



To: **Members of the Pension Fund Committee**

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

**Friday, 6 September 2019 at 10.00 am**

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

Yvonne Rees  
Chief Executive

August 2019

Committee Officer: **Deborah Miller**  
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**Membership**

Chairman – Councillor Kevin Bulmer  
Deputy Chairman - Councillor Nicholas Field-Johnson

*County Councillors*

Ian Corkin  
Mark Lygo  
Charles Mathew

John Sanders  
Roz Smith  
Lawrie Stratford

Alan Thompson

*District Councillors (Co-optees - Voting)*

Alaa Al-Yousuf

Jo Robb

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**Notes:**

- ***A lunch will be provided***
- ***Date of next meeting: 6 December 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](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 - 12)**

To approve the minutes of the meeting held on 7 June 2019 (PF3) and to receive information arising from them.

4. **Petitions and Public Address**
5. **Minutes of the Local Pension Board**

**10:05**

A copy of the unconfirmed Minutes of the Local Pension Board will be circulated separately for information.

6. **Report of the Local Pension Board (Pages 13 - 14)**

**10:10**

This report will invite the Committee to respond to the key issues raised by the Pension Board at their most recent meeting.

***The Committee is RECOMMENDED to notes the comments of the Board and:***

***(a) Give further consideration to the option of investing in the passive low carbon portfolio, and the value for money of active management when is considers the fundamental asset allocation report in March 2020; and***

***(b) Note the support for mandatory training for Committee Members alongside the introduction of named substitutes in its further consideration of the issue elsewhere on this agenda.***

7. **Improvement Plan (Pages 15 - 18)**

**10:20**

This report 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 2019-20 (Pages 19 - 24)**

**10:40**

This report reviews the progress against the key objectives set in the business plan for the Pension Fund for the current financial year.

***The Committee is RECOMMENDED to note the progress against the key service priorities included within the 2019/20 Business Plan.***

**9. Risk Register (Pages 25 - 30)**

**10:50**

This report updates the Committee on the Fund's Risk Register, updating the position on risks reported to the last meeting and adding in new risks identified in the intervening period.

***The Committee is RECOMMENDED to note the changes to the risk register and offer any further comments***

**10. Administration Report (Pages 31 - 38)**

**11:00**

This report updates the Committee on those administration issues not covered under the Improvement Plan.

***The Committee is RECOMMENDED to note the report.***

**11. 2019 Valuation (Pages 39 - 44)**

**11:10**

This report updates the Committee on the work to date on the 2019 Valuation and the update of the Funding Strategy Statement.

***The Committee is RECOMMENDED to note the latest position with regard to the 2019 Valuation and the key changes planned for the Funding Strategy Statement.***

**12. Annual Reports and Accounts 2018/19 (Pages 45 - 156)**

**11:25**

The Committee are invited to note the Draft Annual Report and Accounts for 2018/19 and offer any feedback.

**13. Budget Outturn 2018/19 (Pages 157 - 160)**

**11:30**

This report sets out the outturn position against the Committee's agreed budget for 2018/19, including explanations for any material variations.

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

**14. Constitution of the Pension Fund Committee (Pages 161 - 164)**

**11:35**

This report provides further information on the options for changing the constitution of the Pension Fund Committee to ensure all members have the relevant skills and knowledge to undertake the responsibilities of the role.

***The Committee is RECOMMENDED to note the content of the report and:***

- (a) Ask Officers to draw up a Training Policy consistent with the proposals contained in the report and summarised in paragraph 18 above;***
- (b) Agree to amend their Governance Policy to mandate all Members of the Committee to complete training in line with the Training Policy;***
- (c) Determine their approach to substitutions, being either:***
  - i. No substitutions allowed or***
  - ii. Only named substitutes allowed where they have completed training in line with the Training Policy; and***
- (d) Recommend Council via the Audit and Governance Committee to make the appropriate changes to the Terms of Reference and Constitution to formalise the new governance arrangements.***

**15. Overview of Past and Current Investment Position (Pages 165 - 174)**

**11:50**

The Independent Financial Adviser will review the investment activity during the past quarter, present a summary of the Fund's position as at 30 June 2019, and highlight any key performance issues, with reference to Tables and Graphs. He will also report on the annual performance report from PIRC which compares the

Funds performance to that of its peers.

## 16. EXEMPT ITEMS

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

## 17. Overview and Outlook for Investments Markets (Pages 175 - 182)

**12:00**

The attached report of the Independent Financial Adviser (PF17) 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:*

*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.***

## 18. Legal & General

12:10

(1) The Independent Financial Adviser will report orally on the performance and strategy of Legal & General drawing on the tables at Agenda Items 14 and 17.

(2) The representatives (Chris Lyons and Tom Carr TBC) of the Fund Manager will report and review the investments within their part of the Fund.

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.***

## 19. Report on the Main Issues arising from the Reports of the Fund Managers not represented at this meeting (Pages 183 - 186)

12:50

The Independent Financial Adviser will report on the officer meeting with Wellington and UBS, and the latest position on investments with Brunel.

*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.**

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

**12:55**

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.*

## **21. Annual Review of the AVC Provision (Pages 187 - 192)**

**13:00**

The Local Government Pension Scheme 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 Council 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 is conducted annually and this report details the findings of the review undertaken in 2019. In 2018 a full review of the Fund's AVC arrangements was undertaken by Aon Hewitt.

*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 note the report and to confirm the continued use of Prudential as the Council's AVC provider.***

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

**13:10**

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.

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### **Pre-Meeting Briefing**

There will be a pre-meeting briefing at County Hall on **Wednesday 4 September 2019** at **11.00am** for the Chairman, Deputy Chairman and Opposition Group Spokesman.