



To: Members of the Pension Fund Committee

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

**Friday, 7 December 2018 at 10.15 am**

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

Yvonne Rees  
Chief Executive

November 2018

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

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### **Membership**

Chairman – Councillor Kevin Bulmer  
Deputy Chairman - Councillor Ian Corkin

#### *County Councillors*

Nicholas Field-Johnson  
John Howson  
Mark Lygo

Charles Mathew  
John Sanders  
Lawrie Stratford

Alan Thompson

#### *District Councillors (Co-optees)*

Alaa Al-Yousuf

Bill Service

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#### **Notes:**

- ***A lunch will be provided***
- ***Date of next meeting: 8 March 2019***
- ***The meeting will be preceded at 9:30am by a training session, given by Sally Fox, on the Scheme Manager's responsibilities in respect of scheme data and how i-Connect can improve the current arrangements.***

## 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 - 10)

To approve the minutes of the meeting held on 8 June 2018 (**PF3**) and to receive information arising from them.

4. **Petitions and Public Address**
5. **Minutes of the Local Pension Board and Brunel Oversight Board**  
(Pages 11 - 26)

**10:20**

A copy of the unconfirmed Minutes of the Local Pension Board, which met on 26 October 2018, is attached for information only (**PF5**).

Also attached is a copy of the latest Minutes of the Brunel Oversight Board, again for information only (**PF5**).

6. **Report by the Independent Chairman of the Local Pension Board**  
(Pages 27 - 28)

**10:25**

Attached at **PF6** is the report by the Independent Chairman of the Local Pension Board. It invites the Committee to respond to the key issues raised by the Pension Board at its most recent meeting on 26 October 2018.

**The Committee is RECOMMENDED to note the report of the Board and also to:**

- (a) note the wish of the Board to consider the Improvement Plan at their subsequent meetings, in the context that it is the responsibility of this Committee to drive the plan;*
- (b) note the Board's continued concern over the level of vacancies and its strong support for recruiting to fill all positions;*
- (c) consider its request to be invited to consider the next*

- version of the Investment Strategy Statement before it is approved by this Committee; and*
- (d) consider its request that the Committee reflects on how it will monitor the performance of the Brunel portfolios in the context of net performance against benchmarks and fee levels.*

## **7. Administration Report (Pages 29 - 44)**

**10:35**

The report (**PF7**) updates the Committee on the latest position in relation to administration issues.

*The Committee is RECOMMENDED to:*

- (a) note the report;*
- (b) provide any feedback on the draft Improvement Plan and confirm the arrangements for monitoring the delivery of the Plan at future meetings; and*
- (c) agree the proposed changes in the Scheme of Delegation as outlined in paragraph 29.*

## **8. Review of the Annual Business Plan 2018/19 (Pages 45 - 52)**

**11:00**

The report (**PF8**) reviews progress to date on the key objectives, budget and training programme set out in the Business Plan for the forthcoming financial year.

*The Committee is RECOMMENDED to:*

- (a) note the progress against the key service priorities and budget included within the Business Plan 2018/19; and*
- (b) agree any further subjects to be included in future training plans.*

## **9. Risk Register (Pages 53 - 58)**

**11:20**

The latest position on the Fund's Risk Register is before the Committee (**PF9**), 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 see made.*

## 10. Project Plan for the Implementation of i-Connect (Pages 59 - 64)

11:30

A key element of the Improvement Plan is the implementation of i-Connect which will automate the transfer of key scheme data between scheme employers and the administering authority. The report (PF10) sets out the business case for the project and the key steps within the project plan.

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

***(a) note the project plan; and***

***(b) monitor progress against the plan as part of the quarterly updates on the overall Data Improvement Plan.***

## 11. Overview of Past and Current Investment Position (Pages 65 - 70)

11:50

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 September 2018 using the following tables:

Table 1	provides a consolidated valuation of the Pension Fund at 0 September 2018
Table 2	shows net investments/disinvestments during the quarter
Table 3	provides investment performance for the consolidated Pension Fund for the quarter ended 30 September 2018
Table 4	provide details of the Pension Fund's top holdings

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

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

***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 15, 16, 17, and 18 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.**

## 13. Exempt Minutes (Pages 71 - 74)

**12:00**

To **approve** the exempt Minute of the Pension Fund Committee meeting held on 14 September 2018 (PF13).

To **note** the exempt Minute of the Local Pension Board meeting held on 26 October 2018 (PF13).

*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 distort the proper process of free negotiations with another party.*

## 14. Overview and Outlook for Investment Markets (Pages 75 - 84)

**12:00**

The attached report of the Independent Financial Adviser (PF14) sets out an overview of the current and future investment scene and market developments across various regions and sectors. It provides the context for the considerations of the reports of 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.**

## 15. Partners Group

12:10

- (1) The Independent Financial Adviser will report orally on the performance and strategy of Partners Group drawing on the tables at Agenda Items 11 and 14.
- (2) The representatives (Serge Jovelle and TBC) 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 September 2018;
  - (b) give their views on the future investment scene.

In support of the above is their report for the period to 30 September 2018.

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. Annual Review of Private Equity (Pages 85 - 96)

12:45

The Independent Financial Adviser will present his annual review of the Fund's Private Equity investments (PF16).

*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 agree the recommendation as set out in the report PF16.***

## 17. Report of Main Issues arising from Reports of the Fund Managers not represented at this meeting (Pages 97 - 104)

12:55

To consider a report (PF17) from the Independent Financial Adviser on the main issues arising from the reports from UBS, Wellington and Adams Street Partners in conjunction with information contained in the tables (Agenda Item 11).

*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.***



## 18. Summary by the Independent Financial Adviser

13:00

The Independent Financial Adviser will, if necessary, summarise any issues arising from the previous discussions.

*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.*

## 19. Proposed contract extension for the Independent Financial Adviser (Pages 105 - 110)

13:05

The current contract for the Independent Financial Adviser to the Committee expires in February 2019. Given all the changes underway during the transition for Fund Manager responsibility to Brunel, it is unclear what the long-term requirements are for on-going independent financial advice. However, it is clear that in the short-term there is a clear requirement for on-going support, based on a clear knowledge of the existing arrangements. This report (**PF19**) therefore proposes an extension of the current contractual arrangements through an exemption to the normal procurement rules.

*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 agree the recommendation as set down in the report PF19.**

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

## **20. Fund Manager Monitoring Arrangements (Pages 111 - 112)**

**13:15**

The report (**PF20**) proposes the arrangements for Fund Manager Monitoring for the 2019/20 financial year.

***The Committee is RECOMMENDED to approve the Fund Manager monitoring arrangements as set out in the report.***

## **21. Corporate Governance and Socially Responsible Investment**

**13:15**

This item provides the opportunity to raise any issues concerning Corporate Governance and Socially Responsible Investment which need to be brought to the attention of the Committee.

## **22. Annual Pension Forum**

**13:20**

To report any matters arising in relation to the next Forum to be held in January 2019.

**LUNCH**

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### **Pre-Meeting Briefing**

There will be a pre-meeting briefing at County Hall on **Wednesday 5 December 2018 at 11:00am** for the Chairman, Deputy Chairman and Opposition Group Spokesman.