

PENSION FUND COMMITTEE

MINUTES of the meeting held on Friday, 1 December 2017 commencing at 10.00 am and finishing at 1.30 pm

Present:

Voting Members: Councillor Kevin Bulmer – in the Chair

Councillor Ian Corkin (Deputy Chairman)
Councillor Nicholas Field-Johnson
Councillor John Howson
Councillor Mark Lygo
Councillor Charles Mathew
Councillor John Sanders
Councillor Alan Thompson

District Council Representatives: City Councillor Jean Fooks (in place of City Councillor James Fry); District Councillor Bill Service

By Invitation: Philip Wilde (Beneficiaries Observer)
Peter Davies (Independent Financial Adviser)

Officers:

Whole of meeting J. Dean, S. Collins, S. Fox and G. Ley (Resources)

The Committee considered the matters, reports and recommendations contained or referred to in the agenda for the meeting and decided as set out below. Except as insofar as otherwise specified, the reasons for the decisions are contained in the agenda and reports, copies of which are attached to the signed Minutes.

65/17 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS

(Agenda No. 1)

City Councillor Jean Fooks attended in place of City Councillor James Fry.

66/17 DECLARATIONS OF INTEREST - SEE GUIDANCE NOTE

(Agenda No. 2)

Councillors Bulmer, Fooks, Howson, Lygo, Sanders and Thompson each declared personal interests as members of the Pension Fund Scheme under the provisions of Section 18 of the Local Government Act 1989. Cllr Mark Lygo also declares a personal interest in respect of his role as a retained fire-fighter.

67/17 MINUTES

(Agenda No. 3)

The Minutes of the last meeting held on 15 September 2017 were approved and signed as a correct record.

With regard to Minute 52/17, resolution (b), Sean Collins reported that the Scheme Advisory Board had received a mixed response in respect of the establishment of a Cross Pool Information Forum, to which this Committee had voted against, adding that all chairs of Pension Fund Committees were to be invited to a meeting where this would be addressed.

68/17 PETITIONS AND PUBLIC ADDRESS

(Agenda No. 4)

There were no requests to address the meeting or to submit a petition.

69/17 MINUTES OF THE LOCAL PENSION BOARD

(Agenda No. 5)

The unconfirmed Minutes of the Local Pension Board held on 20 October 2017 were noted.

70/17 REPORT OF THE LOCAL PENSION BOARD

(Agenda No. 6)

The Committee had before them the second report of the Local Pension Board to this Committee (PF6). The Committee was asked to note the comments of the Board and to undertake any suggested action as set out at (b) and (c) below.

RESOLVED: to thank the Board for the report and to:

- (a) note the comments of the Board in respect of the workload associated with the employer management programme, and the potential benefits of increased investment in specialist project management support;
- (b) consider at Agenda Items 11 and 20 whether to ask the Board to undertake any specific follow up work in respect of the items on the General Data Protection Regulations and Employer Covenants included elsewhere on the Agenda; and
- (c) consider at agenda item 8 the need for a further risk in respect of changes in Government Policy.

71/17 REVIEW OF THE ANNUAL BUSINESS PLAN 2017/18

(Agenda No. 7)

The Committee had before them a report (PF7) which reviewed progress against the key service priorities as set out in the Annual Business Plan for the 2017/18 financial year.

RESOLVED: to note the progress against the key service priorities identified in the 2017/18 Business Plan.

72/17 RISK REGISTER

(Agenda No. 8)

The Committee considered a report (PF8) which gave an update on the position on risks since the last meeting and adding in new risks identified in the intervening period. The report also asked the Committee to consider the comments from the Pension Board.

RESOLVED:

- (a) to note the current risk register;
- (b) in addition to risk 17 to include change to Government Policy leading to a significant change in liability profile or cash flow as a result of structural changes, as an unknown risk in a note situated at the end of the Register, but to escalate it into the Register should a specific issue begin to rise on the horizon;
- (c) in respect of risk 14 – the risk of a breach of data security – Committee and Board to receive further written information from the insurer on the amount the Fund was covered for in respect of cyber-attack;
- (d) in relation to risk 7 – Employer Default – LGPS - to address this later in the Agenda at confidential item 20, 'Employer Covenants';
- (e) in relation to risk 10 - Insufficient resources to deliver responsibilities – LGPS and FSPS – to address the issue relating to staff resource later in the Agenda at Agenda Item 10 'Administration Report; and
- (f) in relation to risk 11 – Insufficient skills and knowledge on Committee – LGPS and FSPS – a training day for all members of the Committee and the Board to take place in the Spring 2018.

73/17 BRUNEL PENSION PARTNERSHIP (BPP) - UPDATE

(Agenda No. 9)

The Committee had before them a report (PF9) which gave an update on the work of the Brunel Pension Partnership.

The Committee noted that Cllr Bulmer had been elected Vice-Chairman of the Brunel Oversight Board.

RESOLVED: to

- (a) note the latest position in terms of the on-going development of the Brunel Pension Partnership;

- (b) agree to delegate to the Director of Finance, as the nominated Shareholder Representative, the responsibility for the approval of the Brunel Business Plan at the Company AGM, following consultation with the Chairman, Deputy Chairman and Opposition Spokesperson of this Committee; and
- (c) request the officers to circulate the Minutes of the meeting of the Oversight Board to members of the Committee and the Local Pension Board when they contain information on special reserve matters; and
- (d) (nem con) request the Independent Financial Adviser to include a review of the current split between active and passive management, and the alternative options to a low risk allocation in producing his report to the March meeting on asset allocation and the Brunel portfolios.

74/17 ADMINISTRATION REPORT

(Agenda No. 10)

The Committee had before them a report (PF10) which gave an update on the latest position on administration issues outside of the business plan, including the latest position on new admissions to the Fund, employer cessations and any debt write - off's.

RESOLVED:

- (a) to note the report;
- (b) (nem con) that the Chairman write to the software provider on the Committee's behalf expressing its concern regarding the inadequacy of their unsatisfactory response to the needs of Oxfordshire in relation to inconsistencies in performance data results which in turn is affecting the performance of the Pensions Team; and
- (c) to thank the Pension Team very much for progress made.

75/17 GENERAL DATA PROTECTION REGULATIONS (GDPR) - UPDATE

(Agenda No. 11)

The Committee had before them at PF11 an update on the provisions of the General Data Protection Regulations (GDPR).

RESOLVED: to note the report.

76/17 PENSION FUND POLICIES - DISCRETIONARY POLICIES

(Agenda No. 12)

The Committee considered a report (PF12) which set out changes to an existing discretionary policy and which sought a view on the introduction of a new discretionary policy.

RESOLVED: to

- (a) approve the proposed changes to the Administration Strategy with the proviso to request the officers to investigate the possibility of ratcheting up the charges for late or incorrect information for repeat offenders and to report back to Committee with the findings; and
- (b) introduce a voluntary scheme pays option, providing the criteria as set out in paragraph 11 of the report are met.

77/17 OVERVIEW OF PAST AND CURRENT INVESTMENT POSITION

(Agenda No. 13)

The Independent Financial Adviser reviewed the investments activity during the past quarter and presented an overview of the Fund's position as at 30 September 2017.

Mr Davies reported that the overall value of the Fund over the last quarter had increased by £20m which was largely due to Equity gains and some in real estate.

RESOLVED: 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, 18 and 19.

78/17 EXEMPT ITEMS

(Agenda No. 14)

RESOLVED: to exclude the public for the duration of items 15, 16, 17, 18, 19 and 20 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 to 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 the circumstances of each case, the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

79/17 OVERVIEW AND OUTLOOK FOR INVESTMENT MARKETS

(Agenda No. 15)

The Committee had before them a report of the Independent Financial Adviser (PF15) which set out an overview of the current and future investment scene and market developments across various regions and sectors. The report itself did not contain exempt information and was available to the public. Information which the independent Financial Adviser reported orally would be exempt information.

The public was excluded during this item because its discussion in public 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 was considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighed 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.

RESOLVED: to receive the report, tables and graphs and to bear the Independent Financial Adviser's conclusions in mind when considering the Fund Managers' reports.

80/17 ADAMS STREET

(Agenda No. 16)

The Independent Financial Adviser reported orally on the on the performance and strategy of Adams Street, drawing on the tables at Agenda items 13 and 15.

The representatives, Ana Maria Harrison and Sergey Sheshuryac of the Fund Manager presented their approach to investments in relation to their part of the Fund and their strategy against the background of the current investment scene.

At the end of the presentation they responded to questions from members of the Committee.

The public was 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 outweighed 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 in funding the Pension Fund.*

RESOLVED: to:

(a) note the main issues arising from the presentation; and

(b) request the Independent Financial Adviser to review the current allocations to public and private equity in his March 2018 report.

81/17 ANNUAL REVIEW OF PRIVATE EQUITY

(Agenda No. 17)

The Independent Financial Adviser reported on and reviewed the investments within the allocation to Private Equity as a whole. The Committee was invited to question and comment (PF17).

The public was 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 was considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighed 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.*

RESOLVED: to

- (a) note the main issues arising from the presentation; and
- (b) request the officers to bring a further report to the 9 March 2018 meeting with information on how the Brunel Pension Partnership intends to structure Private Equity.

82/17 REPORT OF MAIN ISSUES ARISING FROM REPORTS OF THE FUND MANAGERS NOT REPRESENTED AT THIS MEETING

(Agenda No. 18)

The Independent Financial Adviser reported on the officers' meetings with UBS, Wellington, and Insight (Diversified Growth Fund) as well as on any other issues relating to the Private Equity portfolio (PF18).

The public was excluded during this item because its discussion in public was 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 was considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighed 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.*

RESOLVED: to note the main issues arising from the reports.

83/17 SUMMARY BY THE INDEPENDENT FINANCIAL ADVISER

(Agenda No. 19)

There were no further issues requiring summary.

84/17 EMPLOYER COVENANTS

(Agenda No. 20)

The Committee considered a report (PF20) which provided further analysis of current levels of Fund deficits and the financial strength of the employers responsible for meeting these deficit payments. Members were invited to consider any changes they would wish to make to the current Funding Strategy Statement in light of this report.

The public was 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 category:

3. Information relating to the financial or business affairs of any particular person (including the authority holding that information) and since it was considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighed the public interest in disclosing the information, in that the information was supplied in commercial confidence.

RESOLVED: (nem con) to note the information contained in the report and that a further report be brought to the 9 March 2018 meeting to include further information on issues relating to asset security in the event of an employer becoming bankrupt; and any ensuing proposals for change to the current Funding Strategy Statement as a basis for future consultation.

85/17 CORPORATE GOVERNANCE AND SOCIALLY RESPONSIBLE INVESTMENT
(Agenda No. 21)

No further issues were brought.

86/17 ANNUAL PENSION FORUM
(Agenda No. 22)

Sally Fox announced that the Pension Forum would take place on **Wednesday 17 January 2018 at Unipart House.**

All members of the Committee and the Board were encouraged to attend as it would be an opportunity to meet with scheme employers.

..... in the Chair

Date of signing