratford</p>	<p>DLG (Julie Dean)</p>
<p>2. Declarations of Interest - see guidance note</p>	<p>There were no declarations of interest submitted.</p>	<p>DLG (Andrea Newman)</p>
<p>3. Minutes</p> <p>To approve the minutes of the meeting held on 7 December 2018 (PF3) and to receive information arising from them.</p>	<p>Approved and signed subject to an amendment (on Addenda).</p> <p>No Matters Arising.</p>	<p>DLG (Julie Dean)</p>
<p>4. Petitions and Public Address</p>	<p>No requests to address the meeting or to submit a petition were approved – potential requestees were advised to address the next meeting when an appropriate substantive item was scheduled to be on the Agenda.</p>	
<p>5. Minutes of the Local Pension Board and the Oversight Board</p> <p>A copy of the unconfirmed Minutes of the Local Pension Board, which met on 18 January 2019, is attached for information only (PF5).</p> <p>Also attached is a copy of the approved 1 November 2018 Minutes of the Brunel Oversight Board, again for information only (PF5).</p>	<p>Noted.</p> <p>Noted.</p>	<p>DLG (Julie Dean)</p>

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<p>7. Improvement Plan</p> <p>The attached report (PF7) updates the Committee on progress against the objectives and milestones set out in the Improvement Plan.</p> <p><i>The Committee is RECOMMENDED to note the latest position with regard to the implementation of the Improvement Plan.</i></p>	<p>Noted.</p> <p>The Committee requested Mr Collins to produce a Breaches Log to accord with the Committee's Breaches Policy, for each meeting of the Committee and the Board. In addition, that officers send any correspondence received from the Scheme Advisory Board or the Pensions Regulator as soon as possible to members of the Committee and the Board.</p>	
<p>8. Review of the Annual Business Plan 2018-19 and Approval of Annual Business Plan 2019-20</p> <p>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.</p> <p><i>The Committee is RECOMMENDED to:</i></p> <p><i>(a) approve the Business Plan and Budget for 2019/20 as set out at Annex 1;</i></p> <p><i>(b) approve the Pension Fund Cash Management Strategy for 2019/20;</i></p> <p><i>(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;</i></p> <p><i>(d) delegate authority to the Director of Finance to open</i></p>	<p>(a) approved;</p> <p>(b) approved;</p> <p>(c) agreed;</p> <p>(d) agreed;</p>	<p>)</p> <p>)</p> <p>)</p> <p>)</p> <p>)</p> <p>)</p> <p>)</p> <p>)</p> <p>)</p> <p>)</p> <p>)</p> <p>)</p> <p>)</p> <p>)</p> <p>)</p> <p>DF (Sean Collins)</p> <p>)</p> <p>)</p> <p>)</p> <p>)</p> <p>)</p>

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<p>Regulations 2018, and ask for a further report on the implications once the process and costs become clearer; and</p> <p>(d) note the position in respect of the cost capping mechanism and consider it further as part of the 2019 Valuation process.</p>	(d) noted.)))))))))))))))
<p>12. Overview of Past and Current Investment Position</p> <p>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.</p> <p><i>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.</i></p>	Received.	DF (Sean Collins & Greg Ley)
<p>13. EXEMPT ITEMS</p> <p><i>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</i></p>	Agreed.	

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<p><i>exemption outweighs the public interest in disclosing the information.</i></p> <p>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.</p>		
<p>14.Exempt Minutes</p> <p>To note the exempt Minute of the Local Pension Board meeting held on 18 January 2018 (PF14).</p> <p><i>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:</i></p> <p>3. <i>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.</i></p>	Noted.	All to note
<p>15.Overview and Outlook for Investment Markets</p> <p>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</p>		

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<p>exempt information.</p> <p><i>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:</i></p> <p>3. <i>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.</i></p> <p>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.</p>	<p>Received.</p>	<p>DF (Sean Collins & Greg Ley)</p>
<p>16. UBS Group</p> <p>(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.</p> <p>(2) The representatives (Malcolm Gordon and Anthony Sander) of the Fund Manager will:</p> <p>(a) report and review the present investments of their part of the Fund and their strategy against the background of</p>		

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<p>the current investment scene for the period which ended on 31 December 2018;</p> <p>(b) give their views on the future investment scene.</p> <p>In support of the above is their report for the period to 31 December 2018.</p> <p>At the end of the presentation, members are invited to question and comment and the Fund Managers to respond.</p> <p><i>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:</i></p> <p><i>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.</i></p> <p>The Committee is RECOMMENDED to note the main issues arising from the presentation and to take any necessary action, if required.</p>	<p>Noted.</p>	<p>DF(Sean Collins & Greg Ley)</p>
<p>17. Wellington</p> <p>(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.</p>		

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<p>(2) The representatives (Nicola Staunton, Ian Link and Travis Miley) of the Fund Manager will:</p> <p>(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;</p> <p>(b) give their views on the future investment scene.</p> <p>In support of the above is their report for the period to 31 December 2018.</p> <p>At the end of the presentation, members are invited to question and comment and the Fund Managers to respond.</p> <p><i>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:</i></p> <p>3. <i>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.</i></p> <p>The Committee is RECOMMENDED to note the main issues arising from the presentation and to take any necessary</p>	<p>Noted.</p>	<p>DF (Sean Collins & Greg Ley)</p>

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	<p>report back to Committee and, if deemed necessary, to write to members of the Committee to glean any other concerns, and, should there be more, to include these into the above-mentioned report, for decision.</p>	<p>))))))))</p>
<p>19. Summary by the Independent Financial Adviser</p> <p>The Independent Financial Adviser will, if necessary, summarise any issues arising from the previous discussions and answer any questions from members.</p> <p><i>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:</i></p> <p>3. <i>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.</i></p>	<p>The Independent Financial Adviser had no further issues to add.</p>	
<p>20. Corporate Governance (Voting Review)</p> <p>This report (PF20) provides information on the voting records of the Fund Managers, which have been exercised on behalf of this Fund.</p>		

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<p>The Committee is RECOMMENDED to:</p> <p>(a) note the Fund's voting activities; and</p> <p>(b) determine any issues it wishes to follow up with the specific fund managers, or in general.</p>	<p>)</p> <p>)</p> <p>Noted.</p> <p>)</p> <p>)</p>	<p>)</p> <p>)</p> <p>)</p> <p>DF (Greg Ley)</p> <p>)</p>
<p>21. Corporate Governance and Socially Responsible Investment</p> <p>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.</p>	<p>It was AGREED that Mr Collins would send out the following written statement (please see below) to members of the public who wished to challenge the Committee on its policy in respect of corporate governance and socially responsible investment.</p> <p>The Committee also noted the piece contained in the 2018 Quarterly Engagement report of the Local Authority Pension Fund Forum (LAPFF) which referred to corporate governance and socially responsible investment (included on the Addenda to the meeting).</p>	<p>DF (Sean Collins)</p>
<p>22. Annual Pension Forum</p> <p>The officers will report on the Annual Pension Forum which took place on 11 January 2019.</p> <p>-----</p> <p>Agenda Item 21 – Corporate Governance & Socially Responsible Investment</p> <p><u>Oxfordshire Local Government Pension Scheme</u></p> <p><u>Pension Fund Committee Position on Responsible Investing, including matters relating to Climate Change</u></p> <p>The formal position of the Pension Fund Committee on responsible investments are</p>	<p>There were no issues to report.</p> <p>-----</p>	<p>-----</p>

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<p>included the ESG Policy section of the Fund's Investment Strategy Statement, which is available on the Fund's website at:</p> <p>https://www.oxfordshire.gov.uk/business/pensions/pension-fund/about-fund</p> <p>and is repeated as an Annex this paper. This document is reviewed annually, with a fundamental review undertaken every three years in line with the Tri-Ennial Valuation of the Fund and a review of the Funds Asset Allocation. The next review is due to complete in March 2020. In line with the guidance, the views of interested stakeholders will be taken into account in completing the next review.</p> <p>The current position, which explicitly recognises the financial risks associated with environmental, social and governance (ESG) issues including climate change, was developed with the support of the Chief Responsible Investment Officer at the Brunel Company and previously at the Environment Agency Pension Fund. She is internationally recognised as an expert in this field, and a regular award winning for her work in the area of responsible investment.</p> <p>A key element of the current policy is to avoid blanket decisions, such as the disinvestment of all fossil fuel companies, but to make investment decisions on the merits of each individual case, and engage directly with companies to ensure they are acting to mitigate key risks. The Committee believes that such a policy both enables them to best meet their fiduciary duties, as well as contributing to the development of a sustainable future for all. The policy allows differentiation between those fossil fuel companies who are working hard to reduce their carbon emissions and switching to renewable</p>		

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<p>sources of energy, and those who have buried their head in the sand.</p> <p>The Committee have been challenged not only on their policy not to divest in all fossil free companies, but also why they don't make an allocation to the passive low carbon and/or sustainable equity portfolios managed by Brunel. It is the Committee's view that they cannot meet their fiduciary duty by blanket decisions that all fossil fuel companies are bad, and all low carbon companies are good. Each investment is examined for investment potential and risks to achieving that potential. This allows the Committee to select those fossil fuel companies who are building a sustainable future through cleaning up their processes and increasing resources developing renewable alternatives. It also allows the Committee to avoid those low carbon companies who are failing to manage other key ESG risks, including the wider risks associated with climate change. The ability to engage with companies as an active manager, with the ultimate sanction of dis-investing if the company fails to respond positively to the engagement is also seen as a key benefit of the current policy.</p> <p>The main area the Committee wish to develop is the reporting on company performance on ESG issues to enable them to validate their current policy and ensure that the Fund Managers are complying with the policy and that their engagement is effective. This work is being undertaken in conjunction with the Chief Responsible Investment Officer at Brunel, alongside the other Funds within the Brunel Pension Partnership, and it is hoped to have the first ESG report at portfolio level available as part of the quarterly performance report to 31 March 2019.</p>		

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