

PENSION FUND COMMITTEE

MINUTES of the meeting held on Friday, 23 June 2017 commencing at 11.45 am and finishing at 3.35 pm

Present:

Voting Members: Councillor Kevin Bulmer – in the Chair

Councillor Ian Corkin (Deputy Chairman)

Councillor John Howson

Councillor Mark Lygo

Councillor Charles Mathew

Councillor John Sanders

Councillor Alan Thompson

District Councillor Bill Service

Councillor Mike Fox-Davies (In place of Councillor Nicholas Field-Johnson)

Councillor Nick Carter (In place of Councillor Carmen Griffiths)

District Council Representatives: Cllr Jean Fooks (in place of Cllr James Fry) and Cllr Bill Service

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

Officers:

Whole of meeting J Dean (Resources); Director of Finance, S. Collins, S .Fox and G, Ley (Corporate Finance)

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

28/17 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS

(Agenda No. 1)

Apologies for absence were received from:

- Cllr Carmen Griffiths – Cllr Nick Carter substituting
- Cllr Nick Field – Johnson – Cllr Mike Fox-Davies substituting
- District Councillor James Fry – District Cllr Jean Fooks substituting

29/17 DECLARATIONS OF INTEREST - SEE GUIDANCE NOTE

(Agenda No. 2)

Councillors Bulmer, Carter, Fooks, Howson, Lygo, Sanders and Thompson each declared personal interests as members of the Pension Fund Scheme under the provisions of Section 18 of the Local Government Act 1989.

30/17 MINUTES

(Agenda No. 3)

The Minutes of the last meeting held on 10 March 2017 (PF3) were approved and signed as a correct record.

There were no matters arising.

31/17 MINUTES OF THE LOCAL PENSION BOARD

(Agenda No. 4)

The Committee noted the Minutes of the Local Pension Board which met on 7 April 2017 (PF4 – Addenda).

It was decided that, in the future, the Board should be able to request a separate item on this Agenda for a particular issue that it has looked into and wishes to bring to the attention of the Committee.

32/17 PETITIONS AND PUBLIC ADDRESS

(Agenda No. 5)

There were no requests to address the meeting or to present a petition.

33/17 OVERVIEW OF PAST AND CURRENT INVESTMENT POSITION

(Agenda No. 6)

The Independent Financial Adviser reviewed the investment activity during the past quarter and presented an overview of the Fund's position as at 31 March 2017.

Mr Davies reported that the overall value of the Fund over the past financial year to 31 March 2017 had increased by nearly £500m due to equity, overseas equity, bonds and private equity gains. The last quarter had seen an £84m gain, £60m in equity, £5m in private equity, £7m in bonds and the remainder in property.

The Committee **RESOLVED** to receive the tables and graphs, and that the information contained in them be borne in mind, insofar as they related to agenda items 9, 10, and 11 on the Agenda.

34/17 EXEMPT ITEMS

(Agenda No. 7)

The Committee RESOLVED that the public be excluded for the duration of items 8, 9, 10, 11, 12 and 13 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 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 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.

35/17 OVERVIEW AND OUTLOOK FOR INVESTMENT MARKETS

(Agenda No. 8)

The report (PF8) set out 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. It also set out the context for consideration of the reports from the Fund Managers. The Independent Financial Adviser also reported orally and this information was exempt information.

The public was 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 was considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighed 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, 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.

36/17 INSIGHT

(Agenda No. 9)

The Independent Financial Adviser reported orally on the performance and strategy of Insight drawing on the tables at Agenda Items 6 and 8.

The representatives, Sherilee Mace and Matt McKelvey 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 was 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 was considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighed 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 **RESOLVED** to note the main issues arising from the presentation

37/17 REPORT OF MAIN ISSUES ARISING FROM REPORTS OF THE FUND MANAGERS NOT REPRESENTED AT THIS MEETING

(Agenda No. 10)

The Independent Financial Adviser reported on the officers meetings with Baillie Gifford and Legal & General, as well as updated the Committee on any issues relating to the Private Equity portfolio.

The public was 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 was 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 **RESOLVED** to note the main issues arising from the reports.

38/17 SUMMARY BY THE INDEPENDENT FINANCIAL ADVISER

(Agenda No. 11)

No summary was required.

39/17 BRUNEL PENSION PARTNERSHIP - UPDATE

(Agenda No. 12)

The Committee considered a report (PF12) which gave an update on the work of Project Brunel to develop the Brunel Pension Partnership and sought the approval of the Committee to the execution of the legal documents to establish the Brunel Pension Partnership (BPP) Limited Company; and to appoint an individual to act as Oxfordshire's shareholder representative to the Company and to sit on the Oversight Board for the Company.

The report itself did not contain exempt information and was available to the public. However, the Annex contained within the report did contain exempt information.

The public should have therefore been excluded during discussion of the Annex 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 was considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighed the public interest in disclosing the information.*

Some members of the Committee expressed their concerns that it would not have access to a primary source of information when decisions were made by Brunel.

The Committee **RESOLVED** to:

- (a) agree to delegate to the Director of Finance and the Director of Law & Governance, in consultation with the Committee Chairman and Opposition Spokesperson, the decision to execute the legal documents for the establishment of the Brunel Pension Partnership Limited (but to note the concerns expressed by some members of the Committee that it would not have access to a primary source of information when decisions were made by Brunel);
- (b) agree that the Chairman, Cllr Kevin Bulmer, should represent the Committee on the Oversight Board
- (c) agree that the Council's Section 151 officer, Lorna Baxter should act as the Shareholder's representative to attend the Shareholders' annual meeting and to cast Oxfordshire's vote in accordance with the Committee's decision; and to request Mr Collins to press for the Annual General Meeting date to be decided as soon as possible;
- (d) agree a virement to the annual budget to allow for the latest proposal for the initial funding of the company as set out in paragraph 28 above; and
- (e) note the progress set out in the other updates above.

40/17 ADMINISTRATION REPORT

(Agenda No. 13)

The report before the Committee (PF13) updated the Committee on the latest position in relation to administration issues, including:

- progress against the Data Improvement Plan and the processing of the end of year returns from employers;
- the latest position on new admissions to the Fund;
- Employer cessations; and
- Any debt write-offs.

The report itself did not contain exempt information and was available to the public. However, the report contained two further Annexes which were exempt in that they included exempt information.

The public was therefore excluded during discussion of Annexes 2 and 3 because their 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 was considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighed the public interest in disclosing the information.*

The Committee **RESOLVED** the following (additions and amendments shown in bold italics):

- (a) to note the current team performance ***and to congratulate the Team for all their hard work to date;***
- (b) to note the position regarding end of year processes and the issue of annual benefit statements;
- (c) to note the write off of £7.96;
- (d) to note the current positions with applications for admission to the Fund and other employer changes;
- (e) ***not to*** approve the release of deferred benefits in the case detailed in exempt Annex 3; and
- (f) ***to note Annex 2 to the report.***

41/17 RISK REGISTER

(Agenda No. 14)

The Committee considered the latest report (PF14) which set out progress made (if any) on the mitigation actions agreed for those risks not yet at target. The report also identified any changes to the risks which had arisen since the register was last reviewed.

The Chairman reported that he had requested the actions set down in (b) and (c) below.

The Committee **RESOLVED**: To: (amendments in bold italics)

- (a) note the current risk register;
- (b) ***request the Officers to produce a timeline in the future for the information of the Committee; and***
- (c) ***request the Officers to consider applying a 'deep dive' into one of the cases each quarter and to report the outcomes to Committee.***

42/17 REVIEW OF PENSION FUND POLICIES

(Agenda No. 15)

The Committee considered a report (PF15) which provided an opportunity for the Committee to undertake a formal annual review of its major policy documents held, in line with the LGPS (Local Government Pension Scheme) Regulations.

RESOLVED: (additions in bold italics)

.....

(a) to approve all the revised policy documents as set out in Annexes 1-9 to the report, whilst noting the main changes in the documents and the future changes required in the Governance Policy on the establishment of the Brunel Pension Partnership and the transition of Funds; and

(b) (moved by Cllr Nick Carter, duly seconded and carried nem con)that in the case of the Investment Strategy (Annex 2) to request the Officers to come back to a future meeting with a report on the extent to which human rights are considered in the Strategy.

43/17 CORPORATE GOVERNANCE AND SOCIALLY RESPONSIBLE INVESTMENT
(Agenda No. 16)

The Committee **RESOLVED** to request the Officers to arrange some training for members of the Committee in the Autumn.

..... in the Chair

Date of signing