


To: Members of the Pension Fund Committee

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

**Friday, 9 March 2018 at 10.00 am**

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



Peter G. Clark  
Chief Executive

February 2018

Committee Officer: **Julie Dean**  
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### **Membership**

Chairman – Councillor Kevin Bulmer  
Deputy Chairman - Councillor Ian Corkin

#### *Councillors*

Nicholas Field-Johnson  
John Howson  
Mark Lygo

Charles Mathew  
John Sanders  
Lawrie Stratford

Alan Thompson

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#### *Co-optees*

City Councillor James Fry  
District Councillor Bill Service

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#### **Notes:**

- ***A lunch will be provided***
- ***Date of next meeting: 8 June 2018***

## 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 - 8)**

To approve the Minutes of the meeting held on 1 December 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 19 January 2018, are attached for information only at **PF5**.

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

**10:10**

Attached at **PF6** is the report of the Local Pension Board to this Committee. It invites the Committee to respond to the key issues raised by the Pension Board at their most recent meeting.

***The Committee is RECOMMENDED to:***

- (a) note the concerns of the Board in respect of the Business Plan and Risk Register and consider them further at the relevant items later in the agenda;***
- (b) agree a definition of material breach in respect of the statutory requirement to issue Annual Benefit Statements to be used in assessing performance in issuing the 2017/18 statements;***
- (c) agree to review the process for determining the response to Reserved Matter Items for the Brunel Pension Partnership at the end of 2018/19 in light of this year's experience;***
- (d) consider the consultation process by which scheme member views can be best obtained in advance of the next review of the Investment Strategy Statement; and***

***(e) endorse the proposal for all Committee and Board member to complete the assessment tool produced by Hymans Robertson as a means for establishing the priorities for a future training day.***

## **7. Administration Report (Pages 21 - 28)**

**10:20**

This report (**PF7**) updates the Committee on the latest position on administration issues, including the meeting before Christmas with the Pension Regulator. The report also includes the latest position on new admissions to the Fund, employer cessations and any debt write offs.

***The Committee is RECOMMENDED to:***

- (a) agree the request for additional staffing, if required;***
- (b) note the comments received from scheme employers and confirm that annual returns must be submitted by 30 April at the latest and confirm if they wish any other changes to be made; and***
- (c) note the report.***

## **8. Risk Register (Pages 29 - 36)**

**10:40**

The report (**PF8**) presents the latest position on the Fund's Risk Register, including any new risks identified since the report to the last meeting.

***The Committee is RECOMMENDED to note the current Risk Register and determine any changes it wishes to make.***

## **9. Annual Business Plan 2018/19 (Pages 37 - 52)**

**10:55**

This report (**PF9**) proposes the key objectives for the forthcoming year, along with the proposed Budget and Cash Management Strategy. These objectives seek to address the key risks facing the Committee as identified within the Risk Register.

***The Committee is RECOMMENDED to:***

- (a) approve the Business Plan and Budget for 2018/19 as set out at Annex 1;***
- (b) approve the Pension Fund Cash Management Strategy for***

**2018/19;**

- (c) ***delegate authority to the Director of Finance to make changes necessary to the Pension Fund Cash Management Strategy during the year, in line with changes to the County Council's Treasury Management Strategy;***
- (d) ***delegate authority to the Director of Finance to open separate pension fund bank, deposit and investment accounts as appropriate; and***
- (e) ***delegate authority to the Director of Finance to borrow money for the pension fund in accordance with the regulations***

## **10. Review of the Asset Allocation (Pages 53 - 92)**

**11:15**

This report from the Independent Financial Adviser(**PF10**) reviews the current asset allocation as set out in the Investment Strategy Statement and proposes an initial allocation to the new portfolios to be made available by Brunel.

***The Committee is RECOMMENDED to approve the approach to the transfer of assets to Brunel Pension Partnership portfolios, and the indicative portfolio allocations as set out in the report.***

## **11. Overview of Past and Current Investment Position (Pages 93 - 104)**

**11:30**

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.

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The Independent Financial Adviser will review the investment activity during the past quarter and present an overview of the Fund's position as at 31 December 2017 using the following tables:

Table 1	provides a consolidated valuation of the Pension Fund at 31 December 2017
Table 2	shows net investments/disinvestments during the quarter
Table 3	provides investment performance for the consolidated Pension Fund for the quarter ended 31 December 2017
Table 4	provides details of the Pension Fund's top holdings

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

Graph 1 – Market value of the Fund over the last three years

Graphs 2-7 – Performance of the Fund Managers attending Committee to the quarter ended 31 December 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 13, 14, 15, 16 and 17 on the agenda.**

## **12. EXEMPT ITEMS**

*The Committee is RECOMMENDED that the public be excluded for the duration of items 13, 14, 15, 16, 17, 18 and 19 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 14 and 15, there are no reports circulated with the Agenda. Any exempt information will be reported orally.

## **13. Overview and Outlook for Investment Markets (Pages 105 - 112)**

**11:30**

The attached report of the Independent Financial Adviser (**PF13**) 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:*

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.***

## **14. UBS**

**11:45**

- (1) The Independent Financial Adviser will report orally on the performance and strategy of UBS drawing on the tables at Agenda Items 11 and 13.
- (2) The representatives (Malcolm Gordon and Scott Wilkin) 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 31 December 2017;
  - (b) give their views on the future investment scene.

In support of the above is their report for the period to 31 December 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.***

## 15. Wellington

12:25

- (1) The Independent Financial Adviser will report orally on the performance and strategy of Wellington drawing on the tables at Agenda Items 11 and 13.
- (2) The representatives (Nicola Staunton and Ian Link) 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 31 December 2017;
  - (b) give their views on the future investment scene.

In support of the above is their report for the period to 31 December 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.***

## 16. Report of Main Issues arising from Reports of the Fund Managers not represented at this meeting (Pages 113 - 120)

13:05

Attached is a report from the Independent Financial Adviser (**PF16**) on the officer meetings with Insight, Baillie Gifford and Legal & General, as well as update the Committee on any other issues relating to the Private Equity portfolio.

*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.**

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

**13:10**

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.*

## **18. Annual Review of the Independent Financial Adviser (Pages 121 - 124)**

**13:15**

The attached report (**PF18**) reviews the work undertaken by the Independent Financial Adviser and invites the Committee to agree any feedback on the levels of service received over the last 12 months and/or changes going forward.

*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.*

**The Committee is RECOMMENDED to note the review report and to provide any feedback the levels of service received together with any changes going forward.**

## 19. Ill-Health Retirement cases (Pages 125 - 126)

13:20

The report (**PR20**) provides feedback on two ill-health determinations made by the Director of Finance under delegated powers.

*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.*

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

### ITEMS FOLLOWING THE RE-ADMISSION OF THE PRESS AND PUBLIC

## 20. Corporate Governance - Voting (Pages 127 - 168)

13:25

This item includes information on the voting records of the Fund Managers which have been exercised on behalf of the Fund. There will also be an opportunity to raise any issues concerning Corporate Governance and Socially Responsible Investment which need to be brought to the attention of the Committee.

***The Committee is RECOMMENDED to note the Fund's voting activities and determine any issues it wishes to follow up with the specific Fund Managers, or in general.***

## 21. Annual Pension Forum

13:30

Officers will report orally on any issues arising from the recent Annual Pension Forum which took place on 17 January 2018.

**LUNCH**

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### Pre-Meeting Briefing

There will be a pre-meeting briefing at County Hall on **Wednesday 7 March 2018** at 11am for the Chairman, Deputy Chairman and Opposition Group Spokesman.