



To: Members of the Pension Fund Committee

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

**Friday, 7 June 2019 at 10.00 am**

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

Yvonne Rees  
Chief Executive

May 2019

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

---

**Membership**

Chairman –  
Deputy Chairman -

*County Councillors*

Nicholas Field-Johnson  
Mark Lygo  
Charles Mathew

John Sanders  
Roz Smith  
Lawrie Stratford

Alan Thompson  
Councillor Kevin Bulmer  
Councillor Ian Corkin

*District Councillors (Co-optees)*

Alaa Al-Yousuf

One vacancy

---

**Notes:**

- ***A lunch will be provided***
- ***Date of next meeting: 6 September 2019***

## 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. **Election of Chairman for the 2019-20 Municipal Year**
2. **Election of Deputy Chairman for the 2019-20 Municipal Year**
3. **Apologies for Absence and Temporary Appointments**
4. **Declarations of Interest - see guidance note**
5. **Minutes (Pages 1 - 12)**

To approve the minutes of the meeting held on 8 March 2019 (**PF3**) and to receive information arising from them.

6. **Petitions and Public Address**
7. **Minutes of the Local Pension Board (Pages 13 - 18)**

**10:05**

A copy of the unconfirmed Minutes of the Local Pension Board, which met on 26 April 2019 (**PF7**) is attached for information only (**PF7**).

8. **Report of the Local Pension Board (Pages 19 - 22)**

**10:10**

In response to a request from the Chairman of Pension Fund Committee to have a dedicated item on each Committee agenda for the work of the Local Pension Board, attached at **PF8** 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 April January 2019.

**The Committee is RECOMMENDED to:**

- (a) **note the comments of the Board in respect of the Improvement Plan, Annual Business Plan and Risk Register, and the subsequent changes made to these documents elsewhere on today's agenda;**
- (b) **consider whether it is appropriate to mandate training at certain training events for Committee members; and**

- (c) note the comments of the Board in respect of future responsible investment statements and the need to clarify that all engagement with companies is through third parties rather than directly by the Committee itself.

## 9. Improvement Plan (Pages 23 - 38)

10:20

The report (PF9) updates the Committee on progress against the objectives and milestones set out in the Improvement Plan (PF9).

***The Committee is RECOMMENDED to note the latest position with regard to the implementation of the Improvement Plan.***

## 10. Review of the Annual Business Plan 2019-20 (Pages 39 - 80)

10:45

This report sets out progress against the key objectives within the business plan for the pension fund for 2019/20 (PF10). At this stage of the new financial year, a detailed budget monitoring report is not included, but any key issues identified since the budget was agreed, are noted in the report and full detail will be included in future quarterly reports.

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

- (a) note the progress against the key service priorities included within the 2019/20 Business Plan; and***
- (b) approve the amendment to the measures of success in respect of service Priority 5 – Improve Scheme Member Communications as set out in paragraph 19.***

## 11. Risk Register (Pages 81 - 88)

11:00

The report presents the latest position on the Fund's Risk Register, including any new risks identified since the report to the last meeting (PF11).

***The Committee is RECOMMENDED to note the changes to the Risk Register and to offer any further comments.***

## 12. Administration Report (Pages 89 - 100)

11:10

A report is attached (**PF12**) which updates the Committee on those administration issues which are not covered under the Improvement Plan.

*The Committee is RECOMMENDED to:*

- (a) *note the report;*
- (b) *agree the proposed temporary changes to the SLA targets; and*
- (c) *agree the proposed response to the Government Consultation on Changes to the Local Valuation Cycle and the Management of Employer Risk.*

## 13. Annual Review of Pension Fund Policies (Pages 101 - 208)

11:20

This report provides an opportunity for the Committee to undertake a formal annual review of all its major policy documents, in line with the requirements under the Regulations (**PF13**). The Committee has previously agreed to review all such documents, on an annual basis (at a minimum), at its scheduled June meeting.

Please find attached at **PF13** the following policy documents:

- Annex 1 – The Funding Strategy Statement
- Annex 2 – The Investment Strategy Statement
- Annex 2(b) – Addressing Climate Change Position Statement
- Annex 3 – Governance Policy and Governance Compliance Statements
- Annex 4 – Communications Policy
- Annex 5 – Early Release of Benefits Policy
- Annex 6 – Pension Fund Scheme of Delegation
- Annex 7 – Administration Strategy
- Annex 8 – Procedure for Reporting Breaches of Law to the Pension Regulator
- Annex 9 – Administering Authority Discretions

In relation to Annex 2 ‘The Investment Strategy Statement’, Councillor John Sanders has put forward the following motion for this Committee to consider:

‘In the light of the recent Motion in Full Council on 2 April 2019 to acknowledge a climate emergency, the Pension Fund Committee is called upon to instruct officers to investigate the best possible way it can divest itself of all fossil fuel investments (ie. the equity or bond of any company which derives more than 50% of its total turnover from the extraction and production of fossil fuels) as soon as is reasonably practicable whilst mitigating any impact on the value of the fund’.

**The Committee is RECOMMENDED to:**

- (a) approve the revised policy documents as set out in Annexes 1, 4, 5 and 7, noting the changes in the documents as discussed above;**
- (b) approve the revised Investment Strategy Statement as set out in Annex 2, noting the changes as discussed in the report and
  - i. re-confirm its position that a blanket divestment policy is not an appropriate approach for the Pension Fund, nor to address the risks associated with climate change; and**
  - ii. endorse the current approach and direction of travel set out in the Addressing Climate Change Position Statement, and ask Officers to fully engage in the process for developing the full Climate Change Policy document and to report back to the Committee on a timely basis;****
- (c) re-state its approval in principle to the changes set out in Annex 3 to the Governance Policy and Governance Compliance Statement and RECOMMEND to Council via the Audit and Governance Committee the corresponding changes to the Terms of Reference and Constitution of the Pension Fund Committee;**
- (d) agree the delegation to the Services Manager (Pensions) the responsibility for exercising the new discretionary decisions as set out in paragraph 47 above, and the subsequent changes in the scheme of delegation to ensure it is consistent with the schedule of Administering Authority Discretions; and**
- (e) note that no new changes have been made to the Scheme of Delegation and the Procedure for Reporting Breaches of Law to the Pension Regulator.**

**14. Overview of Past and Current Investment Position (Pages 209 - 214)**

**12:05**

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 31 March 2019 using the following tables:

Table 1	provides a consolidated valuation of the Pension Fund at 31 March 2019
Table 2	shows movements in market value during the quarter
Table 3	provides investment performance for the consolidated Pension Fund for the quarter ended 31 March 2019
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 16, 17, 18 and 19 on the agenda.***

## 15. EXEMPT ITEMS

***The Committee is RECOMMENDED that the public be excluded for the duration of items 16, 17, 18, 19, 20 and 21 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 item 18, there are no reports circulated with the Agenda. Any exempt information will be reported orally.

## 16. Exempt Minute - Local Pension Board - 26 April 2019 (Pages 215 - 216)

**12:10**

To **note** the exempt Minute of the Local Pension Board meeting held on 26 April 2019 (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 distort the proper process of free negotiations with another party.*

## **17. Overview and Outlook for Investment Markets (Pages 217 - 224)**

**12:10**

Report of the Independent Financial Adviser (**PF17**).

The report 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.***

## **18. Insight**

**12:15**

- (1) The Independent Financial Adviser will report orally on the performance and strategy of Insight drawing on the tables at Agenda Items 14 and 17.
- (2) The representatives (Sherilee Mace and Matt Merritt) 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 March 2019;

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

In support of the above is their report for the period to 31 March 2019.

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**

**12:55**

The Independent Financial Adviser will report verbally on the officer meeting with Legal & General in conjunction with information contained in the tables (Agenda Item 14) and the latest position on investments with Brunel.

*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

**13:00**

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.*

## 21. Applications for Payment of Pension Benefits (Pages 225 - 228)

**13:05**

This report details requests for payment of pensions received (**PF21**).

*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 decide the recommendations contained in the report PF21.**

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

## 22. Corporate Governance and Socially Responsible Investment (Pages 229 - 238)

**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.

The Local Authority Pension Fund Forum (LAPFF) report to the quarter January to

March 2019 is attached at **PF22** for information.

## **23. Annual Pension Forum**

**13:20**

The officers will report on any issues relating to the next Annual Pension Forum.

**LUNCH**

---

### **Pre-Meeting Briefing**

There will be a pre-meeting briefing at County Hall on **Wednesday 5 June 2019** at **11:00am** for the Chairman, Deputy Chairman and Opposition Group Spokesman.