



To: Members of the Pension Fund Committee

Notice of a Meeting of the Pension Fund Committee

Friday, 15 September 2017 at 10.00 am

Rooms 2 & 3, County Hall, New Road, Oxford

Peter G. Clark
Chief Executive

September 2017

Committee Officer: **Julie Dean**
Tel: 07393 001089; E-Mail: julie.dean@oxfordshire.gov.uk

Membership

Chairman – Councillor Kevin Bulmer
Deputy Chairman - Councillor Ian Corkin

Councillors

Nicholas Field-Johnson
Carmen Griffiths
John Howson

Mark Lygo
Charles Mathew
John Sanders

Alan Thompson

Co-optees

City Councillor James Fry
District Councillor Bill Service

Notes:

- ***A lunch will be provided***
- ***Date of next meeting: 1 December 2017***

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 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 - 8)**

To approve the minutes of the meeting held on 23 June 2017(PF3) and to receive information arising from them.

4. **Petitions and Public Address**
5. **Minutes of the Local Pension Board (Pages 9 - 16)**

The unconfirmed Minutes of the Local Pension Board which met on 21 July 2017 are attached for information only at PF5.

6. **Report of the Local Pension Board (Pages 17 - 20)**

10:10

This report (PF6) is the first report of the Local Pension Board to the Pension Fund Committee in response to the request from the new Chairman of the Committee to have a dedicated item on each Committee Agenda where the Committee can properly discuss the work of the Board and any issues identified.

The Committee is RECOMMENDED to:

- (a) ***note and support the work programme of the Pension Board and advise of any additional areas of focus that they would wish the Board to prioritise;***
- (b) ***note the comments of the Board in respect of the collection of scheme data and support the future investment in i-connect and greater standardisation of data collection practices;***
- (c) ***consider the risk scores for risks 4, 8 and 10 as requested by the Pension Board; and***
- (d) ***endorse the proposal that future meetings of both this Committee and the Pension Board should receive an update report on the progress on delivering the annual business plan.***

7. Review of the Annual Business Plan - 2017/18 (Pages 21 - 26)

10:20

The report **(PF7)** provides an update on progress against the key service priorities agreed within the Annual Business Plan at the March Committee for the 2017/18 financial year. This includes an update on the latest position on the Brunel Pension Partnership.

The Committee is RECOMMENDED to:

- (a) note the progress against the key service priorities identified in the 2017/18 Business Plan, and***
- (b) agree the date of the next Brunel Engagement Session as 17 November 2017 at County Hall, Oxford.***

8. Risk Register (Pages 27 - 36)

10:40

The report **(PF8)** presents the latest position 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 **(PF8)**.

The Committee is RECOMMENDED to:

- (a) note the current risk register;***
- (b) consider the risk scores for risks 4, 8 and 10 as requested by the Pension Board; and***
- (c) note the proposed full day's training programme to be held for all members of the Pension Committee and Pension Board.***

9. Scheme Advisory Board - Consultations (Pages 37 - 66)

10:50

The Scheme Advisory Board (SAB) which was set up under the Public Service Pensions Act 2013 to advise the Secretary of State and to act as a co-ordinator for best practice for the individual LGPS pension funds, has recently issued a number of key papers. Two of these are consultation papers with a closing date of 29 September 2017. The third is a template to enable LGPS Funds to seek to opt up to professional status under the new Markets in Financial Instruments Directive (MiFID II).

This report **(PF9)** invites the Committee to consider the implications of the three papers, and to agree responses to the two consultation documents and a way forward in response to MiFID II.

The Committee is RECOMMENDED to:

- (a) agree the consultation response on academies objectives as set down in Annex 1;**
- (b) determine whether they wish to support the establishment of the Cross Pool Information Forum, and agree the consultation response at Annex 2 as amended where appropriate;**
- (c) note the consequences of electing not to opt up to professional client status with all relevant institutions including Brunel Pension Partnership Ltd;**
- (d) agree that the Pension Fund should seek to opt-up to elective professional client status with all relevant institutions and should commence this process as soon as possible;**
- (e) acknowledge and agree, in applying to be treated as a professional client, to forgo the protections afforded to retail clients; and**
- (f) delegate responsibility for completing and submitting all the applications, and whether this is on a full or single service basis, to the Service Manager (Pensions).**

10. Administration Report (Pages 67 - 72)

11:00

This report (**PF10**) updates the Committee on the latest position in relation to administration issues outside of the Business Plan, including the latest position on new admissions to the Fund, employer cessations and any debt write offs.

The Committee is RECOMMENDED to note the report.

11. Oxfordshire Pension Fund - Report and Accounts 2016-2017 (Pages 73 - 178)

11:10

The Annual Report and Accounts for 2016/17 (**PF11**) is presented to the Committee for comment and amendment before the document is finalised.

The Committee is RECOMMENDED to review the document and to make any comments or amendments before it is finalised.

12. Budget Outturn 2016/17 (Pages 179 - 182)

11:20

The report (**PF12**) analyses the actual spend by the Oxfordshire County Council Pension Fund during 2016/17 against the budget; and highlights the reasons for any material variance.

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

13. Pensions Administration - Service Performance (Pages 183 - 188)

11:30

The report (**PF13**) sets out the key performance data in respect of the Pension Services Team, commenting on variations in actual performance compared to the target levels set out in the Service Level Agreements.

The Committee is RECOMMENDED to note the report.

14. Overview of Past and Current Investment Position (Pages 189 - 198)

11:40

Tables 1 to 4 are compiled from the custodian's records. The custodian is the Pension Fund's prime record keeper. He accrues for dividends and recoverable overseas tax within his valuation figures and may also use different exchange rates and pricing sources compared with the fund managers. The custodian also treats dividend scrip issues as purchases which the fund managers may not do. This may mean that there are minor differences between the tabled figures and those supplied by the managers.

The Independent Financial Adviser will review the investment activity during the past quarter and present an overview of the Fund's position as at 30 June 2017 using the following tables:

Table 1	provides a consolidated valuation of the Pension Fund at 30 June 2017
Table 2	shows net investments/disinvestments during the quarter
Table 3	provides investment performance for the consolidated Pension Fund for the quarter ended 30 June 2017
Table 4	provides details on the Pension Fund's top holdings

In addition to the above tables, the performance of the Fund Managers has been produced graphically as follows:

Graph 1 Market value of the Fund over the last three years
Graphs 2 – 5 Performance of the Fund Managers attending Committee, for the quarter ended 30 June 2017

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 16, 17, 18, 19 and 20 on the agenda.

15. EXEMPT ITEMS

The Committee is RECOMMENDED that the public be excluded for the duration of items 16, 17, 18, 19 and 20 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 17, 18 and 20, there are no reports circulated with the Agenda. Any exempt information will be reported orally.

16. Overview and Outlook for Investment Markets (Pages 199 - 206)

11:45

This report of the Independent Financial Adviser (**PF16**) report sets out an overview of the current and future investment scene and market developments across various regions and sectors; and 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 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:

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 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.

17. Baillie Gifford

11:55

- (1) The Independent Financial Adviser will report orally on the performance and strategy of Baillie Gifford drawing on the tables at Agenda Items 14 and 16.
- (2) The representatives (Anthony Dickson and Ian McCombie) of the Fund Manager will:
 - (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 30 June 2017;
 - (b) give their views on the future investment scene.

In support of the above is their report for the period to 30 June 2017.

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.

18. Legal & General

12:35

- (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 16.
- (2) The representatives (Chris Lyons and Tom Carr) of the Fund Manager will:
 - (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 30 June 2017;

- (b) give their views on the future investment scene.

In support of the above is their report for the period to 30 June 2017.

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 of Main Issues arising from Reports of the Fund Managers not represented at this meeting (Pages 207 - 212)

13:15

Attached at **PF19** is a report by the Independent Financial Adviser on the officer meetings with UBS Asset Management and Wellington.

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

13:20

The Independent Financial Adviser will, if necessary, summarise any issues arising

from the previous discussions 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.*

ITEMS FOLLOWING THE RE-ADMISSION OF THE PRESS AND PUBLIC

21. Corporate Governance and Socially Responsible Investment

13:25

This item covers any issues concerning Corporate Governance and Socially Responsible Investments which need to be brought to the attention of the Committee.

LUNCH

Pre-Meeting Briefing

There will be a pre-meeting briefing at County Hall on **Wednesday 13 September 2017** at **11:00am** for the Chairman, Deputy Chairman and Opposition Group Spokesman.