



To: Members of the Pension Fund Committee

Notice of a Meeting of the Pension Fund Committee

Friday, 1 December 2017 at 10.00 am

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

A handwritten signature in black ink that reads "PG Clark".

Peter G. Clark
Chief Executive

November 2017

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

Membership

Chairman – Councillor Kevin Bulmer
Deputy Chairman - Councillor Ian Corkin

Councillors

Nicholas Field-Johnson
John Howson
Mark Lygo

Charles Mathew
John Sanders
Alan Thompson

Vacancy

Co-optees

City Councillor James Fry
District Councillor Bill Service

Notes:

- ***A lunch will be provided***
- ***Date of next meeting: 9 March 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 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

To approve the Minutes of the meeting held on 15 September 2017 (**PF3**) and to receive information arising from them.

2. Declarations of Interest - see guidance note

3. Minutes

To approve the minutes of the meeting held on 15 September 2017 (**PF3**) and to receive information arising from them.

4. Petitions and Public Address

5. Minutes of the Local Pension Board

The unconfirmed Minutes of the Local Pension Board which met on 20 October 2017 are attached for information only at **PF5**.

6. Report of the Local Pension Board

10:10

This is the second report of the Local Pension Board to the Pension Fund Committee in response to the request from the new Chairman of the Committee to have a dedicated item on each Committee Agenda where the Committee can properly discuss the work of the Board and any issues identified (**PF6**).

The Committee is RECOMMENDED 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 whether they wish to ask the Board to undertake any specific follow up work in respect of the items on the General Data Protection Regulations or Employer Covenants included elsewhere on their agenda today; and***
- (c) consider the need for a further risk in respect of changes***

in Government Policy.

7. Review of the Annual Business Plan 2017/18

10:20

This report (**PF7**) reviews progress against the key service priorities as set out in the Annual Business Plan for the 2017/18 financial year.

The Committee is RECOMMENDED to note progress against the key service priorities identified in the 2017/18 financial year.

8. Risk Register

10:50

The report (**PF8**) updates the Committee on the Fund's Risk Register, updating the position on risks reported to the last meeting and adding in new risks identified in the intervening period.

The Committee is RECOMMENDED to:

- (a) note the current risk register;***
- (b) consider the comments from the Pension Board; and***
- (c) determine any changes to the current risk register.***

9. Brunel Pension Partnership (BPP) - Update

11:00

The report (**PF9**) updates the Committee on the work of Project Brunel to develop the Brunel Pension Partnership.

The Committee is RECOMMENDED to:

- (a) note the latest position in terms of the on-going development of the Brunel Pension Partnership; and***
- (b) 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 the Committee.***

10. Administration Report

11:30

This report (**PF10**) updates the Committee 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 offs.

The Committee is RECOMMENDED to note the report.

11. General Data Protection Regulations (GDPR) - Update

11:40

Attached at **PF11** is an update on the provisions of the General Data Protection Regulations (GDPR).

The Committee is RECOMMENDED to note the report.

12. Pension Fund Policies - Discretionary Policies

11:45

The attached report sets out changes to an existing discretionary policy and seeks the Committee's view on the introduction of a new discretionary policy (**PF12**).

The Committee is RECOMMENDED to:

(a) comment on and approve the proposed changes to the Administration Strategy; and

(b) confirm whether the Committee wishes to introduce a voluntary scheme pays option, providing criteria in paragraph 11 are met.

13. Overview of Past and Current Investment Position

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 2017 using the following tables:

Table 1	provides a consolidated valuation of the Pension Fund at 30 September 2017
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 2017
Table 4	provides details on 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

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, 18 and 19 on the agenda.

14. EXEMPT ITEMS

The Committee is RECOMMENDED that the public be excluded for the duration of items 15, 16, 17, 18, 19 and 20 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 16 and 17, there are no reports circulated with the Agenda. Any exempt information will be reported orally.

15. Overview and Outlook for Investment Markets

11:55

The report of the Independent Financial Adviser (**PF15**) 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.

16. Adams Street

12:05

- (1) The Independent Financial Adviser will report orally on the performance and strategy of Adams Street drawing on the tables at Agenda Items 13 and 15.
- (2) The representatives (Ana Maria Harrison and Sergey Sheshuryac) 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 2017;
 - (b) give their views on the future investment scene.

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

17. Annual Review of Private Equity

12:45

The Independent Financial Adviser will report on and review the investments within the allocation to Private Equity as a whole. Members will be invited to question and comment (PF17).

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:

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The Committee is RECOMMENDED to note the main issues arising from the presentation and to take any necessary action, if required.

18. Report of Main Issues arising from Reports of the Fund Managers not represented at this meeting

13:00

The Independent Financial Adviser will report on the meetings with UBS, Wellington, Insight (Diversified Growth Fund) the Committee 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.

19. Summary by the Independent Financial Adviser

13:05

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.*

20. Employer Covenants

13:10

This report provides the Committee with further analysis of current levels of Pension Fund deficits and the financial strength of the employers responsible for meeting these deficit payments. The Committee is invited to consider any changes they would wish to make to the current Funding Strategy Statement in light of this report (**PF20**).

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 the information is supplied in commercial confidence.*

The Committee is RECOMMENDED to consider the information contained within this report and determine any proposed changes to the current Funding Strategy Statement as the basis for a future consultation.

ITEMS FOLLOWING THE RE-ADMISSION OF THE PRESS AND PUBLIC

21. Corporate Governance and Socially Responsible Investment

13:15

This item covers 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

There will be an oral report on arrangements for the next Annual Pension Forum.

LUNCH

Pre-Meeting Briefing

There will be a pre-meeting briefing at County Hall on Wednesday 29 November 2017 **at 12 noon** for the Chairman, Deputy Chairman and Opposition Group Spokesman.

PENSION FUND COMMITTEE

MINUTES of the meeting held on Friday, 15 September 2017 commencing at 10.00 am and finishing at 1.20 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 (Resources); Director of Finance, S. Collins, S. Fox and G. Ley

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.

44/17 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS

(Agenda No. 1)

City Councillor Jean Fooks attended in place of City Councillor James Fry. An apology was received from Cllr Carmen Griffiths.

45/17 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 declared a personal interest in respect of his role as a retained fire-fighter.

46/17 REPORT OF THE LOCAL PENSION BOARD

(Agenda No. 6)

Members considered the first report of the Local Pension Board to the Committee **(PF6)**. This was in response to a request from the new Chairman of the Committee to have a dedicated item on each committee Agenda where the Committee could properly discuss the work of the Board and issues identified.

RESOLVED to:

- (a) note and support the work programme of the Pension Board;
- (b) note the comments of the Board in respect of the collection of scheme data and support the future investment in i-connect and greater standardisation of data collection practices;
- (c) to consider the risk scores for risks 4, 8 and 10 at Agenda Item 8 'Risk Register'; and
- (d) endorse the proposal that future meetings of both this Committee and the Pension Board should receive an update report on the progress on delivering the annual business plan.

47/17 MINUTES

(Agenda No. 3)

The Minutes of the last meeting held on 23 June 2017 were approved and signed as a correct record, subject to the amendment of City Cllrs Jean Fooks and James Fry from 'District Cllr' to 'City Cllr' in Minute 28/17.

48/17 PETITIONS AND PUBLIC ADDRESS

(Agenda No. 4)

Julia Spraggs addressed the Committee on behalf of Fossil Free Oxfordshire.

Mrs Spraggs stated that for several years Fossil Free Oxfordshire (FFO) had been asking the Committee to take the financial risks associated with climate change seriously. FFO had the support of those Oxfordshire residents who had signed the petition to the Council; and members of the Local Government Pension Scheme (LGPS) had sent letters to the Committee Chairman. She pointed out that two of the larger employers in the LGPS, Oxford City and Oxford Brookes University had adopted policies for divestment through this campaign.

Mrs Spraggs stated that FFO were pleased that the Committee had specifically included risk due to climate change in its new Investment Strategy Statement; and had also specified the possibility of divestment should engagement be not seen to result in sufficient progress. However, FFO felt that the urgency with which climate risk needed to be addressed should be reflected in actions as soon as possible. They were also keen to understand how these policies would operate in practice, pointing out that Oil and Gas holdings becoming 'stranded assets' was a serious consideration for pension funds to consider in fulfilling their fiduciary duty. They suggested that one approach would be to reflect the potential climate risk associated with oil and gas holdings in the Fund's risk register. More specifically in risk 4 – 'under performance of asset managers or asset classes' – the size of the Royal

Dutch Shell holding alone in the Oil and Gas asset class, warranted an impact factor of 4 rather than 3 and a likelihood factor of 3, for likely, rather than 2 for unlikely.

They asked therefore how would policies for mitigating financial risk associated with climate change be applied to the Pension Fund's holding on £21m in Shell – stating that this holding seemed starkly at odds with a commitment to mitigate climate risk. Mrs Spraggs concluded by urging the Committee not to invest in further fossil fuel exploration, as exploitation was no longer supportable ethically, nor could it be relied on to support future pensions for the Fund's beneficiaries. Only divestment would demonstrate to fossil fuel companies that business as usual could not continue.

In response, the Chairman, speaking on behalf of the Committee, commented that FFO's address was timely for the reason that the Committee intended to discuss the matter of ethics and human rights at their next informal training session. He added that a written answer would be given to FFO following that session.

49/17 MINUTES OF THE LOCAL PENSION BOARD

(Agenda No. 5)

The unconfirmed Minutes of the Local Pension Board, 21 July 2017 were noted.

50/17 REVIEW OF THE ANNUAL BUSINESS PLAN - 2017/18

(Agenda No. 7)

The Committee considered a report (**PF7**) which provided an update on progress against the key service priorities agreed within the Annual Business Plan.

RESOLVED to:

- (a) note the progress against the key service priorities identified in the 2017/18 Business Plan, and
- (b) agree the date of the next Brunel Engagement Session as 17 November 2017 at County Hall, Oxford.

51/17 RISK REGISTER

(Agenda No. 8)

Members of the Committee had before them a report which presented the latest position on the Fund's Risk Register (PF8). The report updated the position on risks reported to the last meeting on 23 June 2017 with the addition of new risks that had been identified in the intervening period.

Members also considered the recommendation from the Local Pension Board requesting the Committee to consider the risk scores for risks 4, 8 and 10.

At the request of the Committee, Mr Collins undertook to carry out a check to ascertain the likelihood of a security breach of data and whether the Fund was insured against cyber - attack.

RESOLVED:

- (a) to note the current risk register;
- (b) in respect of risk 4 – the Committee believed the score to be at the right level, given the likelihood that risks would fluctuate to a higher or lower level over a longer period of time; agree that likelihood score for risk 8 be raised from 3 to 4; and with respect to risk score 10, to reduce the likelihood score from 3 to 2. Committee also requested the officers to bring a detailed report to the next meeting on a number of ICT risks identified at the meeting; and
- (c) to note the proposed full day's training programme to be held on a date to be determined, for all members of the Pension Fund Committee and the Local Pension Board; and in addition to request the officers to provide online training in individual issues, where appropriate.

All members of the Committee were strongly urged to attend the training day.

52/17 SCHEME ADVISORY BOARD - CONSULTATIONS

(Agenda No. 9)

The Scheme Advisory Board (SAB), which had been set up under the Public Service Pensions Act 2013 to advise the Secretary of State and to act as a co-ordinator for best practice for the individual LGPS pension funds, had recently issued a number of key papers. Two of these were consultation papers with a closing date of 29 September 2017. The third was a template to enable LGPS Funds to seek to opt up to professional status under the new Markets in Financial Instruments Directive (MiFID II).

The report (**PF9**) invited the Committee to consider the implications of the three papers, and to agree responses to the two consultation documents setting out a way forward in response to MiFID II.

RESOLVED:

- (a) to agree the consultation response on academies objectives, as set out in Annex 1;
- (b) not to support the establishment of the Cross Pool Information Forum for the reasons outlined in the report and to amend the consultation response at Annex 2 accordingly;
- (c) to note the consequence of electing not to opt up to professional client status with all relevant institutions including Brunel Pension Partnership Ltd;
- (d) to agree that the Pension Fund should seek to opt-up to elective professional client status with all relevant institutions and to commence this process as soon as possible;
- (e) to acknowledge and agree that in applying to be treated as a professional client, the Fund would forgo the protections afforded to retail clients; and
- (f) to delegate responsibility for completing and submitting all the applications, including consideration about whether this was on a full or single service basis to the Service Manager (Pensions).

53/17 ADMINISTRATION REPORT

(Agenda No. 10)

The Committee were updated (PF10) on the latest position in relation to administration issues outside of the Business Plan. The report also included the latest position on new admissions to the Fund, employer cessations and any debt write-offs.

RESOLVED: to note the report.

54/17 OXFORDSHIRE PENSION FUND - REPORT AND ACCOUNTS 2016-2017

(Agenda No. 11)

The Annual Report and Accounts for 2016/17 (PF11) was presented to the Committee for comment and amendment before the document was finalised.

RESOLVED: to make no comment or amendments.

55/17 BUDGET OUTTURN 2016/17

(Agenda No. 12)

The Committee had before them a report (PF12) which analysed the actual spend by the Oxfordshire County Council during 2016/17 against the budget; and which highlighted the reasons for any material variance.

RESOLVED: to receive the report and to note the outturn position.

56/17 OVERVIEW OF PAST AND CURRENT INVESTMENT POSITION

(Agenda No. 14)

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

Mr Davies reported that the overall value of the Fund over the last quarter had increased by £37m, over £20m of which was due to Equity gains, Bonds having fallen slightly.

The Committee **RESOLVED** to receive the tables and graphs, and that the information contained in them be borne in mind insofar as they related to Agenda items 16, 17, 18, 19, and 20 in the Agenda.

57/17 PENSIONS ADMINISTRATION - SERVICE PERFORMANCE

(Agenda No. 13)

The Committee had before them a report (PF13) which set out the key performance data in respect of the Pension Services Team, commenting on variations in actual performance compared to the target levels set out in the Service Level Agreements.

RESOLVED: to note the report and to request the officers to bring this key performance data to each meeting of this Committee.

58/17 EXEMPT ITEMS

(Agenda No. 15)

RESOLVED that the public be excluded for the duration of items 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 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 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.

59/17 OVERVIEW AND OUTLOOK FOR INVESTMENT MARKETS

(Agenda No. 16)

This report of the Independent Financial Adviser (**PF16**) set out an overview of the current and future investment scene and market developments across various regions and sectors; and provided the context for consideration of the reports from the Fund Managers. The report itself did not contain exempt information and was available to the public. The Independent Financial Adviser also reported orally and this information was exempt information.

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

60/17 BAILLIE GIFFORD

(Agenda No. 17)

The Independent Financial Adviser reported orally on the performance and strategy of Baillie Gifford drawing on the tables at Agenda Items 14 and 16.

The representatives, Anthony Dickson and Ian McCombie 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 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.*

The Committee **RESOLVED** to note the main issues arising from the presentation.

61/17 LEGAL & GENERAL

(Agenda No. 18)

The Independent Financial Adviser reported orally on the performance and strategy of Legal & General drawing on the tables at Agenda Items 14 and 16.

The representatives, Chris Lyons and Tom Carr presented their approach to investments in relation to their part of the Fund and their strategy against the background of the current investment scene. They also gave their views on the future investment scene.

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

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:

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The Committee **RESOLVED** to note the main issues arising from the presentation.

62/17 REPORT OF MAIN ISSUES ARISING FROM REPORTS OF THE FUND MANAGERS NOT REPRESENTED AT THIS MEETING

(Agenda No. 19)

The Independent Financial Adviser reported on the officers meetings with UBS Asset Management and Wellington (PF19).

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:

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The Committee RESOLVED to note the main issues arising from the reports.

63/17 SUMMARY BY THE INDEPENDENT FINANCIAL ADVISER

(Agenda No. 20)

There were no further issues requiring summary.

64/17 CORPORATE GOVERNANCE AND SOCIALLY RESPONSIBLE INVESTMENT

(Agenda No. 21)

No further issues were brought.

..... in the Chair

Date of signing

LOCAL PENSION BOARD

MINUTES of the meeting held on Friday, 20 October 2017 commencing at 10.30 am and finishing at 12.35 pm

Present:

Voting Members: Mark Spilsbury – in the Chair

Alistair Bastin
Stephen Davis
Councillor Bob Johnston
David Locke FCA
District Councillor Sandy Lovatt
Sarah Pritchard

Officers:

Whole of meeting Sean Collins, Service Manager (Pensions); Sally Fox, Pensions Manager; Julie Dean (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.

36/17 WELCOME BY CHAIRMAN

(Agenda No. 1)

The Chairman welcomed all to the meeting. In particular he welcomed new member of the Board, District Councillor Sandy Lovatt.

37/17 MINUTES

(Agenda No. 5)

The Minutes of the meeting held on 21 July 2017 were approved and signed as a correct record.

38/17 EMPLOYER MANAGEMENT

(Agenda No. 6)

The Board had before them the Employer Management report (LPB6) which was the latest in a series of reports to the Pension Fund Committee and this Board on the Fund's approach to employer management. It covered the latest position in respect of Oxfordshire's regulatory requirement to issue annual benefit statements to all active

and deferred scheme members by 31 August 2017; the plan to issue the outstanding statements; and the key learning points and actions going forward.

The Board was invited to note the latest position and the proposed actions to address the issues; and also to offer any comments to the Pension Fund Committee.

During the general discussion, the Board established the following:

- The Pensions Team were still short of three members of staff. Training of new members of staff impacted on performance;
- The Diocese had successfully completed a test run on their computer system, with direct assistance from Sally Fox. This had necessitated an £44k input in software development;
- UNISON reiterated their offer of assistance with liaison between employees who had not yet received their Annual Benefit Statements and with the poorer performing employers. David Locke also offered to broker a meeting if needed;
- Employers had been asked to give any issues which they wished to have discussed at the quarterly Employers Group meeting;
- The Pensions Team was pushing to correct any system errors earlier so that iconnect, when introduced, could assist with establishing, on a monthly basis, what was outstanding thus allowing issues to be resolved earlier and in advance of the following month's return;
- The Pensions Team were now meeting with the Chief Executives/Chief Finance Officers of Employer organisations to discuss any issues or action that needed to be taken;
- The organisations in the Employers Group who were not engaging were very resource intensive for the Pensions Team;
- A number of authorities had sent their benefit statements out on time but this had been achieved by the use of additional staff and overtime and leave embargos. It was also clear that a number operated less stringent checks on the data included in published statements and did not report performance across the complete pool of active members, so boosting the percentage of statements issued. The matter was on the Agenda for the new Southern Area Pension Group to review;
- Introducing a standard approach to employer returns was restricted because both nationally and locally Pension Funds and Scheme employers were required to set discretionary policies under the Regulations which resulted in different requirements.

At the conclusion of the discussion, the Board **AGREED** noted the current position and to inform Pension Fund Committee:

- (a) that the Board welcomed the potential actions to discuss with employers as set out at paragraph 9 of the report;
- (b) that the Board welcomed the positive feedback on interventions made by the Team to encourage better returns from employers; and

- (c) to acknowledge that the Pensions Team required time to plan new projects which would require a number of pieces of work for submission to the Board and to Committee.

39/17 REVIEW OF THE ANNUAL BUSINESS PLAN - 2017-2018

(Agenda No. 7)

At its 15 September 2017 meeting, the Pension Fund Committee had received its first report to review progress against the five key service priorities included in the report for the Pension Fund, 2017/18 (LPB7). As many of these priorities directly linked to the mitigation plans for the key risks within the Fund's Risk Register, the report provided more detail on the status of these risks.

With reference to paragraph 13 of the report regarding cash flow modelling, the Board asked what the cash flow position was in a typical month. Mr Collins responded that it amounted to £750k more in cash collected each month in respect of members' benefits than the amounts paid out by way of current pensions.

The Board also asked about potential changes in academy structures with schools moving between Funds where all were part of a Multi-Academy Trust and the potential cash flow implications. Sean Collins responded that this would require Secretary of State permission. He added that any significant out-sourcing, such as that planned by Oxford City Council and West Oxfordshire District Council could seriously affect cash-flow. Modelling work was taking place on the impact of these changes, should a number of scheme members be transferred.

Mr Collins assured the Board that independent legal advice was provided to the Committee.

Cllr Bob Johnston, who regularly attended Pension Fund Committee meetings as an observer, and who often acted as the Board's representative, presenting the Board's Minutes and report, stated that, in his opinion, the level of expertise amongst Committee members was better than expected, given that the Committee comprised mainly of new members. He expressed a confidence that the new Committee would carry out its responsibilities effectively.

With regard to the Committee's management approach to the environment, social and governance (ESG) risks associated with the Fund's investments, Sean Collins stated that the law was clear and that the Committee had a fiduciary duty to make decisions in the best interests of the stakeholders. Advice received had indicated that decisions could be made on ethical grounds as long as there was no detrimental impact on this duty. The Oxfordshire Pension Fund's stance was not to screen investments allowing decisions to be made on a case by case basis. The Committee's first Investment Strategy Statement, agreed at the March 2017 meeting, made it clear that this Committee expected its fund managers to integrate the consideration of all ESG risks, including climate change, into their investment decisions.

The Board **AGREED** to note the report and that there were no points within the report that they wished to flag up to the Committee.

40/17 RISK REGISTER

(Agenda No. 8)

The Board considered the report LPB8 which had been submitted to the last meeting of Pension Fund Committee on 15 September 2017 and that had included the comments from this Board made at its July meeting. The Committee had been invited to consider the current risk ratings in respect of the risks queried by the Board (ie. risk scores 4, 8 and 10).

In relation to Risk 10, Sean Collins confirmed that the contract for the provision of external resource had now been finalised and work was ongoing.

In response to various questions in respect of the work of the Fund Actuary from the Board, Sean Collins explained that a number of issues would be built into the tender documentation for the new actuary, the appointment of which was due in December of this year. He added that all points made by the Committee in September had been picked up. The Chairman had wanted the dates for completion of action to remain and not be allowed to slip. This would give the Committee and the Board a clearer picture in order to understand the Business Plan properly and to be able to re-examine the risks, if required.

In response to a query about the resilience of the Pensions Team, and if succession planning was taking place, Sean Collins responded that training for more junior staff was provided, but this was a double-edged sword in that if vacancies within Oxfordshire did not materialise, they could be encouraged to seek promotion elsewhere. He was of the view that sometimes a fresh perspective was a positive alternative.

Sean Collins was asked if risks associated with Brexit had been given any consideration. He responded that the key issue was that the LGPS was a long-term scheme and so the key risk to this was if the Government made changes to policy, the worst possibility being if the Government was to close the LGPS. The implications of Brexit would largely be short-term and therefore did not need specific inclusion in the risk register.

The Board asked about Oxfordshire's LGPS approach to employer covenant reviews. Sally Fox responded that there was a different approach between funds regarding covenants. Oxfordshire's approach would be for the actuary to do the review and the Committee to look at the ensuing report to decide the approach. Assurance was given that the covenant report would be submitted to the Committee and then to the Board. Sean Collins added that the Committee had ceased admitting community admission bodies and academy covenants were now underwritten by the Secretary of State. The key bodies where significant risk was identified were Oxford Brookes University and the colleges of education, where there was no third party acting as guarantor..

In relation to the outstanding training date for all members (Risk 11) for all members of the Committee and the Board, Sean Collins reported that this had not been overlooked and would take place in the Spring of 2018.

41/17 BRUNEL PENSION PARTNERSHIP

(Agenda No. 9)

Sean Collins gave an update on the Brunel Pension Partnership (BPP) stating that:

- Since the formation of the company, key staff had continued to have been appointed, 50% of whom were from LGPS employees, and the other 50% from the private sector;
- The two appointed members on the Oversight Board were both Unison members. Both had attended its last two meetings;
- The main piece of work was the appointment of State Street to the role of administrator/custodian. All funds were to transition to State Street according to a planned approach, Oxfordshire being the first to transition by mid - November;
- Members of the Board would meet the Client Relationship Director and the Shareholder non-executive director would also be present at the event which Oxfordshire was hosting, to which members of the Committee and the Board had been invited on 17 November 2017;
- The offices for BPP would be in central Bristol;
- Expenditure to date was in line with the budget.

In response to a question with regard to the case made by BPP regarding the transfer of assets and stamp duty to the Treasury, Sean Collins stated that this had been discussed by the cross-pool tax working group. Due to the differences in the ways the other pools had been set up, the tax issue had not been a priority for the others. The Government’s view was that the Pension Funds would benefit over the longer term and therefore should be responsible for meeting all short term costs.

42/17 ITEMS TO INCLUDE IN REPORT TO THE NEXT PENSION FUND COMMITTEE

(Agenda No. 10)

The Board decided that the following items be included in the Board’s report to the next Pension Fund Committee:

- Project plan to explain the GDPR – and the report, when complete, to include the impact and likelihood of modelling
- Covenant report.

..... in the Chair

Date of signing

Division(s): N/A

PENSION FUND COMMITTEE – 1 DECEMBER 2017

REPORT OF THE PENSION BOARD

Report by the Independent Chairman of the Pension Board

Introduction

1. At the first meeting of the new Pension Fund Committee on 23 June 2017, it was agreed at the suggestion of the Chairman, that each future meeting of the Committee should receive a written report from the Pension Board, setting out the key elements of their work and any matters which the Board wished to draw to the Committee's attention.
2. This is the second such report of the Board under these new arrangements, and reflects the discussions of the Board members at their meeting on 20 October 2017. The meeting was attended by District Councillor Sandy Lovatt who had been appointed to fill the Scheme Employer vacancy caused by the resignation of District Councillor Roger Cox. Cllr Lovatt had previously served on the Pension Fund Committee.

Matters the Board wished to bring to the Committee's Attention

3. The Board again devoted a significant part of its agenda to the on-going issues on employer management, data quality and the issue of Annual Benefit Statements. The Board were keen to highlight the improvement in the position relative to previous years, and the fact that the 77% of statements issued by the statutory deadline of 31 August 2017 was a significant increase on the previous year.
4. The Board discussed the actions highlighted in their report which were aimed at ensuring as many as possible of the outstanding statements were issued before the end of 2017, and that the position for 2017/18 would show further improvement. The Board were pleased to note that the additional resources agreed by the previous Committee had now been used to bring in external support to work on some of the backlog of cases, but were concerned about the availability of resources to meet the breadth of the work outlined.
5. In particular, the Board identified additional specialist project management support as an area which merited further consideration by the Committee. This would support the work to implement i-Connect, as well as reviewing the current data collection and verification processes in place with employers.
6. The Board recognised the key need to ensure robust communications between Pension Services and the scheme employers, particularly in setting out employer responsibilities at the point new employers joined the Fund.

They were also keen to ensure that the promised communications to scheme members who had not yet received their annual benefit statement were produced.

7. The Board considered the latest review of the Annual Business Plan for 2017/18, but had no issues they wished to bring to the Committee's attention.
8. On the risk register report, the Board were pleased to note that the Committee had considered their previous comments and made changes to the risk register accordingly. They were also pleased to note that the risks associated with the new General Data Protection Regulations would be subject to a report to the next Committee meeting, and were keen to have the opportunity to review this report at their next meeting.
9. The Board asked that where the date changed for the completion of any action to mitigate risks included in the risk register, that this was highlighted directly to the Board.
10. The Board raised some concern about the current score given to risk 17 in respect of the impact of structural change and the cash flow of the Fund. They accepted that the risk would be better understood on completion of the work to develop the cash flow modelling tool, and wished to re-examine this issue once the modelling tool was available.
11. The Board were also keen to better understand the risks around the financial failure of scheme employers and asked that they were able to review the report on employer covenants due to be reported to the December Committee meeting.
12. Finally the Board asked that the Committee consider adding a further risk to the Risk Register in respect of changes in Government Policy. This comment reflected a discussion on the structural change risk, and the possibility that the Government could make significant changes to the participation of academy schools within the LGPS.

RECOMMENDATION

13. **The Committee is RECOMMENDED 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 whether they wish to ask the Board to undertake any specific follow up work in respect of the items on the General Data Protection Regulations or Employer Covenants included elsewhere on their agenda today, and**
 - (c) **consider the need for a further risk in respect of changes in Government Policy.**

Mark Spilsbury
Independent Chairman of the Pension Board

Contact Officer; Sean Collins, Service Manager (Pensions); Tel: 07554 103465

November 2017

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Division(s):N/A

PENSION FUND COMMITTEE – 1 DECEMBER 2017

REVIEW OF THE ANNUAL BUSINESS PLAN 2017/18

Report by Director of Finance

Introduction

1. This report sets out a review of the progress against the key service priorities included in the annual business plan for the Pension Fund for 2017/18. As many of these priorities directly link to the mitigation plans for the key risks within the Fund's Risk Register, the report provides more detail on the status of these risks.

Development of the Brunel Pension Partnership

2. The first of the five service priorities agreed as part of the annual business plan was to contribute to the successful establishment of the Brunel Pension Partnership such that the first transfer of assets can take place in April 2018.
3. A full update of the overall progress of the development of the Partnership was provided to at the recent Engagement Sessions run by officers from the Client Group and the Brunel Company to which members of both the Committee and Pension Board were invited.
4. There is a specific report on the agenda today which covers items of more local significance to the Oxfordshire Fund, being the transition of custodian to State Street, the budget implications of Brunel's Annual Business Plan for 2018/19 and the latest position on the development of the Brunel portfolios and the implications for Oxfordshire's asset allocation.

Cash Flow Modelling

5. The second service priority was to develop a more sophisticated cash flow model, and an appropriate future investment strategy to ensure all pension liabilities can be met as they fall due. There were three key aspects to this element of the work plan
 - working with the Fund Actuary to develop a modelling tool to allow future liability patterns to be better understood, and the impact of structural changes proposed by large employers identified
 - working with the major scheme employers to understand any changes in likely scheme membership as a consequence of their strategic plans
 - developing a clear understanding of the investment returns of the various asset classes to provide a better match to the liability profile

6. Much of this work has been delayed due to the pressures of work associated with developing the Brunel Pension Partnership and the need to re-tender the Actuarial contract for the Fund. The requirements for a cash flow modelling tool which allows Fund officers to set parameters to reflect the latest strategic decisions of our major employers was set out in the invitation to tender. This work will be taken forward early in 2018 following the award of the new contract, and will be tied into the work on developing the new Brunel portfolios to ensure the investment strategy does deliver sufficient cash to meet the cost of pension liabilities as they fall due.
7. In the short term, Officers monitor the cash flow position on a monthly basis, and this shows we are still in a healthy position with c£750,000 more resources collected each month in respect of member's benefits than paid out. This, plus the cash reserves held, provides short term protection against the risk that the Fund will have to sell assets at short notice to meet pension liabilities.

Managing Pension Fund Data

8. The third service priority within the 2017/18 business plan was to develop more sophisticated management arrangements to ensure all Pension Fund data is received and stored in accordance with the requirements of the Pension Fund Regulator.
9. The business plan identified four key elements to this work
 - (a) Further training to fully understand the requirements of the Pension Regulator
 - (b) A review of current data collection processes looking to automate these wherever possible, and standardise them in line with best practices across other Funds.
 - (c) Development of more meaningful management reports on data quality
 - (d) Work with scheme employers to ensure responsibilities are fully understood, and to address any key concerns within the current arrangements.
10. As a consequence of the need to report a further breach of the regulations in respect of non-compliance with the requirement to issue 100% of annual benefit statements by 31 August 2017, the Pension Regulator has now asked for a meeting with Fund Officers on 12 December 2017. This meeting will be key to establish whether the current action plan meets the Regulator's expectations and/or what further actions are required.
11. The issue of greater standardisation of scheme employer data returns has now been raised by David Locke, a scheme employer representative on our Local Pension Board with the national Advisory Board. The national Advisory Board have responded positively to the request to explore this further and have invited David to attend one of their meetings early in 2018.

12. The remaining work in this area is impacted by the overall work programme currently facing the Pension Services Team (as identified in the separate Administration Report and appendix of on-going project work).

Monitoring Fund Manager Performance against Committee Policies

13. The fourth service priority was to develop a more robust approach to monitoring the performance of Fund Managers, in respect of their delivery against the Funds responsible investment and stewardship policies. This priority was added to the business plan in light of a number of concerns expressed by scheme members about the lack of transparency of the current arrangements, and in particular the need to measure the success of fund Manager engagements with the companies they have invested in on our behalf.
14. This work continues to be taken forward in our work with our current Fund Managers and with our partners in the Brunel Pension Partnership. As covered elsewhere on the agenda, Wellington have been pro-active in developing new reporting tools to help better understand the success of their interventions on environmental, social and governance issues. This work is being discussed with the new Responsible Investor Officer at Brunel and with State Street in their role as the new Administrator for the Brunel Pension Partnership in order to develop new robust reports which will offer greater transparency on the investment decisions of our Fund Managers.

Scheme Member Communications

15. The final priority identified in the 2017/18 Business Plan was improving scheme member communications through the full implementation of members self-service. This would enable scheme members to log into their own pension account to amend personal data, and view key information in respect of their own pension.
16. Having successfully rolled out member self-service to pensioners within the Oxfordshire Fund, we are now taking forward the project to roll out the facility to active and deferred members.

RECOMMENDATION

17. **The Committee is RECOMMENDED to note the progress against the key service priorities identified in the 2017/18 Business Plan.**

Lorna Baxter
Director of Finance

Contact Officer: Sean Collins, Service Manager (Pensions) Tel: 07554 103465

August 2017

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Division(s): N/A

PENSION FUND COMMITTEE – 1 DECEMBER 2017

RISK REGISTER

Report by the Director of Finance

Introduction

1. At their meeting on 11 March 2016, the Committee agreed that the risk register should form a standard item for each quarterly meeting. A copy of the report also goes to each meeting of the Pension Board for their review. The comments from the Pension Board are included in their report to this meeting and the Committee are invited to consider the current risk ratings in respect of the risks queried by the Board.
2. The risk register presented to the March 2016 Committee meeting was the first produced in the new format, which introduced the concept of a target level of risk and the need to identify mitigation action plans to address those risks that were currently not at their target score. This report sets out any progress on the mitigation actions agreed for those risks not yet at target, and identifies any changes to the risks which have arisen since the register was last reviewed.
3. A number of the mitigation plans are directly linked to the key service priorities identified in the Annual Business Plan, and this report should therefore be considered in conjunction with the report which reviews progress against the business plan elsewhere on this agenda.

Comments from the Pension Board

4. The Pension Board were pleased to note that the Committee had recognised the potential risks around the new General Data Protection Regulations and the fact that the Committee were due to receive a report on the subject at today's meeting. The Committee may wish to re-visit risk 14 in the attached register in light of their discussion on this agenda item. The Board have asked to review this item at their next meeting.
5. The Board wished to ensure all action plans where the completion date was amended were highlighted to both the Committee and the Board. For this meeting, completion dates have been left unaltered so that the Committee and Board can identify those actions which have fallen behind planned timescales.
6. The Board had a discussion on risk 17 in respect of the changes to the cash flow of the Fund and the knock on investment implications, of any major structural change. The Board accepted that we would be in a better position to review these concerns once the outstanding work on cash modelling was

completed, following the signing of the new Actuarial contract. The Board will wish to review this risk at that time. They also noted that a key element of this risk was Government Policy which could lead to the decision to transfer out academy schools to a single Fund. Other risks associated with Government policy were then discussed, including the risk that the Government could choose to close the scheme as a defined benefit scheme. The Board asked the Committee to consider whether an additional risk associated with Government Policy should be added to the Register.

Latest Position on Risks

7. Of the 17 risks identified within the risk register, 8 are showing at target in the Register. These include risk 14, the risk of a breach of data security. At the last meeting of the Committee, Members asked about the likelihood of a risk from a cyber-attack, and whether such an event would be covered by the Council's insurance arrangements.
8. The Insurance Team have stated that the Council's insurance arrangements do not cover specific cover in respect of cyber-crime, but such an event would be covered under the general liability policy.
9. The likelihood of the Pension Fund's software being vulnerable to cyber-attacks was covered by the most recent ICT audit of the Fund's systems. This included seeking assurance from the software supplier, who in turn provided information about the results of their recent exercise undertaken by an independent penetration test supplier.
10. The tests undertaken by the independent tester identified 9 separate issues of which none were deemed critical, and just one as high, defined as possible financial or legal impact or loss of data. 3 of the remaining issues were categorised as medium – limited or quantifiable impact and the other 5 as low – little or no adverse impact. The software supplier has subsequently taken action to address the issues identified. We have therefore recorded an unlikely score within the risk register.

Risks Covered by the Annual Business Plan

11. Of the remaining 9 risks not at target, the mitigation plan for 6 is covered by the work in delivering the 2017/18 business plan.
12. Risks 1, 2 and 17 are all impacted by the cash flow model. This work has slipped against the initial deadlines set out in the risk register, initially as a requirement to prioritise the work associated with developing the Brunel Pension Partnership, and latterly as a consequence of the need to re-tender the Actuarial contract. These are all long term risks, and there is some mitigation in place in the short term. The results of the 2016 Valuation alongside the on-going cash flow monitoring have indicated that recent investment returns have exceeded those assumed in the valuation, thereby leading to a reduction in the funding shortfall. Cash flow continues to be positive, with a monthly average of just under £0.75m more by way of

contributions than is paid out in benefits, reducing the risk of emergency sales of assets.

13. Risks 3, 8 and 9 relate to the work associated with data quality and are all in progress. Whilst improved monitoring arrangements have been introduced to ensure we are getting timely and accurate data from employers, the impact on resources as a consequence of the work on annual benefit statements and the backlog of queries mean there is a lack of resource to complete all the escalation work necessary to follow up with employers. We also need to develop improved management reports to highlight any issues with the data held by the Fund before we can reduce the likelihood of these risks.

Other Risks

14. Risk 7 is the risk of employer default. This risk is subject to a report elsewhere on this agenda. The Committee are invited in that report to consider if they wish to make changes to the Funding Strategy Statement or if they are happy with the current level of risk. The decision on that report will need to be reflected in the risk register.
15. The other two risks currently not reported at target are risk 10 – staff resources and risk 11 – skills and knowledge of the Pension Fund committee itself. In respect of staff resources, the team is currently operating with three vacancies, and is working with the HR team to seek to bring in specialist agency staff. External resource is now in place to deliver the work on reconciling our Guaranteed Minimum Pension (GMP) data with that held by HMRC, and the backlog of work in respect of leavers and re-employments.
16. On risk 11, officers are currently putting together a full day's training programme for members of both the Committee and Board to increase the levels of skills and knowledge held across the two bodies. This is now likely to be in the Spring of 2018.

RECOMMENDATION

17. **The Committee is RECOMMENDED to:**
 - (a) **note the current risk register;**
 - (b) **consider the comments from the Pension Board; and**
 - (c) **determine any changes to the current risk register.**

Lorna Baxter
Director of Finance

Contact Officer: Sean Collins, Service Manager (Pensions); Tel: 07554 103465

November 2017

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Risk Register

Identification of Risks:

These are the risks that threaten the achievement of the Pension Fund's objectives. Risks have been analysed between:

- Funding, including delivering the funding strategy;
- Investment;
- Governance
- Operational; and
- Regulatory.

Key to Scoring

Impact		Financial	Reputation	Performance
5	Most severe	Over £100m	Ministerial intervention, Public inquiry, remembered for years	Achievement of Council priority
4	Major	Between £10m and £100m	Adverse national media interest or sustained local media interest	Council priority impaired or service priority not achieved
3	Moderate	Between £1m and £10m	One off local media interest	Impact contained within directorate or service priority impaired.
2	Minor	Between £100k and £500k	A number of complaints but no media interest	Little impact on service priorities but operations disrupted
1	Insignificant	Under £100k	Minor complaints	Operational objectives not met, no impact on service priorities.

Likelihood

4	Very likely	This risk is very likely to occur (over 75% probability)
3	Likely	There is a distinct likelihood that this will happen (40%-75%)

2	Possible	There a possibility that this could happen (10% - 40%)
1	Unlikely	This is not likely to happen but it could (less than 10% probability)

Ref	Risk	Risk Category	Cause	Impact	Risk Owner	Controls in Place to Mitigate Risk	Current Risk Rating			Further Actions Required	Date for completion of Action	Target Risk Rating			Date of Review	Comment
							Impact	Likelihood	Score			Impact	Likelihood	Score		
1	Investment Strategy not aligned with Pension Liability Profile	Financial	Pension Liabilities and asset attributes not understood and matched.	Long Term - Pension deficit not closed.	Service Manager	Triennial Asset allocation Review after Valuation.	4	2	8	Develop cash flow Model with Actuary. Gain greater understanding of employer changes. Review asset allocation.	September 2017	4	1	4	September 2017	Mitigation Plan delayed beyond initial target
2	Investment Strategy not aligned with Pension Liability Profile	Financial	Pension Liabilities and asset attributes not understood and matched.	Short Term – Insufficient Funds to Pay Pensions.	Service Manager	Monthly cash flow monitoring and retention of cash reserves.	4	2	8	Develop cash flow Model with Actuary. Gain greater understanding of employer changes. Review asset allocation.	September 2017	4	1	4	September 2017	Mitigation Plan delayed beyond initial target
3	Investment Strategy not aligned with Pension Liability Profile	Financial	Poor understanding of Scheme Member choices.	Long Term - Pension deficit not closed. Short Term – Insufficient Funds to Pay Pensions.	Service Manager	Monthly cash flow monitoring and retention of cash reserves.	3	2	6	Develop Improved Management Reports to benchmark, and monitor opt outs, 50:50 requests etc.	September 2017	3	1	3	September 2017	Improved Reports not yet available
4	Under performance of asset managers or asset classes	Financial	Loss of key staff and change of investment approach.	Long Term - Pension deficit not closed.	Financial Manager	Quarterly review Meeting, and Diversification of asset allocations.	3	2	6			3	2	6		At Target
5	Actual results varies to key financial assumptions in Valuation	Financial	Market Forces	Long Term - Pension deficit not closed.	Service Manager	Moderation of assumptions at point of valuation. Asset allocation to mirror risk. Sensitivity analysis included in Valuation report.	3	2	6			3	2	6		At Target
6	Loss of Funds	Financial	Poor Control	Long Term -	Finan	Review of	3	1	3			3	1	3		At Target

	through fraud or misappropriation.		Processes within Fund Managers and/or Custodian	Pension deficit not closed	cial Manager	Annual Internal Controls Report from each Fund Manager. Clear separation of duties.										
7	Employer Default - LGPS	Financial	Market Forces, increased contribution rates, budget reductions.	Deficit Falls to be Met By Other Employers	Pension Services Manager	All new employers set up with ceding employing under-writing deficit, or bond put in place.	3	2	6	Review all employers where there is no statutory covenant. Meeting held with actuaries	September 2017	2	2	4	December 2017	Subject to Decisions at December 2017 Committee.
8	Inaccurate or out of date pension liability data – LGPS and FSPS	Financial & Administrative	Late or Incomplete Returns from Employers	Errors in Pension Liability Profile impacting on Risks 1 and 2 above.	Pension Services Manager	Monitoring of Monthly returns	4	3	12	Develop improved management reporting to highlight data issues at an earlier point in time. Develop escalation issues to ensure data issues are resolved at earliest point, including new charges, and improved training/guidance. Actions in progress	March 2017	3	1	3	December 2017	Improved monitoring in place, but further improvements required in escalation process. Further failure to issue ABS likely to result in further action from the Pension Regulator. Meeting scheduled with regulator on 12 December 2017
9	Inaccurate or out of date	Administrative	Late or Incomplete	Late Payment of	Pension	Monitoring of Monthly	3	2	6	Develop improved	March 2017	3	1	3	June 2017	Improved monitoring

	pension liability data – LGPS and FSPS		Returns from Employers	Pension Benefits.	Services Manager	returns. Direct contact with employers on individual basis.				management reporting to highlight data issues at an earlier point in time. Develop escalation issues to ensure data issues are resolved at earliest point, including new charges, and improved training/guidance. In progress						in place, but further improvements required in escalation process.
10	Insufficient resources to deliver responsibilities- – LGPS and FSPS	Administrative	Budget Reductions	Breach of Regulation	Services Manager	Annual Budget Review as part of Business Plan.	4	2	8	Need to address backlog of work which is impacting on ability of staff to meet statutory deadlines. External resources to be employed.	September 2017	4	1	4	December 2017	Work under contract by external resource currently underway.
11	Insufficient Skills and Knowledge on Committee – LGPS and FSPS	Governance	Poor Training Programme	Breach of Regulation	Services Manager	Training Review	4	2	8	Develop Needs Based Training Programme.	June 2017	4	1	4	September 2017	Training Day to be agreed.
12	Insufficient Skills and Knowledge amongst – LGPS and FSPS Officers	Administrative	Poor Training Programme and/or high staff turnover	Breach of Regulation and Errors in Payments	Services Manager	Training Plan. Control checklists.	3	1	3			3	1	3		At Target
13	Key System Failure – LGPS and FSPS	Administrative	Technical failure	Inability to process pension payments	Pension Services Manager	Disaster Recovery Programme	4	1	4			4	1	4		At Target
14	Breach of Data Security – LGPS and	Administrative	Poor Controls	Breach of Regulation	Pension Services	Security Controls, passwords	3	1	3			3	1	3		At Target

	FSPS				ces Mana ger	etc.										
15	Failure to Meet Government Requirements on Pooling	Governance	Inability to agree proposals with other administering authorities.	Direct Intervention by Secretary of State	Servi ce Mana ger	Full engagement in Project Brunel	5	1	5			5	1	5		At Target
16	Failure of Pooled Vehicle to meet local objectives	Financial	Sub-Funds agreed not consistent with our liability profile.	Long Term - Pension deficit not closed	Servi ce Mana ger	Full engagement in Project Brunel	4	1	4			4	1	4		At Target
17	Significant change in liability profile or cash flow as a consequence of Structural Changes	Financial	Significant Transfers Out from the Oxfordshire Fund, leading to loss of current contributions income.	In sufficient cash to pay pensions requiring a change to investment strategy and an increase in employer contributions	Servi ce Mana ger	Engagement with One Oxfordshire project and with other key projects to ensure impacts fully understood	4	2	8	Work with Fund Actuary to Understand Potential Implications to feed into project and investigate potential changes to investment strategy that can be implemented within required timescales		4	1	4	Septem ber 2017	Employer's engaged. Awaiting cash flow model from Actuary to fully understand implications.

Division(s): N/A

PENSION FUND COMMITTEE – 1 DECEMBER 2017

BRUNEL PENSION PARTNERSHIP UPDATE

Report by the Director of Finance

Introduction

1. Following the signing of the Shareholder's Agreement and the establishment of the Brunel Company in July 2017, work has continued on a range of issues to develop the Brunel Pension Partnership. The Department for Communities and Local Government are monitoring the progress of each of the 8 pools, and reported that they were happy with our progress as set out in the most recent Autumn Review, raising no issues of concern.

Key Work Undertaken by the Brunel Company

2. In September, the Company submitted their application to the Financial Conduct Authority (FCA) to obtain authorisation to provide the investment services to the 10 Client Funds. This was a major exercise, in which the company was supported by Alpha, a specialist Financial Services provider. The FCA have raised a number of minor questions on the application to date and the company are hoping to receive their authorisation early in 2018
3. In the meantime, the company have continued to recruit to their established positions, have moved into their new offices in Bristol, have put in place the company infrastructure to enable it to function (ICT, HR etc) and again with the support of Alpha, are building their internal control environment which will govern their operating procedures going forward.

Key Activities jointly undertaken by the Company and the Clients

4. A major focus over the last few months has been the on-boarding of State Street as the new Administrator for the Partnership and Custodian for the assets of the 10 Funds. The transition of the custody arrangements from the incumbent custodians to State Street is being undertaken on a phased basis, and Oxfordshire was the first Fund to transition in mid-November. At the time of writing this report, all indications are that the transition has gone well, although this can only be confirmed once the initial month end reconciliations are completed and the first accounting and performance reports are received from State Street. The 4 Funds currently with BNY Mellon are due to transition during December, with the remaining Funds scheduled for the early part of 2018, subject to further discussions at individual Fund level.
5. Significant attention is now being focussed on the finalisation of the initial set of portfolios to be offered to the Funds. The initial set of portfolios developed

by the Clients as part of the business case has now been reviewed by the new Investment Team at Brunel and their Strategic Investment Committee. The process for signing off the new portfolios is due to be discussed by the Brunel Oversight Board on 24 November and envisages the full set of portfolios being presented to the Client Group at its meeting on 5 December 2017, and then the Brunel Oversight Board on 12 January 2018. Each Fund will then be asked to make an initial allocation to the new portfolios by the end of March 2018, to enable the Company to undertake the planning required for running the tender exercises for the new mandates and planning the asset transitions. This will therefore be a significant issue for the March meeting of this Committee.

Key Activities for 2018/19 – the Company Business Plan

6. The Brunel Oversight Board meeting on 24 November was also due to consider the draft business plan for the Company for the next two financial years. The Plan would then go on to the Company Board meeting on 14 December 2017, before going to the Annual General Meeting on 31 January 2018 to be agreed by the Shareholders.
7. The draft plan is consistent with the approved business case, and sets out the key tasks for the Company as managing the establishment of the new portfolios and managing the asset transitions in line with the cost and saving parameters set out in the business case. The budget provision set out in the business plan is also consistent with the approved business case, although there are variations between items and in respect of timings. These variations include a significant reduction in the estimated costs of the Administrator/Custodian over the life of the business case, though some higher costs during the transition period to the new portfolios due to the way a number of Funds have structured their current investments, and the earlier establishment of the Private Markets Team to meet the wishes of clients for an early opportunity to develop investment opportunities in Infrastructure and Private Debt.
8. Additional work is now required to establish the financial implications for the individual funds, so that these figures can be included in the budget reports presented to each of the Committees during the February/March cycle of meetings.

RECOMMENDATION

9. **The Committee is RECOMMENDED to:**
 - (a) **note the latest position in terms of the on-going development of the Brunel Pension Partnership; and**
 - (b) **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 the Committee.**

Lorna Baxter
Chief Finance Officer

Contact Officer: Sean Collins, Service Manager (Pensions); Tel: 07554 103465

November 2017

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Division(s): N/A

PENSION FUND COMMITTEE – 1 DECEMBER 2017

ADMINISTRATION REPORT

Report by the Director of Finance

Introduction

1. As agreed at the last meeting of this Committee this report has been amended to incorporate the information which has, previously, only been reported on an annual basis. It is to update members of current administration issues within the Pension Services team from both management and operational perspectives.

Performance Data / Data Quality

2. At the September meeting it was reported that there were inconsistencies in the Altair reports which meant that the statistics for overall workloads and work processed in / out of specification did not tally. The issue had been raised with our software suppliers who had responded saying that it would take some time for the changes to feed through to the output reports. The report went on to say that it was intended that as more robust reporting / data extraction is available from Altair that a more comprehensive set of tables will be provided to this Committee.
3. In preparing the statistics for this quarterly report it appears that the inconsistencies are greater than ever – this has again been raised with our software suppliers and verbal update will be given at the meeting.
4. For End of Year returns, the data as at 07 November 2017, shows that 10 employers have yet to make a return; the team are working with these employers to resolve the issues to enable the issuing of annual benefit statements.
5. Members will be aware that the team focus has been on the processing of employer's annual returns and the issuing of annual benefit statements, which is being closely monitored by The Pension Regulator. At the time of writing this report a total of 15,717 ABS have been issued which is just shy of 80% of the total due.
6. The Fund remains in contact with the Pension Regulator and a meeting is being arranged for early December.

Project Work

7. The table attached at appendix A details both current and planned project work for the team. The most pressing of these is the implementation of the

new data protection regulations to ensure that the Fund is compliant – there is a separate update paper on this agenda.

8. The implementation of administration to payroll would link the two elements of the pension software allowing staff to push details through to payroll using the system rather than paper. Since a new version of this product has been recently made available there are now some further checks to ensure that it has been fully tested before installation.

Complaints

9. The table attached at appendix B details the complaints received to date, which is an increase on the previous year. But to put this in to context is a very small proportion of the overall membership.
10. These are reviewed by managers for any trends or specific issues.

Write Offs

11. In line with the Scheme of Delegation Policy (last reviewed in June 2017), the approval for writing off outstanding debts is given by:

Pension Fund Committee	For amounts above £10,000
Service Manager – Pensions (in conjunction with Director of Finance)	For amounts between £7,500 and £10,000
Service Manager – Pensions	For amounts up to £7,500
Pension Services Manager	For amounts up to £500

12. All debts below £10,000 need to be reported to Committee following write off. This report provides the details of those debts written off in the last quarter.
13. In the current period, the Pension Services Manager has approved the write off of £46.62 chargeable to the pension fund in respect of seven cases where the member has died.
14. In the period March 2017 to December 2017 a total of £10,874.48 has been written off, in respect of 30 cases where the member has died plus one case of non-repayment.

Fire Service Pension Schemes

15. Pension Services also provide administration services to Oxfordshire Fire & Rescue in respect of the Fire Service Pension Schemes. Again the

reporting is not consistent with the previous report – a verbal update will be given at the committee meeting.

Staffing

16. This remains an issue with the team carrying 3 vacancies. Having been unsuccessful with direct recruitment, discussions are now being held with HR and Procurement to see if there is a way in which the team can take on staff, with pension experience, on a fixed term basis from an agency.
17. Also given the number of projects in progress and planned officers are looking at whether some specific consultancy e.g. from our software suppliers could help to move these forward more quickly.

RECOMMENDATIONS

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

Lorna Baxter
Director of Finance

Background papers: Nil

Contact Officer: Sally Fox, Pensions Manager; Tel: (01865) 323854

November 2017

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Appendix 1 Projects

Name	Description	Status	Start Date	End Date	Notes
GMP Reconciliation	Reconcile fund records with those of HMRC to determine where liability rests	In progress		31.03.18	GMP Data uploaded and first run has been completed
Backlog of Work	Number of cases not processed - work to be outsourced to a third party for completion	In progress		31.03.18	Data uploaded & work has started, although slightly delayed due to technical issues - waiting for first update report
AVA Payroll	Payroll language / software being updated need to parallel run to ensure has properly transitioned	In progress	01.11.17	31.12.17	First run has been done - balances. Now need to check that month end and immediate payment runs are correct
Implementation of GDPR	New data protection regulations to be implemented	In progress	05.10.17	30.04.18	Draft project plan written. Initial meeting with OCC ICT re corporate approach . Now seeking consultant to carry out initial review.

Implement Administration to Pay	For instructions and records to be passed from Benefit to Payroll team without need for paper	In progress	31.10.17	TBC	The original date for completion - 31.10.17 has moved as needed further discussion with software suppliers about product enhancements. They have an enhanced product which has only been implemented in Scotland so OPF would be first English Fund to take on this new product (not all tested) . Waiting or further
Implement Member Self Service for Active and Deferred Members	To allow members online access to their pension records and update certain data	In progress		31.07.18	Becky is following up outstanding replies from Heywood. - it would seem from recent conversations that the promised changes are not going to materialise so need to have further discussions. Also in process of setting out a draft
Address Checks - Deferred Members	Run a tracing exercise to find current addresses for deferred members				This will link in to above project.
Codings for payments	To comply with accounting requirements			31.03.2018	Not yet started - need to correct codings for payments & journal any costs put against old codes
Re- tendering of Actuarial Contract	Actuarial contract ends 10.12.17 so need to re-tender	In progress		10.12.17	SF - sending out this week. Tender documents have been issued - assessment of tenders w/c 20.11.17 with interviews being held w/c 27.11.17 then contract award

National Fraud Initiative

Bi-annual exercise to review In
payments against recorded progress
deaths

Audit has provided list of decease
members both active & deferred.
Pension payments suspended
September 2017. Death certificates
ordered. Awaiting death
certificates - can then calculate

Implementation of i-Connect

This additional module would Meeting
allow scheme employers to scheduled
upload data directly from for
their payroll system to Altair October to
discuss
how &
when to
implement

04.10.17 - Training / Overview day
held. Now waiting for Heywood to
send all information through so can
look at setting up contract &
implementation plan

Implementation of Windows 10

Upgrading of operating
system

OCC project - Pension Services
not yet in scope since changes not
all compatible with pension
software - further testing need.
Have also found that the new
software doesn't work with multiple
spreadsheets so this also needs to

Implementation of Employer Relationship Management System	To have employer details recorded on system for better control & reporting	On hold	Issued by software supplier in March 2017 - have undertaken some initial work to upload data but system not fit for purpose and there is no indication of when any changes will be made to increase the functionality. Did contact another supplier but they have not
Change in Regulations	Brewster Case -	On hold	Need to identify any other affected members - RS to run report. 06.11.17 - This has been put on hold pending further information being issued by LGA

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Implement Tell Us Once	Allows Pension Services to have access to information reported to Registrars	Overdue	Completed
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Complaints

	Date:	Employer	Status	Date:	Referred	Outcome:	Notes:
1	11.01.17	Oxford City	Closed	07.02.17	Internal	Not Found	Member is in correspondence with PO regarding ill-health retirement - information requested since member believes we have incorrectly calculated ill-health enhancement. . Divorce / ~AVC
2	19.01.17	OCC	Open		AoD.1		
3	19.01.17	OCC	Open		Internal	Found	PSO - revised order not actioned in timely manner & so member concerned about repayment due to be made. PSO actioned in that correct basic payments being made but need to speak about over payment recovery.
	19.01.17	SODC	Closed	17.02.17	Internal	Partially Found	PSO - member unhappy that he has not received paperwork which we sent out. Also querying the figures between quote and actual calculation. Letter to member explaining changes in regulations & factors between quote and actual CETV, also apologising for delays but unable to explain missing post because letters not tracked.
5	25.01.17	Oxford City	Closed	02.02.17	Internal - OCC Complaints	Found	Member's annual benefit statement was sent to a colleague in error - this was reported as a data breach. ICT documentation completed. Investigation found that weight check had failed - this is being separately investigated by Print Unit. Member then asked to an update on PU Investigation which was provided on 08.02.17.

6	08.02.17	Activate - Bicester School	Closed	21.02.17	Internal	Found	Member signing up to cash APC + ongoing APC from payroll. Request set up as a single task rather than two so delays in sending information. This has been done & an apology issued.
7	17.02.17	SODC	Closed	02.03.17	Internal	Partially Found	Member has complained about delays in providing information and an incorrect AVC figure. Information sent to member. 14.03.17 Member complained to CEO since no reply received. Information re-sent.
8	17.02.17	Oxford City	Closed	02.03.17	Internal	Partially Found	Member has complained about delays, post, out of date letters and non-communication of revoked regulation.
9	17.02.17	Chipping Norton Academy	Closed	20.02.17	Internal	Found	Member unhappy with the correspondence sent and that payment of benefits not yet made. Reponse and apology sent.
10	17.02.17	OCC	Closed	17.02.17	Internal	Not Found	Member complained that there was no consultation ahead of sending out MSS letter to pensioners. Response sent detailing the dates formal notices were sent.
11	23.02.17	Fire	Closed	22.04.17	IDRP1	Found	Member disagrees with calculation of final salary pension which excludes Flexible Duty System payments in pensionable pay. These payments are being treated as an additional pension benefit which member believes to be incorrect.
12	01.03.17	Activate - EX OCFE	Open	30.04.17	IDRP2		Previous employer has refused payment of pension on grounds of ill-health. Member asking for this decision to be reviewed at stage 2
13	11.04.17		Closed	12.04.17	Internal		Member left online comment saying that the link sent out to register to MSS was unavailable. From dates given it looks like member tried to access system in period between formal notices - but unable to check since no contact details left.
14	15.03.17	Oxford City	Closed		IDRP1	Not Found	Ill-health retirement

15	20.04.17	Oxford City	Closed	26.04.17	Online / Internal	Not Found	Employed by Shaw Trust working for District Council - flet that had been disciminated against by not being allowed to join the pension scheme.
16	17.07.17	OCC	Closed	07.08.17	Internal	Found	Member complained that they had not received an annual benefit statement due to a data query - unhappy with length of time taken to resolve issue.
17	08.08.17	Activate	Closed	07.08.17	Online / Internal	Not Found	Member complaining that refund has not been processed within 10 days - member was aware that original form did not reach Pension Services and that duplicate from was received last week - therefore still within 10 working days.
18	03.08.17	OCC	Closed	11.09.17	Online	Found	Deferred Member complained to say hadn't received annual benefit statements. There was an outstanding end of year query regarding the reduction in pay. On investigating found that the employer had not issued Regulation 10 paperwork - that has now been supplied and member has received notification of benefits.
19	02.06.17	OBU	Closed	28.08.17	Internal	Found	Member unhappy that no ABS had been sent because of outstanding queries on end of year data. These have no been resolved and an ABS sent.
20	15.08.17	OCC	Closed	12.09.17	IDRP1	Not Found	Deferred Member - in looking at request to transfer benefits found that ABS had shown wrong benefit details (more than actually due). Identified as a system error but unable to find out why this had happened. Explained to member that unable to pay more than correct entitlement.
21	28.09.17	Reablement	Closed	26.10.17	IDRP1	Not Found	Following TUPE to new scheme employer member was in LGPS for one month then made a leaver. Five years on member says that wasn't aware that LGPS membership had stopped.

22	05.10.17	OCC	Open	Internal	Deferred member saying that statement provided did not make it clear that benefits could not be taken until 2018.
23	11.10.17	Oxford City	Open	IDRP 2	Ill-health retirement
24	23.10.17	OCC	Open	IDRP2	Deferred member - ABS gave incorrect date for payment of benefits - member wishes to challenge decision that benefits cannot be paid ahead of that date.
25	25.10.17	OCC	Open	IDRP 1	Child's pension not paid during internship - this is being challenged.
26	03.11.17	OCC / ODST	Open	Internal	Member unhappy with information provided in respect of pensions (2 records) and has asked for revised information to be provided.

Division(s): N/A

PENSION FUND COMMITTEE – 1 DECEMBER 2017

GENERAL DATA PROTECTION REGULATIONS (GDPR)

Report by Director of Finance

Introduction

1. The current data protection regulations are being replaced by the European General Data Protection Regulations (GDPR) which will automatically take effect in the UK on 25 May 2018 without any action needed by the UK Government. These regulations will be supplemented by a piece of new UK legislation, the Data Protection Act 2018.
2. This legislation aims to reinforce individual rights in the digital / information age and give citizens back control over their personal data and to reduce administrative burdens.
3. There are specific roles set out in the legislation – a glossary of these and other relevant terms is attached at Appendix A
4. The headlines around this legislation say “that it heralds a complete change to the way anyone processing data needs to think”. This coupled with the absence of any phasing in of the requirements and significantly higher sanctions which can be levied for a breach means that all actions to ensure full compliance must be completed by the end of April 2018.

Key Changes

Consent

5. Implied consent from scheme members is no longer sufficient to enable data to be processed. Now data processing will only be lawful if conducted with the explicit consent of the scheme member.
6. In seeking this consent the Data Processor must ensure that it tells data subjects the basis on which data is to be processed in a concise, transparent, intelligible and easily accessible form using clear and plain language. In seeking such consent it also must be clear if the data will be used in different processes, in which case separate consent must be obtained.
7. Consent can be withdrawn at any time.

Right to be Forgotten

8. Data subjects can exercise their “right to be forgotten” and insist that his/her data is permanently deleted from the Data Controller’s records

Right to Access

9. Data subjects can request details of any data held about them. This must be provided, at no cost, within 20 working days.

Data Portability

10. Allows a user to request a copy of personal data in a format usable by them and electronically transmissible to another processing system

Privacy by Design

11. GDPR requires that systems and processes must consider compliance with the principles of data protection. The essence of privacy by design is that privacy in service or product is taken into account from the inception of the product concept

Breach Notification

12. Data controllers will be required to report data breaches within 72 hours of becoming aware of the breach. Where the risk to the individual is high then data subjects must be notified.

Sanctions

13. These will increase from the maximum of £500,000 to between 2% and 4% of turnover (depending on transgression) or 10,000,000 or 20,000,000 Euro.

Implications for the Fund

14. Consent – processing of data by the Fund is necessary for compliance to meet legal obligations, however what actions will need to be taken remain unclear in absence of the Information Commissioner’s guidance.
15. Right to be Forgotten – if left as is then this could cause issues in cases where scheme members take a refund of contributions or transfer out of the scheme, and subsequently make a claim. It is rumoured that the Data Protection Act 2018 will address this issue in respect of pension fund, however this has yet to be confirmed.
16. However, Funds have been advised that legal advice is due to be issued confirming that there is a statutory need for the Fund to obtain and retain information.

17. Pension Funds generally hold a large amount of both current and historical data. This legislation will require a review of what should be retained and retention periods for this information.

Timetable and Actions for Implementation

18. Officers have been in contact with colleagues in ICT to establish what is being done corporately and how that impacts on the proposed implementation for the Fund. The corporate team is running some session which will be attended by the Service Manager for Pensions and are available for advice and guidance but it is down to each team to ensure that they are compliant with the regulations.
19. One point discussed was whether the Fund needed to put a Data Protection Officer in place but advice from the corporate team suggests that the Fund will fall under the remit of the OCC Data Protection Officer which would also mean that the Fund would report any breaches under the OCC arrangements.
20. Below is a timetable for the actions to be taken to ensure that the Fund is compliant by end of April 2018.

Action		Date Due
Information Audit	What data is held; where did it come from; how is it being processed; is it secure; map processes etc. Review Data Retention	January 2018
Privacy Impact Assessment	Assess any processes deemed as high risk – carry out assessment	January 2018
Privacy Notices and Consent	Update all communications so members understand all uses of information; Update Fund Policies; Obtain consent where necessary	February 2018
Service Provider Contracts	Review / Ensure GDPR Compliance	April 2018
New Individual Rights	Establish and implement new procedures so that these rights can be exercised	April 2018
Breach Management	Work under OCC procedure for reporting any breaches	Waiting on OCC
Awareness & Training	Pension Team to be briefed monthly; Engage with Scheme Employers; Update Committee & Board	Regular Briefings

21. The most significant part of this plan for implementation is the information audit. Given the amount of data and the multiple data sources, to do this work properly will be time consuming. On that basis, officers are intending to outsource this part of the process to an external consultant. This is currently being investigated and so no other details are yet available.

RECOMMENDATION

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

Lorna Baxter
Director of Finance

Contact Officer: Sally Fox, Pensions Manager; Tel: (01865) 323854

November 2017

GDPR Glossary

Binding Corporate Rules (BCRs)- a set of binding rules put in place to allow multinational companies and organisations to transfer personal data that they control from the EU to their affiliates outside the EU (but within the organisation)

Biometric Data - any personal data relating to the physical, physiological, or behavioral characteristics of an individual which allows their unique identification

Consent- freely given, specific, informed and explicit consent by statement or action signifying agreement to the processing of their personal data

Data Concerning Health - any personal data related to the physical or mental health of an individual or the provision of health services to them

Data Controller - the entity that determines the purposes, conditions and means of the processing of personal data

Data Erasure - also known as the Right to be Forgotten, it entitles the data subject to have the data controller erase his/her personal data, cease further dissemination of the data, and potentially have third parties cease processing of the data

Data Portability - the requirement for controllers to provide the data subject with a copy of his or her data in a format that allows for easy use with another controller (more info [here](#))

Data Processor - the entity that processes data on behalf of the Data Controller

Data Protection Authority - national authorities tasked with the protection of data and privacy as well as monitoring and enforcement of the data protection regulations within the Union

Data Protection Officer - an expert on data privacy who works independently to ensure that an entity is adhering to the policies and procedures set forth in the GDPR (more info [here](#))

Data Subject - a natural person whose personal data is processed by a controller or processor

Delegated Acts - non-legislative acts enacted in order to supplement existing legislation and provide criteria or clarity

Derogation - an exemption from a law

Directive - a legislative act that sets out a goal that all EU countries must achieve through their own national laws

Encrypted Data - personal data that is protected through technological measures to ensure that the data is only accessible/readable by those with specified access

Enterprise - any entity engaged in economic activity, regardless of legal form, including persons, partnerships, associations, etc.

Filing System - any specific set of personal data that is accessible according to specific criteria, or able to be queried

Genetic Data - data concerning the characteristics of an individual which are inherited or acquired which give unique information about the health or physiology of the individual

Group of Undertakings - a controlling undertaking and its controlled undertakings

Main Establishment - the place within the Union that the main decisions surrounding data processing are made; with regard to the processor

Personal Data - any information related to a natural person or 'Data Subject', that can be used to directly or indirectly identify the person

Personal Data Breach - a breach of security leading to the accidental or unlawful access to, destruction, misuse, etc. of personal data

Privacy by Design - a principle that calls for the inclusion of data protection from the onset of the designing of systems, rather than an addition

Privacy Impact Assessment - a tool used to identify and reduce the privacy risks of entities by analysing the personal data that are processed and the policies in place to protect the data

Processing - any operation performed on personal data, whether or not by automated means, including collection, use, recording, etc.

Profiling - any automated processing of personal data intended to evaluate, analyse, or predict data subject behavior

Pseudonymisation - the processing of personal data such that it can no longer be attributed to a single data subject without the use of additional data, so long as said additional data stays separate to ensure non-attribution

Recipient - entity to which the personal data are disclosed

Regulation - a binding legislative act that must be applied in its entirety across the Union

Representative - any person in the Union explicitly designated by the controller to be addressed by the supervisory authorities

Right to be Forgotten - also known as Data Erasure, it entitles the data subject to have the data controller erase his/her personal data, cease further dissemination of the data, and potentially have third parties cease processing of the data

Right to Access - also known as Subject Access Right, it entitles the data subject to have access to and information about the personal data that a controller has concerning them

Subject Access Right - also known as the Right to Access, it entitles the data subject to have access to and information about the personal data that a controller has concerning them

Supervisory Authority - a public authority which is established by a member state in accordance with article 46

Trilogues - informal negotiations between the European Commission, the European Parliament, and the Council of the European Union usually held following the first readings of proposed legislation in order to more quickly agree to a compromise text to be adopted.

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Division(s): N/A

PENSION FUND COMMITTEE – 1 DECEMBER 2017

DISCRETIONARY POLICIES

Report by the Director of Finance

Introduction

1. This report is to seek member's views regarding changes to the administration strategy and whether a new discretionary policy should be introduced to give scheme members a "voluntary scheme pays option" for instances where they have breached HMRC's annual allowance limits.

Administration Strategy

2. The proposed changes, which are highlighted in the attached document – annexe A - are to facilitate the processing of end of year data and to simplify proposed charges which would make to whole scheme easier to operate: -
 - To give employers a revised, earlier, deadline for the submission of their annual return which would bring it in line with deadline for monthly returns.
 - To update the return so that the Scheme employer reconciles the information on the annual return with the contributions paid to the Fund
 - To rationalise the charges for late or incorrect information so that it is easier to administrate and more transparent to the employer what the change are being made.
 - To require scheme employers to attend at least one meeting per year with the Fund
3. Subject to any changes by the Committee the document will then be sent to all scheme employers for consultation with the aim of having the final document in place in March 2018.

Scheme Pays

4. An option for voluntary scheme pays is being introduced alongside the mandatory scheme pays for scheme members who breach the HMRC Annual Allowance limit on increase in their pension savings during a financial year.
5. The introduction of a voluntary scheme pays option will be at the discretion of the Oxfordshire Pension Fund.

Annual Allowances

6. The annual allowance is the limit of the tax relief given on pension savings during any financial year. If pension savings exceed this allowance then a tax charge is payable. The limit in 2016/2017 and for 2017/2017 is £40,000.
7. However, during 2016/2017 HMRC amended the rules of the annual allowance by the introduction of tapered annual allowance for employees with a taxable income over £150,000. For these scheme members every £2 of income above £150,000 will reduce their annual allowance by £1, although this cannot be reduced below £10,000.

Mandatory Scheme Pays

8. Where a member has exceeded the £40,000 annual allowance and incurred a tax charge of £2,000, or more they can elect for the Fund to pay part or full amount of tax due to HMRC on basis that their future pension benefits will be reduced.

Voluntary Scheme Pays

9. If agreed, this option could allow scheme members with tapered annual allowances to elect for the Fund to pay their tax charge to HMRC on basis that their future pension benefits would be reduced. These pension reductions are made in line with the factors issued by the Government Actuaries Department which are cost neutral to the Fund.
10. The mandatory scheme pays applies to benefits accrued in the Oxfordshire Pension Fund and it is envisaged that should a voluntary scheme pays option be introduced this would also only apply to benefits accrued within the Oxfordshire Pension Fund.

Administration

11. HMRC has different deadline for the payment of tax due under the above options and penalties for late payment is applied. In order to reduce administrative complications and avoid incurring any potential late payment charges it is suggested that for scheme members wishing to elect for voluntary scheme pays, this election would be in line with the mandatory scheme pays option: -
 - Tax charge must be in excess of £2,000
 - Election must be made by 30 November following tax year end
 - Payment of monies to HMRC by 31 January following tax year end
12. The option for voluntary scheme pays would also be introduced for Fire-fighters within the Oxfordshire Pension Fund and apply to the benefits accrued within that Fund.

RECOMMENDATION

13. The Committee is RECOMMENDED to:

- (a) comment on and approve the proposed changes to the Administration Strategy; and**
- (b) confirm whether the Committee wishes to introduce a voluntary scheme pays option, providing criteria in paragraph 11 are met.**

Lorna Baxter
Director of Finance

Background papers: N/A

Contact Officer: Sally Fox, Pension Services Manager; Tel: (01865) 323854

November 2017

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Oxfordshire Pension Fund Administration Strategy Statement

Introduction

Oxfordshire County Council as the scheme manager for the Oxfordshire Pension Fund (the “Administering Authority”) has prepared this administration strategy in line with Regulation 59 and Regulation 70 of the Local Government Pension Scheme Regulations 2013 (the “Regulations”).

This strategy *will* apply to all Employers whether they have signed up, or not. However, we would much rather work with Employers to provide a service that is both efficient and effective and in which scheme members can have confidence.

Purpose

This policy sets out the role and responsibilities of the Scheme Manager (previously known as the Administering Authority) and the role and responsibilities of *all* Scheme Employers to ensure effective administration of the Local Government Pension Scheme.

Aim

To administer the scheme in line with both the Regulations and The Pension Regulator’s codes of practice by ensuring that Scheme Employers understand and comply with the requirement to submit information to Pension Services for the administration of LGPS 2014 and what records Scheme Employers are required to maintain, in line with the definitions of the 2008 scheme regulations.

Documents Making Up the Strategy

Service Level Agreement, setting out the roles and responsibilities of the Scheme Manager and the Scheme Employer; detailing the KPIs which will be used in reporting performance.

Oxfordshire Pension Fund’s Communication Strategy

Scale of Charges – setting out what charges will be made in certain circumstances

The Agreement – setting out trigger points, the extent and manner in which Scheme Employer contribution rates will be varied under this strategy.

Review of Strategy

This strategy will be reviewed annually or earlier if there are material changes.

Service Level Agreement

The following tasks are the responsibility of the Administering Authority in administering the scheme. The timescale shown is from receipt of *all* information: -

Task	Timescale Working days	Target	Notes
New Entrants	20	95%	
Transfers in	10	90%	
Estimates (member)	10	90%	Limited to one request per annum
General Enquiry (member)	10	90%	
Transfers out	10	95%	
Retirement	10	95%	
Deferred Benefits	40	90%	
Refund of Benefits – Payment	10	95%	
Death	10	95%	
Divorce - PSO	10	95%	
Estimates (employer)	10	90%	
General Enquiry (employer)	10	90%	
APCs	10	90%	
Re-employments	40	90%	
Changes e.g. address; name	10	90%	
Pension Adjustments – PI; MOD; GMP	Payroll Deadline	90%	
Annual Allowance	10	90%	

Scheme Employer responsibilities:-

Data retention and submission	<ul style="list-style-type: none"> • Keep final pay details in line with 2008 definition of final pay • Keep pay information to comply with any Regulation 10 decisions • Submit monthly data return (MARS) to pension.returns@oxfordshire.gov.uk by 19th of the month following payroll
Data queries	<p>Oxfordshire Pension Fund is <u>not responsible</u> for verifying the accuracy of the data provided.</p> <ul style="list-style-type: none"> • Any queries arising will be referred back to the scheme employer. • Scheme employers will be responsible for recovering any overpayments arising from provision of incorrect information.
Pay over monies due	<ul style="list-style-type: none"> • Monthly contributions to be paid correctly and on time. Payment to clear Oxfordshire Pension Fund bank account by 19th of the month following payroll. Should the 19th fall on a weekend or bank holiday the deadline date changes to the immediately preceding working day • Deficit contributions • Rechargeable benefits • Retirement strain costs <p>All payments to be made to the Oxfordshire Pension Fund A/C.</p> <p>All paperwork supporting payments to be submitted when payment is processed to : pension.returns@oxfordshire.gov.uk</p>
End of Year Returns	<p>You must submit your end of year return by 19th April at the latest, after the end of each financial year.</p> <p>This return must include a figure for pensionable remuneration that reflects the full time equivalent pay (plus any other pensionable salary additions) for the period 01</p>

	<p>April to 31 March of each tax year, in line with the 2008 definition of pay.</p> <p>The total contributions shown on this report must reconcile to the monthly payments that you have made to the Fund</p>
End of Year Errors	<p>From April 2015 Oxfordshire Pension Fund will be limited in the checks it is able to carry out on the data submitted.</p> <ul style="list-style-type: none"> • Any queries arising will be referred back to the Scheme Employer • Scheme Employers will be responsible for recovering any overpayments arising from provision of incorrect information.
Discretionary Policies	<p>Discretionary Policies must be</p> <ul style="list-style-type: none"> • Made within three months of a material change • Published • Reviewed
Pension Fund Meetings	For employers to attend at least one meeting arranged by the Pension Fund during the year.
Pension Contacts	<p>Notify Pension Services of any new contact within one month of the change – form on website - https://www.oxfordshire.gov.uk/cms/content/pension-scheme-forms-employers</p>
Outsourcing of Services	<p>Most Scheme Employers have a responsibility through either Fair Deal or Best Value Directions Orders to ensure that staffs pension rights are protected on transfer of scheme eligible staff to another employer, even if not currently in the pension scheme. Please contact Pension Services if you are considering outsourcing.</p>

Communication and Liaison

Scheme Employers are required to provide contact details of any nominated staff dealing with pension issues. The Scheme Employer is required to notify the Scheme Manager of any changes as soon as they occur.

In line with the Oxfordshire Pension Fund Communication Policy, the Scheme Manager will:

- Send a monthly newsletter – Talking Pensions – to all nominated contacts.
- Hold quarterly Scheme Employer meetings to discuss current pension issues.
- Hold quarterly administration training sessions for new Scheme Employers.
- Provide ad-hoc training / information sessions as requested.
- Maintain the pension website at www.oxfordshire.gov.uk/pensions for Scheme Employers, including links to national websites.

Payments & Charges

Payment of all contributions, with the exception of AVCs, deducted each month should be paid to the Oxfordshire Pension Fund bank account. Payment and the return detailing the contributions deducted must be received and cleared through the account by the Pension Investment Team by 19th month following deduction.

AVC contributions should be paid directly to the scheme's AVC provider – The Prudential Assurance Company.

Scheme Employers will be sent a separate invoice for any early strain costs arising from redundancy, early or flexible retirement, or the waiving of any actuarial percentage reductions along with a proposed payment schedule. Early strain costs arising from ill-health retirements will not be charged directly, but assessed as part of the triennial valuation exercise.

Interest on late payments will be charged at 1% above base rate and compounded with three-monthly rests in line with Regulation 71.

The schedule of charges is:

Making payment to Oxfordshire County Council bank account rather than	£75 per case
---	--------------

Oxfordshire Pension Fund bank account	
Late receipt of contributions	Interest at 1% above bank rate as per regulation 71*
Failure to provide contribution return by 19 th month following deduction	£150 per case
Failure to provide MARS return by 19 th month	£150 per case.
Failure to provide End of Year return by 19 April	£150 per case
Failure to provide information requested within 10 working days.	£75 per case
Re-do of work due to incorrect information supplied by scheme employer	£75 per case
Where a retirement payment is paid late due to scheme employer providing information	The interest payable will be recharged to the scheme employer

*The Local Government Pension Scheme Regulations 2013



Dated (Please write date)

(1) THE OXFORDSHIRE PENSION FUND

And

(2) (EMPLOYER – Please write name of organisation)

The Agreement
In relation to the Oxfordshire Pension Fund
County Hall
New Road
Oxford
OX1 1TH



Pensions Administration Strategy (PAS)

This Agreement is made the day of 201

Between:

- (1) **THE OXFORDSHIRE PENSION FUND** of County Hall, New Road, Oxford OX1 1TH (the “**Scheme Manger**”); and
- (2) **xx** of **xx** (the “**Employer**”)

Whereas

(A) The Scheme manager is an administering authority for the purposes of the Local Government Pension Scheme Regulations 2013 (the “Regulations”). It administers and maintains the Oxfordshire Pension Fund (the “Fund”) in accordance with the Regulations.

(B) The Scheme Employer is a body listed in Schedule 2 of the Regulations and, in the case of a body listed in Part 3 of Schedule 2 of the Regulations, has entered into one or more admission agreements with the Scheme Manager.

(C) In accordance with Regulation 59 of the Regulations, the Scheme Manager has prepared the Pension Administration Strategy Statement setting out amongst other things the Service Level Agreement.

(D) In preparing the Pension Administration Strategy Statement, the Scheme Manager consulted the employing authorities in the Fund (including the Employer) [and such other persons it considered appropriate]. The Scheme Manager published the Pension Administration Strategy Statement and sent a copy of it to each of the employing authorities in the Fund (including the Scheme Employer) and to the Secretary of State for Communities and Local Government.

(E) The Scheme Manager will keep the Pension Administration Strategy Statement (including the Service Level Agreement) under review and will make such revisions as are appropriate following any material change in its policies in relation to any of the matters contained in the Pension Administration Strategy Statement.

(F) The Scheme Manager and the Scheme Employer have agreed to enter into this Agreement to document their agreement to comply with and be bound by the terms of the Service Level Agreement.

Now it is agreed as follows:

1. Interpretation

Terms not otherwise defined herein shall bear the meaning ascribed to them in the Regulations.

2. The Service Level Agreement

2.1 With effect from the date of this Agreement, the Scheme Manager and the Scheme Employer agree to use their reasonable endeavours to comply with and be bound by the terms of the Service Level Agreement.

2.2 In consideration of this Agreement the Scheme Manager will charge the Scheme Employer a contribution towards the cost of the administration of the Fund which reflects the fact that compliance with the Service Level Agreement will result in greater efficiencies and lower administration costs for the Fund.

2.3 If in the opinion of the Scheme Manager the Scheme Employer has not complied with the terms of the Service Level Agreement the Scheme Manager may charge the Scheme Employer a higher contribution towards the cost of the administration of the Fund.

2.4 When considering whether to charge the Scheme Employer a higher contribution towards the cost of the administration of the Fund in accordance with Clause 2.3 the Scheme Employer shall take into account any failure on its own part to comply with the terms of the Service Level Agreement.

2.5 Clause 2.3 shall not affect the Scheme Manager's ability under Regulation 70 of the Regulations to give written notice to the Scheme Employer where it has incurred additional costs which should be recovered from the Scheme Employer because of the Scheme Employer's level of performance in carrying out its functions under the Regulations or the Service Level Agreement.

2.6 The Scheme Employer acknowledges that the Service Level Agreement may be revised from time to time by the Scheme Manager in accordance with Regulation 59 of the Regulations and that the Scheme Employer will comply with and be bound by the terms of the revised Service Level Agreement.

3. Other Charges

3.1 The Scheme Employer acknowledges that the contribution it is required to pay towards the cost of the administration of the Fund is to cover the cost of meeting the Core Scheme Functions.

3.2 Where the Scheme Employer requests that the Scheme Manager provides services beyond these functions the Scheme Manager reserves the right to charge the Scheme Employer for the provision of such services. Non-core services include by way of example and without limitation the provision of FRS17 reports, bulk redundancy calculations, bulk information requests, member presentations, site visits and the payment of compensatory added year's benefits. Such services will be provided on terms agreed at the time between the Scheme Manager and the Scheme Employer.



4. Notices

4.1 Any notices under this Agreement shall be in writing and shall be served by sending the same by first class post, facsimile or by hand or leaving the same at the headquarter address of the Scheme Employer or the headquarter address of the Scheme Manager.

5. Waiver

Failure or neglect by the Scheme Manager to enforce at any time any of the provisions of this Agreement shall not be construed nor shall be deemed to be a waiver of the Scheme Manager's rights nor in any way affect the validity of the whole or any part of this Agreement nor prejudice the Scheme Manager's rights to take subsequent action.

6. More than one Counterpart

This Agreement may be executed in more than one counterpart, which together constitutes one agreement. When each signatory to this Agreement has executed at least one part of it, it will be as effective as if all the signatories to it had executed all of the counterparts. Each counterpart Agreement will be treated as an original.

7. Laws

7.1 This Agreement will be governed by and interpreted in accordance with the laws of England and subject to the exclusive jurisdiction of the English courts.

7.2 Any rights that a third party may have under the Contracts (Rights of Third Parties) Act 1999 are excluded.

AS WITNESS the hands of the parties hereto have been set the day and year first before written.

.....
**SIGNED FOR AND ON BEHALF OF
THE OXFORDSHIRE PENSION FUND**

For and on behalf of the [Name of Employer]:

SIGNED by [name]

Signature

Position

(and duly authorised signatory)

TABLE 1

**OXFORDSHIRE COUNTY COUNCIL PENSION FUND
OVERALL VALUATION OF FUND AS AT 30th SEPTEMBER 2017**

Investment	COMBINED PORTFOLIO 01.07.17	Baillie Gifford UK Equities		Wellington Global Equities		Legal & General Global Equity Passive		Legal & General Fixed Interest		UBS Global Equities and Property		Other Investments		COMBINED PORTFOLIO 30.09.17		Target %
	Value £' 000	Value £' 000	% of Total Value	Value £' 000	% of Total Value	Value £' 000	% of Total Value	Value £' 000	% of Total Value	Value £' 000	% of Total Value	Value £' 000	% of Total Value	Value £' 000	% of Total Value	
EQUITIES																
UK Equities	626,526	407,697	97.2%	18,743	7.6%	187,032	46.9%	0	0.0%	26,756	6.5%	0	0.0%	640,228	27.7%	26.0%
<u>Overseas Equities</u>																
North American Equities	144,957	0	0.0%	145,929	59.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	145,929	6.3%	
European & Middle Eastern Equities	43,888	0	0.0%	44,905	18.2%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	44,905	1.9%	
Japanese Equities	9,844	0	0.0%	14,237	5.8%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	14,237	0.6%	
Pacific Basin Equities	2,775	0	0.0%	2,899	1.2%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	2,899	0.1%	
Emerging Markets Equities	15,714	0	0.0%	15,343	6.2%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	15,343	0.7%	
UBS Global Pooled Fund	252,451	0	0.0%	0	0.0%	0	0.0%	0	0.0%	258,181	63.0%	0	0.0%	258,181	11.2%	
L&G World (ex UK) Equity Fund	207,980	0	0.0%	0	0.0%	211,569	53.1%	0	0.0%	0	0.0%	0	0.0%	211,569	9.1%	
Total Overseas Equities	677,609	0	0.0%	223,313	90.4%	211,569	53.1%	0	0.0%	258,181	63.0%	0	0.0%	693,063	29.9%	28.0%
BONDS																
UK Gilts	153,080	0	0.0%	0	0.0%	0	0.0%	167,003	36.1%	0	0.0%	0	0.0%	167,003	7.2%	
Corporate Bonds	110,053	0	0.0%	0	0.0%	0	0.0%	111,474	24.1%	0	0.0%	0	0.0%	111,474	4.8%	
Overseas Bonds	43,594	0	0.0%	0	0.0%	0	0.0%	37,457	8.1%	0	0.0%	0	0.0%	37,457	1.6%	
Index-Linked	142,328	0	0.0%	0	0.0%	0	0.0%	136,881	29.6%	0	0.0%	0	0.0%	136,881	6.0%	
Total Bonds	449,055	0	0%	0	0.0%	0	0.0%	452,815	97.9%	0	0.0%	0	0.0%	452,815	19.6%	21.0%
ALTERNATIVE INVESTMENTS																
Property	148,111	0	0.0%	0	0.0%	0	0.0%	0	0.0%	122,947	30.0%	31,962	8.5%	154,909	6.7%	8.0%
Private Equity	175,381	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	171,840	45.5%	171,840	7.4%	9.0%
Multi Asset - DGF	111,796	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	113,941	30.2%	113,941	4.9%	5.0%
Infrastructure	2,171	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	2,180	0.6%	2,180	0.1%	3.0%
Total Alternative Investments	437,459	0	0.0%	0	0.0%	0	0.0%	0	0.0%	122,947	30.0%	319,923	84.7%	442,870	19.1%	25.0%
CASH	87,530	11,750	2.8%	4,865	2.0%	0	0.0%	9,922	2.1%	2,208	0.5%	57,776	15.3%	86,521	3.7%	0.0%
TOTAL ASSETS	2,278,179	419,447	100.0%	246,921	100.0%	398,601	100.0%	462,737	100.0%	410,092	100.0%	377,699	100.0%	2,315,497	100.0%	100.0%

% of total Fund

18.12%

10.66%

17.21%

19.99%

17.71%

16.31%

100.00%

TABLE 2

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

Asset	Market Value 01.07.17	%	Net Purchases and Sales					Changes in Market Value					Market Value 30.09.17	%
			UBS	Baillie Gifford	Legal & General	Wellington	Other	UBS	Baillie Gifford	Legal & General	Wellington	Other		
	£000		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
EQUITIES														
UK Equities	626,526	27	0	2,564		(4,321)	0	(890)	13,097	4,013	(762)	0	640,228	28
US Equities	144,957	6	0	0	0	1,843	0	0	0	0	(871)	0	145,929	6
European & Middle Eastern Equities	43,888	2	0	0	0	(639)	0	0	0	0	1,656	0	44,905	2
Japanese Equities	9,844	0	0	0	0	4,704	0	0	0	0	(311)	0	14,237	1
Pacific Basin Equities	2,775	0	0	0	0	(311)	0	0	0	0	435	0	2,899	0
Emerging Market Equities	15,714	1	0	0	0	(986)	0	0	0	0	615	0	15,343	1
Global Pooled Funds	460,431	20	0	0	0	0	0	5,731	0	3,589	0	0	469,750	20
Total Overseas Equities	677,609	29	0	0	0	4,611	0	5,731	0	3,589	1,524	0	693,063	30
BONDS														
UK Gilts	153,080	7	0	0	12,267	0	0	0	0	1,656	0	0	167,003	6
Corporate Bonds	110,053	5	0	0	0	0	0	0	0	1,421	0	0	111,474	5
Overseas Bonds	43,594	2	0	0	(2,178)	0	0	0	0	(3,959)	0	0	37,457	2
Index-Linked Bonds	142,328	6	0	0	(4,424)	0	0	0	0	(1,023)	0	0	136,881	6
ALTERNATIVE INVESTMENTS														
Property	148,111	7	1,957	0	0	0	679	2,776	0	0	0	1,386	154,909	7
Private Equity	175,381	8	0	0	0	0	20,324	0	0	0	0	(23,865)	171,840	7
Multi Asset - DGF	111,796	5	0	0	0	0	0	0	0	0	0	2,145	113,941	5
Infrastructure	2,171	0	0	0	0	0	0	0	0	0	9	0	2,180	0
SUB TOTAL	2,190,649	96	1,957	2,564	5,665	290	21,003	7,617	13,097	5,697	762	(20,325)	2,228,976	96
CASH *	87,530	4	(1,310)	1,227	(3,841)	1,210	1,705	0	0	0	0	0	86,521	4
GRAND TOTAL	2,278,179	100	647	3,791	1,824	1,500	22,708	7,617	13,097	5,697	762	(20,325)	2,315,497	100

* Movement in cash is not confined to investment transactions but also includes dividend income and the payment of fees. Further details of cash movements can be found in the Managers' individual valuations.

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

TABLE 3

PERFORMANCE TO 30th SEPTEMBER 2017

COMBINED PORTFOLIO (BY FUND MANAGER)

FUND MANAGER	% Weighting of Fund as at 30th September 2017	QUARTER ENDED	12 MONTHS ENDED	THREE YEARS ENDED	FIVE YEARS ENDED	TEN YEARS ENDED
		30th September 2017	30th September 2017	30th September 2017	30th September 2017	30th September 2017
		RETURN	RETURN	RETURN	RETURN	RETURN
		%	%	%	%	%
BAILLIE GIFFORD UK EQUITIES	18.1%	4.1	16.5	10.9	11.9	8.3
BENCHMARK		2.1	11.9	8.5	10.0	5.8
VARITAION		2.0	4.6	2.4	1.9	2.5
WELLINGTON GLOBAL EQUITIES	10.7%	0.9	14.5	12.9	13.3	
BENCHMARK		1.8	14.8	14.4	14.4	
VARITAION		-0.9	-0.3	-1.5	-1.1	
L&G UK EQUITIES - PASSIVE	8.1%	2.2	12.4	8.1	9.4	
BENCHMARK		2.1	12.0	8.0	9.3	
VARITAION		0.1	0.4	0.1	0.1	
L&G GLOBAL EX UK EQUITIES - PASSIVE	9.1%	1.7	15.7	15.7	15.7	
BENCHMARK		1.7	15.7	15.7	15.7	
VARITAION		0.0	0.0	0.0	0.0	
L&G FIXED INCOME	20.0%	-0.2	-2.2	7.2	6.2	7.4
BENCHMARK		-0.2	-2.3	7.1	6.3	7.0
VARITAION		0.0	0.1	0.1	-0.1	0.4
IN-HOUSE PROPERTY	1.4%	-0.4	3.1	10.3	8.2	
BENCHMARK		2.4	9.3	8.9	9.5	
VARITAION		-2.8	-6.2	1.4	-1.3	
PRIVATE EQUITY	7.4%	0.8	16.9	19.5	17.9	8.5
BENCHMARK		2.3	15.5	10.1	13.8	5.2
VARITAION		-1.5	1.4	9.4	4.1	3.3
UBS GLOBAL EQUITIES	12.3%	2.5	17.9	13.2	14.0	8.1
BENCHMARK		2.0	15.6	14.8	14.8	8.4
VARITAION		0.5	2.3	-1.6	-0.8	-0.3
UBS PROPERTY	5.5%	2.1	9.9	9.8	10.1	3.7
BENCHMARK		2.4	9.3	8.9	9.5	2.7
VARITAION		-0.3	0.6	0.9	0.6	1.0
INSIGHT DIVERSIFIED GROWTH FUND	4.9%	2.0	6.8			
BENCHMARK		1.1	4.4			
VARITAION		0.9	2.4			
IN-HOUSE CASH	2.5%	0.1	0.2	0.4	0.4	1.5
BENCHMARK		0.1	0.3	0.3	0.4	1.0
VARITAION		0.0	-0.1	0.1	0.0	0.5
TOTAL FUND	100.0%	1.6	11.2	11.0	11.3	6.5
BENCHMARK		1.1	11.1	10.2	11.0	7.0
VARIATION		0.5	0.1	0.8	0.3	-0.5

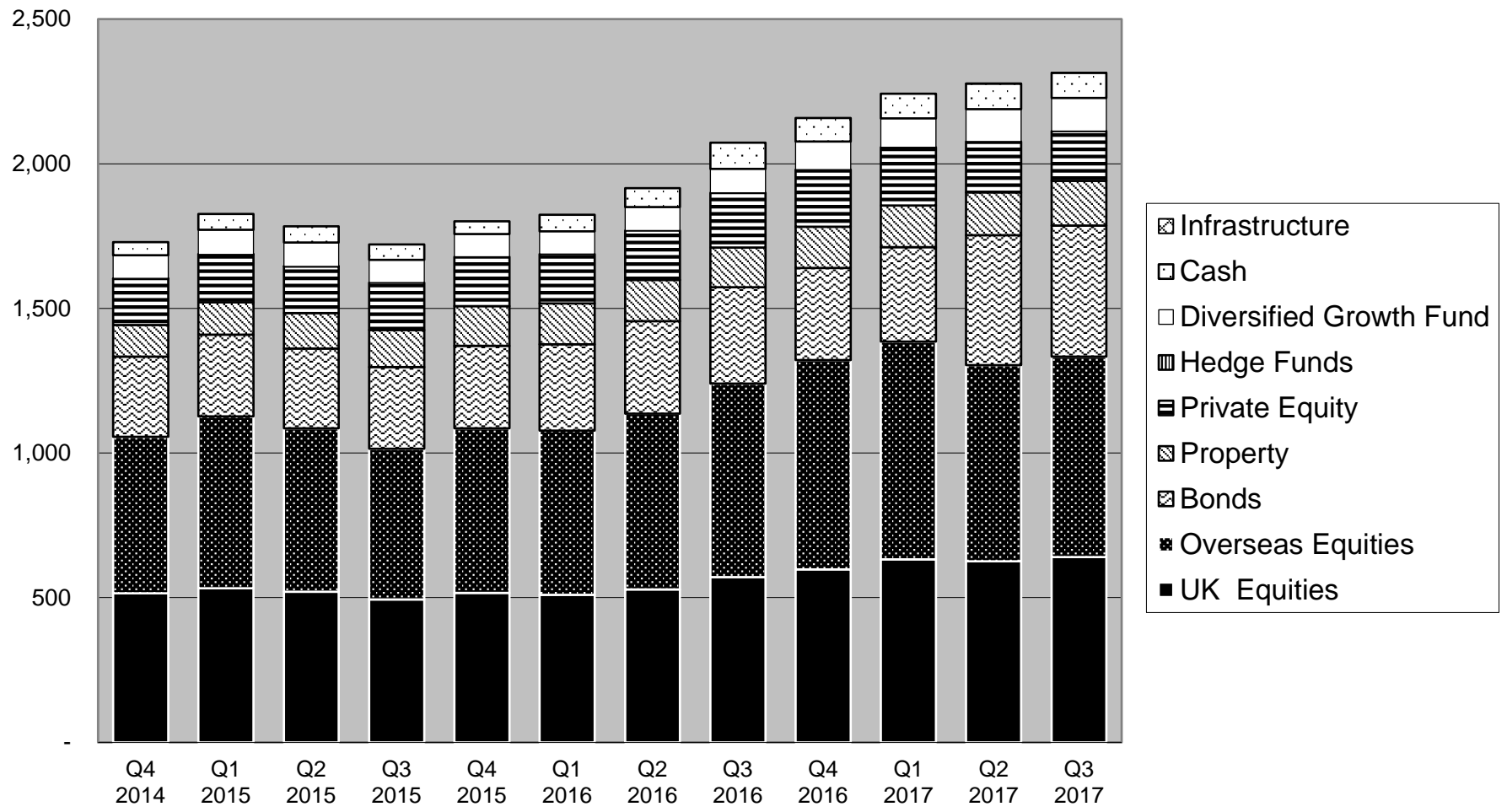
OXFORDSHIRE COUNTY COUNCIL PENSION FUND**TOP 20 HOLDINGS AT 30/09/2017**

ASSET DESCRIPTION	MARKET VALUE	TOTAL FUND
	£	%
<u>DIRECT HOLDINGS</u>		
1 HG CAPITAL TRUST PLC	31,562,880	1.36
2 UK TREASURY 1.75% 22/07/19 GBP	24,137,288	1.04
3 BRITISH AMERICAN TOBACCO PLC	21,814,316	0.94
4 ROYAL DUTCH SHELL B SHS EUR0.07	19,177,867	0.83
5 PRUDENTIAL PLC	18,753,301	0.81
6 STANDARD LIFE PRIVATE EQ ORD	15,909,406	0.69
7 ELECTRA PRIVATE EQUITY PLC	15,865,902	0.69
8 ST JAMESS PLACE PLC	15,558,864	0.67
9 F&C PRIVATE EQTY TST ORD GBP0.01	14,300,000	0.62
10 ASHTEAD GROUP PLC	14,242,953	0.62
11 BUNZL PLC	14,077,299	0.61
12 DIAGEO PLC	13,748,771	0.59
13 BHP BILLITON USD0.5	12,520,520	0.54
14 UK TREASURY 4.25% 07/12/27 GBP	11,449,800	0.49
15 HSBC HOLDINGS PLC	11,297,834	0.49
16 UNILEVER PLC	11,035,002	0.48
17 LEGAL & GENERAL GROUP PLC	10,934,476	0.47
18 RIO TINTO	10,452,445	0.45
19 REED ELSEVIER PLC	10,429,753	0.45
20 3I GRP	10,268,630	0.44
TOP 20 HOLDINGS MARKET VALUE *	307,537,307	13.28
* Excludes investments held within Pooled Funds		
<u>POOLED FUNDS AT 30/09/2017</u>		
1 UBS LIFE GLOBAL EQUITY ALL COUNTRY FUND A	284,937,086	12.31
2 L&G WORLD (EX UK) EQUITY INDEX	211,568,431	9.14
3 L&G UK EQUITY INDEX	187,032,070	8.08
4 LEGAL AND GENERAL TD CORE PLUS	175,898,711	7.60
5 INSIGHT BROAD OPPORTUNITIES FUND	113,940,909	4.92
TOTAL POOLED FUNDS MARKET VALUE	973,377,207	42.05
TOTAL FUND MARKET VALUE	2,315,496,909	

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

MARKET VALUE OF TOTAL FUND

TOTAL FUND MARKET VALUE BY ASSET CLASS



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QUARTERLY REVIEW PREPARED FOR

Oxfordshire Council Pension Fund

Q3 2017

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PENSION FUND COMMITTEE – 1 DECEMBER 2017

OVERVIEW AND OUTLOOK FOR INVESTMENT MARKETS

Report by the Independent Financial Adviser

Economy

1. The forecast growth rate for the UK economy in 2017 has been revised downwards to 1.5% after sluggish growth in the second quarter, although the third-quarter rate of 0.4% exceeded expectations. Meanwhile, forecast growth rates in the other developed regions have been maintained or revised upwards.

(In the table below the bracketed figures show the forecasts made in August)
[Source of estimates: The Economist, October 7th 2017]

Consensus real growth (%)						Consumer prices latest (%)
	2014	2015	2016	2017E	2018E	
UK	+2.8	+2.3	+2.0	+1.5 (+1.6)	+1.3	+3.0(CPI)
USA	+2.4	+2.4	+1.6	+2.2 (+2.2)	+2.3	+ 1.9
Eurozone	+0.8	+1.5	+1.6	+2.1 (+1.9)	+1.9	+ 1.5
Japan	+0.3	+0.6	+0.9	+1.5 (+1.3)	+1.2	+ 0.6
China	+7.4	+6.9	+6.7	+6.8 (+6.7)	+6.4	+ 1.8

2. The Bank of England announced a ¼% rise in interest rate on November 2nd, while the US Federal Reserve is to start reducing its balance sheet by not re-investing the proceeds of maturing bonds, and is expected to increase rates again in December. The European Central Bank is to halve its level of monthly bond purchases to €30bn from January 2018, with no specified end-date to the programme.
3. On September 22nd, in a speech in Florence, Theresa May set out more details of the UK's approach to the Brexit negotiations, but discordant voices within her Cabinet, and a troubled Conservative Party conference, have created renewed uncertainty about her tenure as Prime Minister, heightened by two Cabinet resignations early in November.
4. In the German Federal elections on September 24th, Angela Merkel won a fourth term as Chancellor, but her CDU party's share of the vote declined sharply, and the extremist AfD party won 13% of the votes. She must now seek a coalition with the Greens and the FDP, after the SPD withdrew as a coalition partner. Tensions in Spain increased after the call for independence from Catalonia; Madrid dissolved the regional parliament and assumed direct rule of the region pending a December election. In Japan, Prime Minister Abe

called a snap election for October 22nd in which he gained an important two-thirds majority in the Lower House.

5. Relations between North Korea and the United States deteriorated after North Korea carried out several missile tests, and President Trump responded with bellicose statements. Domestically, Trump has provoked more controversy with his equivocal comments after the rallies in Charlottesville, and disbanded two business advisory councils when members began to resign in protest at his remarks. Late in September, the Republicans published a tax reform plan, including reductions in corporate tax rates, which will now be debated in Congress.

Markets

Equities

6. For the second successive quarter, equity markets were little changed. The UK market continues to deliver a return significantly below that of overseas equity markets, while Continental Europe has been by far the strongest region during the past year.

	Capital return (in £, %) to 30.9.17		
Weight %	Region	3 months	12 months
100.0	FTSE All-World Index	+1.3	+12.7
54.2	FTSE All-World North America	+0.9	+12.6
8.3	FTSE All-World Japan	+0.1	+9.3
12.2	FTSE All-World Asia Pacific ex Japan	+0.7	+12.3
16.4	FTSE All-World Europe (ex-UK)	+3.6	+18.9
6.2	FTSE All-World UK	+0.8	+6.9
9.6	FTSE All-World Emerging Markets	+3.3	+13.2

[Source: FTSE All-World Review, September 2017]

The US stockmarket has continued to push into record territory, helped by the strength of the big technology stocks - Facebook, Apple, Netflix and Google.

S&P 500



7. The rise in the price of oil, and the improving outlook for global economic growth boosted the Oil & Gas and Basic Materials sectors, while most other sectors showed little change over the quarter.

	Capital return (in £, %) to 30.9.17		
Weight %	Industry Group	3 months	12 months
13.0	Technology	+4.3	+22.3
22.9	Financials	+1.6	+20.4
4.9	Basic Materials	+6.2	+20.3
13.0	Industrials	+2.3	+17.0
100.0	FTSE All-World	+1.3	+12.7
13.0	Consumer Goods	-0.9	+7.7
10.5	Health Care	-1.0	+6.8
10.2	Consumer Services	-2.2	+6.5
3.2	Utilities	-0.2	+4.5
6.2	Oil & Gas	+5.2	+1.5
3.1	Telecommunications	-0.7	-3.6

[Source: FTSE All-World Review, September 2017]

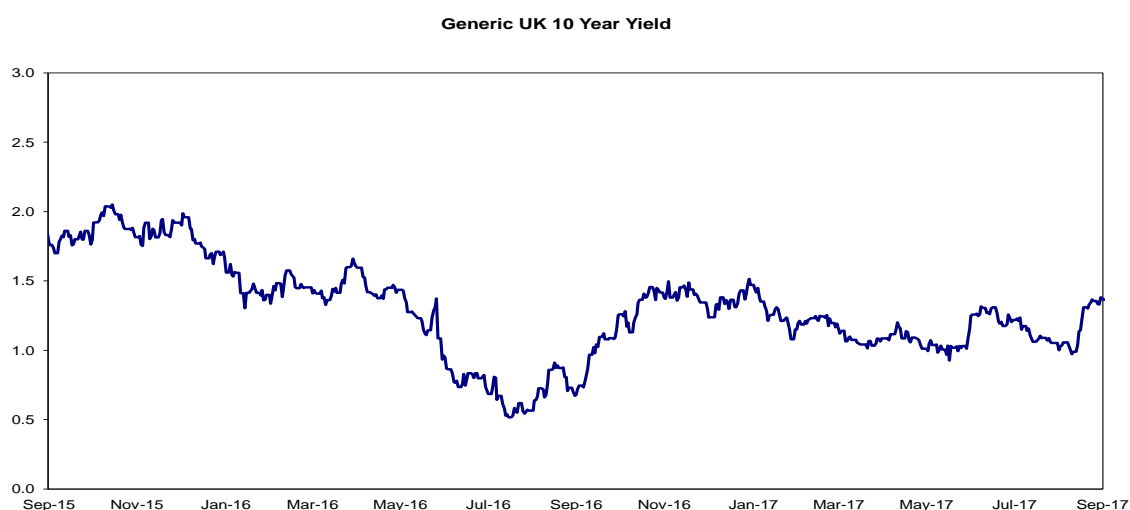
8. The mid- and small-cap sectors of the UK market have out-performed the FTSE 100 over the past 3 and 12 months.

(Capital only%, to 30.9.17)	3 months	12 months
FTSE 100	+ 0.8	+ 6.9
FTSE 250	+ 2.8	+11.2
FTSE Small Cap	+ 2.3	+14.8
FTSE All-Share	+ 1.2	+ 7.8

Bonds

9. As was the case in the second quarter, there was very little net change in the yields on medium-term government bonds in the major markets.

The 10-year gilt has now traded at a yield below 1.5% since the spring of 2016 (see graph below)



10-year government bond yields (%)					
	Dec '14	Dec 2015	Dec 2016	June 2017	Sept 2017
US	2.17	2.27	2.46	2.28	2.32
UK	1.76	1.96	1.24	1.33	1.41
Germany	0.54	0.63	0.11	0.47	0.47
Japan	0.33	0.27	0.04	0.09	0.05

Currencies

10. The dollar and the yen were the weaker currencies during the quarter, while the pound kept pace with the euro. At one stage the pound reached \$1.36 – its highest level against the dollar since the EU referendum – but in early October it retreated to \$1.31 (see graph below)

	30.9.16	30.6.17	30.9.17	£ move (%)	
				3m	12m
\$ per £	1.299	1.299	1.342	+ 3.3	+ 3.3
€ per £	1.156	1.139	1.135	- 0.4	- 1.9
¥ per £	131.5	146.0	151.0	+ 3.4	+14.8



Commodities

11. The price of Brent crude rose by over 15% during the quarter to reach \$57 per barrel, its highest level for two years. This has been the result of a number of factors – the maintenance of the production curbs announced by OPEC countries and Russia in November 2016; the threat by President Erdogan of Turkey’s to turn off an Iraqi pipeline, and the interruptions to refining operations in Texas caused by Hurricane Irma. Events in Iraq and Saudi Arabia caused the price to reach \$64 per barrel in early November.

Oil



Property

12. Returns on UK Property during the past year reflect the improvement in sentiment, and overseas demand for UK trophy assets, since the EU Referendum. Industrials have continued to be the strongest sector by a wide margin.

	3-month (%)	12-month
All Property	+ 2.7	+10.4
Retail	+ 1.9	+ 7.6
Office	+ 2.0	+ 8.1
Industrial	+ 4.8	+18.6

[MSCI UK Monthly Index of total returns, Sept 2017]

Outlook

13. Equity markets have continued steadily upwards, reaching all-time highs in many markets, despite geo-political concerns surrounding developments in North Korea and the Middle East and the rising oil price. The move in UK interest rates, the imminent rise in US rates, and the tapering of quantitative easing in US and Europe all appear likely reduce the flows of liquidity into markets generally.

14. By the same token, government bond market yields are likely to rise in response to higher short-term rates, unless they become 'safe havens' in the event of political crisis, or if global economic growth begins to slow down. In either of these situations, equities can be expected to weaken significantly.

Peter Davies

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November 9th, 2017

[All graphs supplied by Legal & General Investment Management]

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