

PENSION FUND COMMITTEE

MINUTES of the meeting held on Friday, 14 September 2018 commencing at 10.00 am and finishing at 1.30 pm

Present:

Voting Members: Councillor Kevin Bulmer – in the Chair

Councillor Ian Corkin (Deputy Chairman)

Councillor Nicholas Field-Johnson

Councillor John Howson

Councillor Mark Lygo

Councillor Charles Mathew

Councillor John Sanders

Councillor Alan Thompson

Representatives of all District Councils (Voting): District Councillor Alaa Al-Yousuf
District Councillor Bill Service

Officers:

Whole of meeting Chief Finance Officer; J. Dean, S. Collins and S. Fox (Resources)

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.

44/18 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS

(Agenda No. 1)

An apology was received from Cllr Lawrie Stratford.

45/18 MINUTES

(Agenda No. 3)

The Minutes of the meeting held on 8 June 2018 were approved and signed as a correct record.

46/18 PETITIONS AND PUBLIC ADDRESS

(Agenda No. 4)

Professor Allan Allport of Fossil Free Oxfordshire, addressed the Committee with reference to Agenda Items 9, Risk Register, and 21 'Annual Report and Accounts 2017/18'. He urged the Committee to waste no more time in following the lead of the Government and the United Nations to divest in fossil fuel investment. He added that, in his view, the Oxfordshire Pension Fund Committee was unlikely to fulfil its fiduciary duty unless it addressed the issue of oil and gas becoming stranded assets. Furthermore, he stated that, despite assertions made to the contrary, this would happen overnight.

Professor Allport reminded the Committee that Oxfordshire County Council, had, at its 27 March 2018 Council meeting, unanimously agreed to call upon this Committee 'to incorporate the latest and best advice available on ESG matters when reviewing its policies and drawing up the next 3-year investment Strategy'. He added that the Committee had failed to act on it and concluded by asking the Committee to proceed quickly with the transfer of its assets into one of the Fossil Free funds.

47/18 MINUTES OF LOCAL PENSION BOARD AND BRUNEL OVERSIGHT BOARD

(Agenda No. 5)

The unconfirmed Minutes of the Local Pension Board, which met on 13 July 2018 were noted.

The Minutes of the Brunel Oversight Board, which met on 18 July 2018 were also noted.

48/18 REPORT OF LOCAL PENSION BOARD

(Agenda No. 6)

The Committee had before them the latest report of the Local Pension Board (PF6).

RESOLVED: to note the report and to note in particular the Board's offer to undertake any work the Committee wished in respect of future improvements to the administration processes with regard to paragraph 3 above.

49/18 ADMINISTRATION IMPROVEMENT PLAN

(Agenda No. 7)

The Committee considered a report (PF7) which gave the latest information on progress in relation to the Administration Improvement Plan and the target agreed with the Pensions Regulator for 31 August 2018. It also covered future plans to ensure that similar breaches of the pension regulations were not repeated going forward.

The Committee was asked to note the achievements against the targets set for 31 August 2018 and the key components of the comprehensive plan to be submitted to the Pensions Regulator to ensure sustainable improvements going forward.

The Committee **RESOLVED** to:

- (a) commend Sally Fox and her Team for all their achievements against the targets set and to look forward to the Teams' continued efforts to seek further improvements to the target;
- (b) request Mr Collins to bring a report to the December 2018 meeting setting out what resources the Team had to escalate the iconnect programme; and
- (c) to include a standard item on each Committee agenda for the time being on progress in relation to the iconnect programme.

The Committee **RESOLVED** to move into exempt session in order to discuss information received from the Pension Regulator since the Agenda despatch appertaining to the Administration Improvement Plan. This will be the subject of a confidential Minute in that it was;

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 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.*

50/18 REVIEW OF THE ANNUAL BUSINESS PLAN

(Agenda No. 8)

The Committee had before them a report (PF8) which reviewed progress to date on the key objectives and the budget and training programme, as set out in the Business Plan for the Oxfordshire Pension Fund for the forthcoming year.

RESOLVED: to

- (a) note the progress against the key service priorities and budget included within the Business Plan 2018/19; and
- (b) notify Mr Collins of any further subjects which members wish to see included within the future training plans.

51/18 RISK REGISTER

(Agenda No. 9)

The Committee had before them the latest position on the Fund's Risk Register which included any new risks identified since the report to the last meeting (PF9).

The Committee was asked to note the current Risk Register and to determine any changes it wished to see made.

RESOLVED: to note the current Risk Register and to make no changes at this time.

52/18 ADMINISTRATION REPORT

(Agenda No. 10)

The Committee considered a report (PF10) which gave an update on the latest position on administration issues and which requested determination on a number of issues as set out in the report, the resolutions for which are set out below.

RESOLVED:

- (a) with regard to the question of whether to apply the intention of the Regulations for the pre-1998 leavers and to allow member request for early payment at any time from age 55 for that group, it was agreed to apply the current regulations until such time as there was a further set of consultations and regulations and to request Mrs Fox to send an accompanying explanatory letter to those people who submitted a request;
- (b) not to consider applications to switch the 85 - year rule on the grounds that this would be a cost to the Fund rather than to the employer;
- (c) agree to the inclusion of the groups as set out in paragraphs 12-23 in the Administration Strategy and to add an inclusion into the Administration Strategy that the employer would be liable for payment of the one-off lump sum;
- (d) with regard to the case set out in paragraph 35 of the report, to agree that the child's pension should continue until age 23 on the proviso that a doctor's letter is submitted confirming that the child meets the Disability Discrimination Act's definition of disability; and to review the case again at age 23;
- (e) agree that one escrow account should be set up to cover all payments to enable payment to be made within two years; and to request the officers to work with relevant partners to try to assist those people who choose not take their pension for whatever reason;
- (f) agree that in the case of overpayment of a pension, to write off all cases under £10k, those over £10k to come back to Committee for further consideration; and
- (g) agree the appointment of ITM to finalise this project at the cost stated in the report.

53/18 BUDGET OUTTURN REPORT 2017/18

(Agenda No. 11)

The Committee had before them a report (PF11) which analysed the actual spend by the Oxfordshire Pension Fund during 2017/18 against the budget and highlighting the reasons for any material variances.

Officers were requested to give more detail on what the shortfall represented and whether there would be funding to off-set it.

RESOLVED: to receive the report and to note the outturn position.

54/18 OVERVIEW OF PAST AND CURRENT INVESTMENT POSITION

(Agenda No. 12)

The Independent Financial Adviser reviewed the investments activity during the past quarter and presented an overview of the Fund's position as at 30 June 2018.

Mr Davies reported that the overall size of the Fund was the highest it had ever been and the rise in the second quarter of 2018 was largely due to appreciation from UK equities, which had out-performed overseas equities and a small gain in property. He added that the value of the Fund was slightly higher to date than it had been at the end of June.

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 16, 17 and 18 on the Agenda.

55/18 EXEMPT ITEMS

(Agenda No. 13)

The Committee RESOLVED that the public be excluded for the duration of items 14, 15, 16, 17, 18, 19, 20 and 21 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.

56/18 EXEMPT MINUTES

(Agenda No. 14)

The exempt Minute of the Pension Fund Committee meeting held on 8 June 2018 was approved and signed as a correct record (PF14).

The exempt Minute of the Local Pension Board meeting held on 13 July 2018 was noted (PF14).

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 distort the proper process of free negotiations with another party.

57/18 OVERVIEW AND OUTLOOK FOR INVESTMENT MARKETS

(Agenda No. 15)

The Committee had before them a report of the Independent Financial Adviser (PF15) which 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. Information which the Independent Financial Adviser reported orally was exempt information.

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 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 and to bear the Independent Financial Adviser's conclusions in mind when considering the Fund Managers' reports.

58/18 BAILLIE GIFFORD

(Agenda No. 16)

The Independent Financial Adviser reported orally on the performance and strategy of Baillie Gifford drawing on the tables at Agenda items 12 and 15.

The representatives, Anthony Dickson and Ian McCombie of the Fund Manager presented their approach to investments in relation to their part of the Fund and their strategy against the background of the current investment scene.

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

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 in funding the Pension Fund.

RESOLVED: to

- (a) note the main issues arising from the presentation; and
- (b) thank Baillie Gifford for the services provided to the Fund over the last 15 years, noting that this would be the last time they saw them as manager of the Committee's UK mandate.

59/18 LEGAL AND GENERAL

(Agenda No. 17)

The Independent Financial Adviser reported orally on the performance and strategy of Legal and General drawing on the tables at Agenda items 12 and 15.

The representatives, Chris Lyons and Tom Carr of the Fund Manager presented their approach to investments in relation to their part of the Fund and their strategy against the background of the current investment scene.

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

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 in funding the Pension Fund.*

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

60/18 REPORT OF MAIN ISSUES ARISING FROM REPORTS OF THE FUND MANAGERS NOT REPRESENTED AT THIS MEETING

(Agenda No. 18)

The Committee considered a report from the Independent Financial Adviser (PF18) on the main issues arising from the reports from UBS, Wellington and Adams Street Partners in conjunction with information contained in the tables at Agenda Item 12.

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 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 note the main issues arising from the reports.

61/18 SUMMARY BY THE INDEPENDENT FINANCIAL ADVISER

(Agenda No. 19)

No summary was required.

62/18 REVIEW OF THE AVC ARRANGEMENTS

(Agenda No. 20)

The Local Government Pension Fund 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 Pension Fund and do not require an employer's contribution.

The Administering Authority 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 the Oxfordshire Pension Fund's AVC provider had been undertaken by officers and it had been determined that it would be appropriate to undertake an external review of the Fund's AVC arrangements, including an assessment of the arrangements against other providers in the market. Aon Hewitt was appointed to undertake this review and its report is attached at PF20.

The public 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 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.*

RESOLVED: to

- (a) note the report;
 - (b) continue to use Prudential as the AVC provider of the Administering Authority;
- and

(c) instruct the officers to implement the recommendations of the Aon Hewitt report as deemed appropriate following discussion with Prudential.

63/18 ANNUAL REPORT AND ACCOUNTS 2017/18

(Agenda No. 21)

The Annual Report and Accounts was before the Committee for approval, including any comments from the Auditors (PF21). The report itself did not contain exempt information and was available to the public. However, Annex 1 did contain exempt information and therefore:

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 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 approve the Annual Report and Accounts for 2017/18.

READMISSION OF PRESS AND PUBLIC

64/18 CORPORATE GOVERNANCE AND SOCIALLY RESPONSIBLE INVESTMENT

(Agenda No. 22)

No issues were raised.

65/18 ANNUAL PENSION FORUM

(Agenda No. 23)

There were no matters arising.

..... in the Chair

Date of signing