

PENSION FUND COMMITTEE

MINUTES of the meeting held on Friday, 4 December 2015 commencing at 10.00 am and finishing at 1.15 pm

Present:

Voting Members: Councillor Stewart Lilly – in the Chair

Councillor Patrick Greene (Deputy Chairman)

Councillor Surinder Dhesi

Councillor Jean Fooks

Councillor Nick Hards

Councillor Richard Langridge

Councillor Neil Owen

Councillor David Wilmshurst (In place of Councillor Sandy Lovatt)

District Council Representatives: Councillor James Fry

By Invitation: Philip Wilde (Beneficiaries Observer)
Peter Davies (Independent Financial Adviser)

Officers:

Whole of meeting J. Dean (Corporate Services); S. Collins and G. Ley (Corporate Finance) and S. Fox (Environment & Economy)

The Committee considered the matters, reports and recommendations contained or referred to in the agenda for the meeting, together with a schedule of addenda tabled at the meeting and decided as set out below. Except as insofar as otherwise specified, the reasons for the decisions are contained in the [agenda, reports and schedule, copies of which are attached to the signed Minutes.

64/15 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS

(Agenda No. 1)

Councillor David Wilmshurst attended for Councillor Sandy Lovatt and apologies were received from Councillors Bill Service and Les Sibley.

65/15 DECLARATIONS OF INTEREST - SEE GUIDANCE NOTE

(Agenda No. 2)

Councillors Fooks, Lilly and Owen each declared personal interests as members of the Pension Fund Scheme under the provisions of Section 18 of the local Government Act 1989.

66/15 MINUTES

(Agenda No. 3)

The Minutes of the meeting held on 4 September 2015 were approved and signed.

There were no Matters Arising.

67/15 PETITIONS AND PUBLIC ADDRESS

(Agenda No. 4)

There were no petitions submitted or requests to make a public address.

68/15 EMPLOYER MANAGEMENT

(Agenda No. 5)

The Committee had before them a report (PF5) which gave an update on the key operational issues arising around individual employer members of the Fund, including the latest performance data. The report also included updates on applications for admissions to the Fund and details of any cessation issues.

Sally Fox gave an update stating that as at 30 November 2015, 60% of annual benefit statements had been issued and therefore it would be necessary to make further subsequent to The Pension Regulator until 100% was reached. The Chairman reported that he and the rest of the Committee had been mindful of the situation occurring, adding that now there were in excess of 200 member organisations as against approximately 80 earlier this year. He stated that he had spoken to Sally's Team who were doing exceptionally good work, but unfortunately the accurate data which the Team had been requesting from employer organisations had not been forthcoming in some cases.

RESOLVED to:

- (a) note the performance of scheme employers in making required returns;
- (b) note the number of annual benefit statements issued and to advise officers of any further actions they want taken to resolve non-return of data;
- (c) note the benchmarking data;
- (d) agree a write off of £97.33;
- (e) note the previous applications for admission to the fund & those applications approved by Service Manager (PIMMS);
- (f) agree admission of the School Lunch Company in respect of schools listed;
and
- (g) note the progress made in respect of closure valuation.

69/15 COLLABORATION UPDATE

(Agenda No. 6)

The Committee considered a report (PF6) which gave an update on future collaborative arrangements following on from announcements made by the Chancellor of the Exchequer on the requirement of Local Government Pension Schemes (LGPS) funds to identify arrangements for future collaboration.

Following a full discussion it was **RESOLVED:** (on a motion by Cllr Richard Langridge and seconded by Cllr Nick Hards) to

- (a) formally explore the option of joining the 8 funds in the South West (and others as agreed) to develop a proposal for future pooling arrangements in response to the Government's requirements; and
- (b) set up a special meeting of this Committee to agree the initial submission to the Government which is due on 19 February: this meeting will take place on or around 29 January 2015 and members of the Local Pension Board be invited to be present.

70/15 PROPOSED FUTURE TEAM STRUCTURE

(Agenda No. 7)

The Committee considered a report (PF7) which set out the proposed team structures for the Pensions Investment & Administration Teams in the light of the recent changes within the Council and the new pressures facing Pension Services.

RESOLVED: to agree the proposed team structures, as set out at Annex 2 to the report.

71/15 FUTURE WORK PROGRAMME

(Agenda No. 8)

Members considered a report (PF8) which set out the key tasks which faced the Committee over the next year, and which invited Members to consider the timescales for addressing these issues and areas which could be usefully considered in depth by the newly established Local Pension Board.

On the subject of the Training Plan, to be considered at the March 2016 meeting, the Committee recognised that training was very much a shared responsibility and was keen to identify the areas which would be of most benefit to members. An area which was identified at this meeting was that of high carbon risk investments and they asked that the offer from Baillie Gifford to present a session on this subject be taken up.

RESOLVED: to

(a) agree the list set out at Paragraph 17 of the report, ie:

| | |
|----------------|--|
| March 2016 | Collaboration |
| | Risk Management |
| | Cash Flow Forecasts |
| | Employer Management |
| | Training Plan |
| June 2016 | 2016 Valuation - Approach |
| | Collaboration Update |
| | Employer Management Update |
| September 2016 | Collaboration Update |
| | Risk Management Review |
| | Review Against Pension regulator Standards |
| December 2016 | 2016 Valuation - Results |
| | Collaboration Update |

(b) invite the Local Pension Board to initially consider the issues of collaboration and employer management (including employer communications), with further work to be undertaken on risk management following the Committee's review of the current arrangements at their March meeting.

72/15 FUND MANAGER MONITORING ARRANGEMENTS 2016-17

(Agenda No. 9)

The Committee considered a proposed schedule for 2016-17 based on last year's agreement that each Manager should attend the Committee on an annual basis (PF9).

RESOLVED: to approve the Fund Manager Monitoring Arrangements for the year 2016/17 as set out in the report.

73/15 PENSION FUND COMMUNICATIONS POLICY REVIEW

(Agenda No. 10)

The Pension Fund Committee is required to establish, review and publish its policy concerning pension scheme communications with all stakeholders. Whilst the communication policy had been presented at the previous meeting, it was relevant to re-present elements which might have altered the terms of the current strategy and its delivery.

The report (PF10) sought guidance on employer engagement and to a review of the employer's forum; and also sought approval for the adoption of a recognisable symbol for the Pension Fund. The report also required consideration of possible changes in the method of communication, in order to adopt the disclosure regulations and ensure a move to a members' self - service system.

Following a discussion it was

RESOLVED to ask the officers to convey to the employers the disappointment of the Committee at the lack of interest in the annual Pension Fund Forum, particularly in light of the important and significant changes that are currently occurring in this area; and to

- (a) agree that it is this Committee's view that employers should be mindful of their duties in keeping up to date with issues and information relating to pensions of their employees and thus to request the Local Pension Board to look at ways in which this problem could be addressed, and to report back to the Committee with a view to changes being made to the Strategy;
- (b) make changes to the policy to enable the adoption of self service; and
- (c) choose the first image of the snake's head fritillary as the logo for Oxfordshire's Fund.

74/15 OVERVIEW OF PAST AND CURRENT INVESTMENT POSITION

(Agenda No. 11)

The Independent Financial Adviser reviewed the investment activity during the past quarter and presented an overview of the Fund's position as at 30 September 2015.

Mr Davies pointed out that the overall value of the Fund had fallen by £63m at the end of September. He reported however, that since then the Fund had recouped £60 - £65m.

RESOLVED: to receive the tables and graphs and that the information contained in them be borne in mind insofar as they related to Items 13, 14, 15, 16 and 17 on the agenda.

75/15 EXEMPT ITEMS

(Agenda No. 12)

The Committee RESOLVED that the public be excluded for the duration of items 13,14,15,16 and 17 in the Agenda since it was likely that if they were present during those items there would be disclosure of exempt information as defined in Part 1 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 was considered that, in all the circumstances of each case, the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

76/15 OVERVIEW AND OUTLOOK FOR INVESTMENT MARKETS

(Agenda No. 13)

The Committee considered a report of the Independent Financial Adviser (PF13) which gave an overview of the current and future investment scene and market developments across various regions and sectors. The report itself did not contain exempt information and was available to the public.

The public was excluded during this item because its discussion in public was 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.*

RESOLVED: *to receive the report, tables and graphs and to bear the Independent Financial Adviser's conclusions in mind when considering the Fund Managers' reports.*

77/15 ADAMS STREET

(Agenda No. 14)

The Independent Financial Adviser reported orally on the performance and strategy of Adams Street drawing on the tables at Agenda Items 11 and 13.

The representatives, Ana Maria Harrison and Sergey Sheshuryak presented their approach to investments in relation to their part of the Fund and their strategy against the background of the current investment scene. They also gave their views on the future investment scene.

At the end of the presentation they responded to questions from members.

The public were 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.*

RESOLVED: to note the main issues arising from the presentation.

78/15 REVIEW OF PRIVATE EQUITY

(Agenda No. 15)

The Committee considered a report from the Independent Financial Adviser (PF15) which reviewed the private equity investments within the Fund.

The public were 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.*

RESOLVED: to note and to accept the advice of the Independent Financial Adviser as set out in the report.

79/15 REPORT OF MAIN ISSUES ARISING FROM REPORTS OF THE FUND MANAGERS NOT REPRESENTED AT THIS MEETING

(Agenda No. 16)

The Independent Financial Adviser reported on the officer meetings with UBS, Wellington and Insight in conjunction with information contained in the tables (PF16).

Discussion on this item is the subject of an exempt Minute.

The public was excluded during this item because its discussion in public was 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.*

RESOLVED: to note the main issues arising from the report and from his oral report to the meeting.

80/15 SUMMARY BY THE INDEPENDENT FINANCIAL ADVISER

(Agenda No. 17)

The Independent Financial Adviser reported that no further summary was required.

..... **ITEM FOLLOWING THE RE-ADMISSION OF THE PRESS AND PUBLIC**

81/15 CORPORATE GOVERNANCE AND SOCIALLY RESPONSIBLE INVESTMENT

(Agenda No. 18)

As part of a discussion about the Fossil Fuel lobby, the Chairman confirmed the previous stated position of the Committee ie that this Committee maintains a watchful brief and is mindful of opinions expressed by members of the public, but at the same time it must adhere to the guidance laid down by the Local Government Pension Scheme and associated case law. Furthermore, the Committee's first duty is to attain the best value possible for the 40,000 + people belonging to the Oxfordshire pension scheme. He added that the officers had been requested to quantify out of the total asset allocation how much is in fossil fuel investment.

Following a request from a member of the Committee it was **RESOLVED** that Baillie Gifford would be asked to come and talk to the Committee about investment issues in relation to climate change as well as that of fossil fuel investment.

..... in the Chair

Date of signing