

## **PENSION FUND COMMITTEE**

**MINUTES** of the meeting held on Friday, 7 June 2024 commencing at 10.15 am and finishing at 1.25 pm

**Present:**

**Voting Members:** Councillor Donna Ford – in the Chair

Councillor Bob Johnston  
Councillor Imade Edosomwan  
Councillor Nick Field-Johnson  
Councillor John Howson  
Councillor Ian Middleton  
Councillor Michael O'Connor

**Non-Voting Members:** Alistair Fitt, Oxford Brookes University  
Steve Moran, Pension Scheme Member

**By Invitation:** John Arthur, Independent Financial Advisor  
Robert McInroy, Partner and Fund Actuary, Hymans  
Tom Hoare, Fund Actuary, Hymans

**Local Pension Board Members:** Alistair Bastin  
Angela Priestley-Gibbins

**Officers:**

Sean Collins (Service Manager, Insurance and Money Management), Vicki Green, (Pension Services Administration Manager), Mukhtar Master (Governance & Communications Manager), Gregory Ley (Financial Manager – Pension Fund Investment), Josh Brewer (Responsible Investment Officer), Anna Lloyd (Governance & Communications Officer) Lucy Brown (Senior Democratic Services Officer)

*The Committee considered the matters, reports and recommendations contained or referred to in the agenda for the meeting and agreed as set out below. Copies of the agenda and reports [agenda, reports and schedule/additional documents] are attached to the signed Minutes.*

### **81/24 ELECTION OF THE CHAIR FOR THE COUNCIL YEAR 2024/25** (Agenda No. 1)

The Committee Officer received two nominations for Chair for the Council Year 2024/25. Councillor John Howson nominated Councillor Bob Johnston which was

seconded by Councillor Ian Middleton. Councillor Nick Field-Johnson nominated Councillor Donna Ford, which was seconded by Councillor Imade Edosomwan. On being put to the vote, there was a tie. The Committee adjourned to seek a resolution.

Councillor Howson requested a drawing of lots to decide the Chair following the tied vote and objected to the adjournment.

*During the adjournment, Councillor Michael O'Connor arrived.*

The Committee reconvened with all seven members present.

The Committee voted again on the same nominations. Councillor Donna Ford was elected Chair for the Council Year 2024/25.

*Councillor Bob Johnston left the meeting and did not return. (Cllr Johnston also announced his resignation from the Committee as he was leaving)*

**82/24 ELECTION OF THE DEPUTY CHAIR FOR THE COUNCIL YEAR 2024/25**  
(Agenda No. 2)

On being nominated by Councillor Imade Edosomwan, seconded by Councillor Nick Field-Johnson and put to the vote, Councillor Michael O'Connor was elected Deputy Chair for the Council Year 2024/25.

**83/24 APPOINTMENT OF BRUNEL OVERSIGHT BOARD REPRESENTATIVE**  
(Agenda No. 3)

Councillor Michael O'Connor agreed to be the representative for the Brunel Oversight Board, and on being put to the vote (Agreed: 4, Not agreed: 2), it was agreed.

**84/24 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS**  
(Agenda No. 4)

Apologies were received from District Councillor Jo Robb, Non-Voting Member of District Councils.

**85/24 DECLARATIONS OF INTEREST - SEE GUIDANCE NOTE**  
(Agenda No. 5)

There were none received.

**86/24 PETITIONS AND PUBLIC ADDRESS**  
(Agenda No. 6)

Dr Spragg addressed the meeting on Item 19, Responsible Investment Policy, a copy of which is attached to these minutes.

**87/24 MINUTES OF THE PREVIOUS MEETING**  
(Agenda No. 7)

The minutes of the meeting held on 1 March 2024 were agreed as a correct record of the meeting.

**88/24 MINUTES OF THE LOCAL PENSION BOARD**  
(Agenda No. 8)

The Committee **RESOLVED** to note the unconfirmed minutes of the Local Pension Board which had met on 3 May 2024.

**89/24 REPORT OF THE LOCAL PENSION BOARD**  
(Agenda No. 9)

Alistair Bastin, Local Pension Board Scheme Representative introduced the report which set out the items the Local Pension Board wished to draw to the attention of the Committee following their last meeting. He highlighted that in addition the standard agenda items, the Board specifically discussed the new General Code of Practice published by the Pension Regulator, and the action plan developed to address any gaps during the 2024/25 financial year. This would be reported via the Governance and Communication report presented to both the Committee and the Board at each of its meetings.

In response to a question regarding how confident the Board was regarding the transition of new posts and the capacity of current staff with the current vacancies outstanding, Alistair Bastin advised that workforce planning had been identified as a risk and including on the risk register, and the Board had worked with the Section 151 Officer to monitor these risks and were confident in the mitigation of them. Lorna Baxter, Executive Director of Resources and Section 151 Officer advised that the appointments made to the two key roles had been made and reassured the Committee of the level of experience coming into the team to ensure the continuation of excellent service delivery.

The Committee **RESOLVED** to note the report.

**90/24 RESPONSE FOR LETTER FROM THE MINISTER FOR LOCAL GOVERNMENT**  
(Agenda No. 10)

Sean Collins, Service Manager for Pensions, Insurance and Money Management introduced the report of the Executive Director of Resources and Section 151 Officer which asked the Committee to consider the draft response to the letter received from the Minister for Local Government on 15 May 2024 regarding efficiencies on the management of the LGPS.

In response to a query on what had precipitated this request, Lorna Baxter, Executive Director of Resources and Section 151 Officer advised that this was part of a larger piece of work for local authorities to produce a productivity plan and a response to the letter was required by 19 July 2024. The letter had to be approved by the Chief Executive, however was been presented to the Committee for comment and approval. Sean Collins, Service Manager Pensions Insurance and Money Management provided further context following his meetings with the Minister for

Local Government as part of a round table exercise. He raised the frustrations expressed by the Government of local authorities not taking full advantage of the benefits of pooling and part of this consultation sought to address that.

Following discussions regarding the lack of governance over large-scale pooling of pension funds, the Committee requested that their discussion be incorporated in the response to highlight their concerns and strengthen the emphasis on the governance challenges associated with pooling. It was agreed that a copy of the response would be circulated to the Committee prior to submission. **(ACTION)**

**The Committee RESOLVED:**

- a) ~~provide any comments on the draft that they would wish to see incorporated into the final version, and~~ having reviewed the draft response contained at Annex 1, to ask for a stronger emphasis on the governance challenges associated with increasing scale;**
- b) note that the final version will be agreed between the Chief Executive and the Executive Director for Resources & Section 151 Officer, and submitted to Government by the agreed deadline, subject to any further clarification following the announcement of the general election.**

**91/24 REVIEW OF THE ANNUAL BUSINESS PLAN**

(Agenda No. 11)

Sean Collins, Service Manager for Pensions Insurance and Money Management presented the report of the Executive Director of Resources and Section 151 Officer which set out the latest progress against the key service priorities set in the business plan for the Pension Fund for 2024/25 as agreed by the March meeting of this Committee. He outlined the three key service objectives and provided an update on the latest position on each against their assessment criteria for each measure of success.

In response to a query regarding the measure of success in respect of Committee and Board members National Knowledge Assessments, especially in light of the recent resignation and new members of the Committee yet to fully undertake the mandatory training, Sean Collins, advised that new members of the Committee had not yet been tested to ascertain their level of knowledge. However, all members of the Committee should undertake that commitment to complete all of the mandatory training and that monitoring reports would enable the Committee to make the assessment themselves.

It was noted that only three members of the Committee had attended the mandatory induction training provided by the Service Manager earlier that week, and that all members were reminded of the importance of fulfilling their obligations to the Committee. It was agreed that an update would be reported to the Committee on a quarterly basis. **(ACTION)**

In response to a question regarding the progress made for collecting data to ensure that all estimates/benefits calculations were in line with the McCloud requirements, Sean Collins advised that an approach was being determined where historic data was not available, utilising data that was held and erring on the side of the scheme

member. Officers would also be happy to accept information received from members if details were found to be incorrect. Vicki Green, Pension Services Manager advised that following the circulation of yearly statements to all members, it was common to receive an influx of queries, so many would be picked up at this time. An update on numbers would be reported to the Committee as part of the Annual Business Plan update and would include progress made as part of the metrics reported. **(ACTION)**

**The Committee were RESOLVED to:**

- a) review progress against each of the key service priorities as set out in the report; and**
- b) ~~agree any further actions to be taken to address those areas not currently on target to deliver the required objectives.~~**
- b) Agree no further actions other than those identified in the report were necessary to be taken to address those areas not currently on target to deliver the required objectives.**

## **92/24 RISK REGISTER REPORT**

(Agenda No. 12)

Mukhtar Master, Governance and Communications Manager presented the report of the Executive Director of Resources and Section 151 Officer which set out the current risk scores in terms of impact and likelihood, and a target level of risk and a mitigation action plan to address those risks not currently at their target score. The risk register was attached at Appendix 1. He advised the Committee that the risk register had been presented to the Board at their meeting on 3 May 2024 and no comments had been received. There were no new or emerging risks to report and outlined the reducing and reduced risks highlighted within the report.

In response to Risk 23: Impact of Pension Scams, Mukhtar Master advised that there was a robust policy in place which had lowered this risk and Vicki Green, Pension Services Manager advised that vigilant due diligence checks were in place on the transfer of pensions, and no pension scams had been alerted to the team. The Committee were advised that scams would be reported through the Administration Report, and it was agreed that a nil report would be provided to the Committee to provide further assurance and transparency.

In response to the query from the Board, it was noted that Risk 13: Insufficient Skills and Knowledge on Committee, would remain a priority for the Committee and reported back at future meetings.

**The Committee RESOLVED to note the latest risk register and accept that the risk register covers all key risks to the achievement of their statutory responsibilities, and that the mitigation plans, where required, are appropriate.**

## **93/24 GOVERNANCE AND COMMUNICATIONS REPORT**

(Agenda No. 13)

Mukhtar Master, Governance and Communications Manager presented the report of the Executive Director of Resources and Section 151 Officer which outlined the recently published final General Code of Practice which replaced the Code of

Practice 14 for the Local Government Pension Scheme (LGPS) and highlighted a plan that had been developed and agreed by the Local Pension Board, which ensures compliance against the 51 modules outlined in the report. This was shown at Appendix 1. He also provided an update on training for the Pension Fund Committee and the Local Pension Board and advised that thus far only one member of the Committee and two members of the Local Pension Board had completed all 8 modules of the online LOLA training.

In response to a query from the Committee regarding the significant rise in data breaches recorded since Q1 April-June 2023, Mukhtar Master advised that this could be due to more robust policies and systems in place.

Sean Collins, Service Manager for Pensions, Insurance and Money Management provided further information on a case for the Committee to note regarding an employer that had failed to provide complete i-Connect data.

**The Committee RESOLVED to:**

- a) Note the Fund's update on the Pension Regulator's General Code of Practice.**
- b) Review and note the latest quarter's breaches for the fund.**
- c) Note the communications update regarding the review of the fund website.**

#### **94/24 GOVERNANCE AND COMMUNICATIONS POLICY REVIEWS**

(Agenda No. 14)

Mukhtar Master, Governance and Communications Manager presented the report of the Executive Director of Resources and Section 151 Officer which presented the following policies: Communications, Governance, Governance Compliance Statement and Breaches, in compliance with the Local Government Pension Scheme Regulations 2013 and were all included within the Appendices attached to the report.

In response to a query from the Committee regarding the telephone helpline to Scheme Members, Vicki Green, Pension Services Manager advised that the helpline was regularly used by scheme members as a form of contact and would look to obtain numbers of its usage rate for future reports.

**The Committee RESOLVED to**

- a) Approve the revised Communications Policy.**
- b) Approve the revised Governance Policy.**
- c) Approve the revised Governance Compliance Statement.**
- d) Approve the revised Breaches Policy.**

#### **95/24 ADMINISTRATION REPORT**

(Agenda No. 15)

Vicki Green, Pension Services Manager presented the report of the Executive Director of Resources and Section 151 Officer which updated the Committee on the key administration issues including the service performance measurement, the debt recovery process and any write offs agreed in the last quarter. She provided an update on the current level of staffing and recruitment to those posts that were

vacant, and also an update on the technological development that would also address those shortfalls by streamline processes and automate tasks, therefore reducing manual intervention.

In response to a query regarding the percentage of data gathering that had taken place for the McCloud recalculation, Sean Collins, Service Manager for Pensions, Investment and Money Management advised that although 32% of employers still had to confirm their data, all data from the larger organisations, including Oxfordshire County Council had been received. He advised that a further breakdown by employer could be provided to the Committee. **(ACTION)**

In response to a query regarding which costs required approval should a full address trace be undertaken for members of the On-Call Fire Service, Sean Collins advised that this would be provided to the Committee. **(ACTION)**

In response to a query regarding the lack the transferring numbers from smaller schools when moving into larger academy trusts, Vicki Green agreed that early intervention work should take place with the Finance Directors of those trusts to ensure that all information is completed for the monthly returns.

In response to a query regarding new technology to address staffing shortfalls, Mukhtar Master advised that the implementation of a chat bot would be a first point of contact and would pass onto a member of the team to deal with more in-depth enquiries.

**The Committee RESOLVED to note the upcoming issues the pension administration team face and agree to the approach of the report to manage these.**

#### **96/24 CYBER SECURITY POLICY REVIEW** (Agenda No. 16)

Sean Collins, Service Manager for Pensions, Investments and Money Management presented the report of the Executive Director of Resources and Section 151 Officer which covered the annual review of cyber security for the fund, deferred from the previous Committee meeting. Lorna Baxter, Executive Director of Resources and Section 151 Officer advised that as part of an LGA Peer Review, the Council had received favourable feedback on its cyber security controls as an organisation.

**The Committee RESOLVED to review this report and ~~determine any further actions to be taken.~~ determined no further actions were required at this time.**

#### **97/24 SCHEME OF DELEGATION POLICY REVIEW** (Agenda No. 17)

Sean Collins, Service Manager for Pensions, Investment and Money Management presented the report of the Executive Director of Resources and Section 151 Officer which was the first of the renewed cycle of annual reviews for the Fund's Scheme of Delegation which was last reviewed in June 2021. He highlighted the amendments

made to the Scheme of Delegation, two of which were substantial with some additional minor adjustments to job titles.

*Councillor Ian Middleton left the meeting.*

**The Committee RESOLVED to agree the revised Scheme of Delegation contained as Annex 1 to this report, noting the key changes set out in the report below.**

## **98/24 REPORT OF THE INDEPENDENT INVESTMENT ADVISOR**

(Agenda No. 18)

John Arthur, Independent Financial Advisor presented his report which provided an overview of the financial markets, the overall performance of the Fund's investments against the Investment Strategy Statement and commentary on any issues relating to the specific investment portfolios. The report also included the quarterly investment performance monitoring report from Brunel.

He further highlighted that longer term the Fund was slightly below its benchmark over 3 and 5 years, which was mostly due to the performance of the Brunel portfolio and its underperformance due to its underweight in the more carbon intensive equity markets. He emphasised that the drive to be more environmentally aware could lead to divergence from the general benchmarks that reflected overall equity market performance. He added that whilst he supported the Committee's responsible investment approach, the Committee needed to accept it had led to a short-term negative performance impact which should be reversed in the longer term.

*Councillor Ian Middleton returned to the meeting.*

The Committee discussed the impact of the performance of 'high growth technology companies', which made up 7 of the top 10 equity holdings of the pension fund. It was noted that most gains in the equity market had come from those stocks. The Committee noted the concerns of a tightly focussed market which could not last.

In response to a query raised by the Committee regarding the performance of the Brunel Fund in comparison to other pooling funds, John Arthur advised that comparison figures were not readily available, however PIRC had produced reports for approximately 69 funds, which showed Brunel at the lower end of performance returns. However, he believed that whilst Brunel were not outperforming other funds, they were more committed towards more responsible investment and climate change and had suffered more in the current financial environment.

In response to a query regarding the level of funding in UK equities, John Arthur advised that level of investment in UK equities was benchmarked against FTSE All Share Index, with the largest of those companies being global companies with an overweight to the oil and gas industries, and therefore did not fit the mandate of long-term attractive investment. Therefore, he supported the intention of Brunel to move into a smaller medium term company bias, which would have a greater focus for the UK economy.



He advised the Committee of the importance of ensuring due diligence had taken place and recommended that all training be completed by all members of the Committee, including an audit thereof, to demonstrate full governance procedures were in place.

The Committee thanked the Independent Financial Advisor for his report.

## **99/24 RESPONSIBLE INVESTMENT POLICY**

(Agenda No. 19)

Josh Brewer, Responsible Investment Officer presented the report of the Executive Director of Resources and Section 151 Officer which requested that the Committee agree the final version of the Responsible Investment Policy included at Annex 1 to the report. The report set out the amendments to the draft Policy agreed at the March 2024 meeting.

In response to concerns raised regarding the number of responses to a consultation of Fund members, Josh Brewer explained the process for carrying out the consultation had been the same as previous consultations that had received more responses and could not provide an explanation as to why the responses were so much lower. It was agreed that further metrics would provide more information on how people had engaged with the survey.

In response to queries raised by the Committee to explore wording detailing a rationale for an activity-based exclusion of tobacco products, Josh Brewer advised that this had proved problematic as no suitable wording for investment principles had been identified that would support the exclusion of tobacco without opening up a significant number of additional exclusions. He noted that the additions in respect of activity-based exclusions had been added post the consultation period, and therefore had not been subject to member comment. Sean Collins, Service Manager for Pensions, Insurance and Money Management explained the issues with including any wording that excluded tobacco products as they were legal products, and advised as a Committee Policy it would be reasonable for the Committee to advise on any wording, they felt appropriate.

It was noted by the Committee that any future updates to the Policy could be provided for future revisions, and the Committee agreed that the Chair and Deputy Chair would review the Policy wording surrounding health standards and outcomes and bring back to the Committee for agreement in three/six months' time. **(ACTION)**

**The Committee RESOLVED to agree the final version of the Responsible Investment Policy included at Annex 1 which incorporates the amendments set out in the report.**

## **100/24 FUND CASHFLOWS**

(Agenda No. 20)

Sean Collins, Service Manager for Pensions, Insurance and Money Management presented the report of the Executive Director of Resources and Section 151 Officer

which provided the context of the work of the Funding Strategy and Investment Strategy Statements, and the agreed approach for the 2025 Valuation, with an update on the funding position of the Oxfordshire County Council Pension Fund as at 31 March 2024.

Greg Ley, Financial Manager, Pension Fund Investment outlined the cashflow projections and next steps taken from the report. He drew the Committee's attention to the baseline scenarios produced by Hymans, the Funds Actuary which provided cashflow modelling to show that the fund become cashflow negative from 2028. The two options for meeting a cashflow shortfall for the Fund; generating and utilising investment income, and /or periodic sales of investment assets were detailed in the report. He advised that income yield from those detailed in the report could generate income of approximately 1% which would be sufficient to meet the cashflow requirements under the majority of the scenarios modelled, with the exception of the high inflation scenario and 'worst case' scenario.

In response to a query regarding the negative cashflow previously projected to affect the fund earlier in 2025, rather than the now reported date of 2028 in the report, Sean Collins advised that assumptions used in the previous projections had not been born out in reality, which highlighted the need for constant monitoring against the latest assumptions and the cash flow position.

**The Committee RESOLVED to:**

- a) note the updated funding position and the reasons for the change since the 2022 valuation,**
- b) note the key funding risks currently facing the Fund,**
- c) agree to the pre-2025 valuation planning actions to be taken by the Fund as set out in paragraph 42, and**
- d) consider the cash flow implication throughout the 2025 triennial valuation process and next strategic asset allocation review.**

**101/24 CORPORATE GOVERNANCE AND SOCIALLY RESPONSIBLE INVESTMENT**  
(Agenda No. 21)

Greg Ley, Financial Manager, Pension Fund Investment presented the Local Authority Pension Fund Forum Quarterly Engagement Report for January – March 2024, which detailed the stewardship work they had undertaken for the Committee's attention.

Lorna Baxter, Executive Director of Resources and Section 151 Officer wished to convey her thanks on behalf of the Council and the Committee to Sean Collins for his huge amount of expertise and knowledge to not only the Committee but also the Council as a whole. The Committee thanked Sean Collins for his support and help on the Committee over the years.

*John Arthur, Independent Financial Advisor left the meeting and did not return.*

**102/24 EXEMPT ITEMS**  
(Agenda No. 22)

The Committee **RESOLVED** that the public be excluded for the duration of Item 23 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 1 of Schedule 12A of 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 circumstances of each case, the public interest in maintaining the exemption outweighed the public interest in disclosing that information.

**103/24 CESSATION OF A SCHEME EMPLOYER**  
(Agenda No. 23)

The Committee received a report from the Executive Director of Resources and Section 151 Officer which provided details of a proposed closure of a scheme employer including detailed financial information.

The Committee discussed the report in private session.

**The Committee RESOLVED to ~~agree the recommendation contained within the report.~~ ask the Officers to discuss further the financial position with the relevant scheme employer.**

..... in the Chair

Date of signing ..... 2024