Public Document Pack

OXFORDSHIRE COUNTY COUNCIL

To: Members of the Pension Fund Committee

Notice of a Meeting of the Pension Fund Committee

Friday, 7 June 2019 at 10.00 am

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

Yvonne Rees
Chief Executive

May 2019

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

Membership

Chairman –
Deputy Chairman -

County Councillors

Nicholas Field-Johnson	John Sanders	Alan Thompson
Mark Lygo	Roz Smith	Councillor Kevin Bulmer
Charles Mathew	Lawrie Stratford	Councillor Ian Corkin

District Councillors (Co-optees)

Alaa Al-Yousuf	One vacancy

Notes:

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

Declarations of Interest

The duty to declare…..
Under the Localism Act 2011 it is a criminal offence to
(a) fail to register a disclosable pecuniary interest within 28 days of election or co-option (or re-election or re-appointment), or
(b) provide false or misleading information on registration, or
(c) participate in discussion or voting in a meeting on a matter in which the member or co-opted member has a disclosable pecuniary interest.

Whose Interests must be included?
The Act provides that the interests which must be notified are those of a member or co-opted member of the authority, **or**

- those of a spouse or civil partner of the member or co-opted member;
- those of a person with whom the member or co-opted member is living as husband/wife
- those of a person with whom the member or co-opted member is living as if they were civil partners.

(in each case where the member or co-opted member is aware that the other person has the interest).

What if I remember that I have a Disclosable Pecuniary Interest during the Meeting?.
The Code requires that, at a meeting, where a member or co-opted member has a disclosable interest (of which they are aware) in any matter being considered, they disclose that interest to the meeting. The Council will continue to include an appropriate item on agendas for all meetings, to facilitate this.

Although not explicitly required by the legislation or by the code, it is recommended that in the interests of transparency and for the benefit of all in attendance at the meeting (including members of the public) the nature as well as the existence of the interest is disclosed.

A member or co-opted member who has disclosed a pecuniary interest at a meeting must not participate (or participate further) in any discussion of the matter; and must not participate in any vote or further vote taken; and must withdraw from the room.

Members are asked to continue to pay regard to the following provisions in the code that *"You must serve only the public interest and must never improperly confer an advantage or disadvantage on any person including yourself"* or *"You must not place yourself in situations where your honesty and integrity may be questioned…..".*

Please seek advice from the Monitoring Officer prior to the meeting should you have any doubt about your approach.

List of Disclosable Pecuniary Interests:
Employment (includes"*any employment, office, trade, profession or vocation carried on for profit or gain*".), **Sponsorship, Contracts, Land, Licences, Corporate Tenancies, Securities.**

For a full list of Disclosable Pecuniary Interests and further Guidance on this matter please see the Guide to the New Code of Conduct and Register of Interests at Members' conduct guidelines. http://intranet.oxfordshire.gov.uk/wps/wcm/connect/occ/Insite/Elected+members/ or contact Glenn Watson on **07776 997946** or glenn.watson@oxfordshire.gov.uk for a hard copy of the document.

If you have any special requirements (such as a large print version of these papers or special access facilities) please contact the officer named on the front page, but please give as much notice as possible before the meeting.

AGENDA

1. Election of Chairman for the 2019-20 Municipal Year

2. Election of Deputy Chairman for the 2019-20 Municipal Year

3. Apologies for Absence and Temporary Appointments

4. Declarations of Interest - see guidance note

5. Minutes (Pages 1 - 12)

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

6. Petitions and Public Address

7. Minutes of the Local Pension Board (Pages 13 - 18)

10:05

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

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

10:10

In response to a request from the Chairman of Penson Fund Committee to have a dedicated item on each Committee agenda for the work of the Local Pension Board, attached at **PF8** is the report by the Independent Chairman of the Local Pension Board. It invites the Committee to respond to the key issues raised by the Pension Board at its most recent meeting on 26 April January 2019.

The Committee is RECOMMENDED to:

(a) note the comments of the Board in respect of the Improvement Plan, Annual Business Plan and Risk Register, and the subsequent changes made to these documents elsewhere on today's agenda;

(b) consider whether it is appropriate to mandate training at certain training events for Committee members; and

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

9. Improvement Plan (Pages 23 - 38)

10:20

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

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

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

10:45

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

The Committee is RECOMMENDED to:

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

11. Risk Register (Pages 81 - 88)

11:00

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

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

12. Administration Report (Pages 89 - 100)

11:10

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

The Committee is RECOMMENDED to:

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

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

11:20

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

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

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

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

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

The Committee is RECOMMENDED to:

(a) ***approve the revised policy documents as set out in Annexes 1, 4, 5 and 7, noting the changes in the documents as discussed above;***

(b) ***approve the revised Investment Strategy Statement as set out in Annex 2, noting the changes as discussed in the report and***

i. ***re-confirm its position that a blanket divestment policy is not an appropriate approach for the Pension Fund, nor to address the risks associated with climate change; and***

ii. ***endorse the current approach and direction of travel set out in the Addressing Climate Change Position Statement, and ask Officers to fully engage in the process for developing the full Climate Change Policy document and to report back to the Committee on a timely basis;***

(c) ***re-state its approval in principle to the changes set out in Annex 3 to the Governance Policy and Governance Compliance Statement and RECOMMEND to Council via the Audit and Governance Committee the corresponding changes to the Terms of Reference and Constitution of the Pension Fund Committee;***

(d) ***agree the delegation to the Services Manager (Pensions) the responsibility for exercising the new discretionary decisions as set out in paragraph 47 above, and the subsequent changes in the scheme of delegation to ensure it is consistent with the schedule of Administering Authority Discretions; and***

(e) ***note that no new changes have been made to the Scheme of Delegation and the Procedure for Reporting Breaches of Law to the Pension Regulator.***

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

12:05

Tables 1 to 4 are compiled from the custodian's records. The custodian is the Pension Fund's prime record keeper. He accrues for dividends and recoverable overseas tax within his valuation figures and may also use different exchange rates and pricing sources compared with the fund managers. The custodian also treats dividend scrip issues as purchases which the fund managers may not do. This may mean that there are minor differences between the tabled figures and those supplied by the managers.

The Independent Financial Adviser will review the investment activity during the past quarter and present an overview of the Fund's position as at 31 March 2019 using the following tables:

Table 1	provides a consolidated valuation of the Pension Fund at 31 March 2019
Table 2	shows movements in market value during the quarter
Table 3	provides investment performance for the consolidated Pension Fund for the quarter ended 31 March 2019
Table 4	provide details of the Pension Fund's top holdings

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

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

The Committee is RECOMMENDED to receive the tables and graphs, and that the information contained in them be borne in mind, insofar as they relate to items 16, 17, 18 and 19 on the agenda.

15. EXEMPT ITEMS

The Committee is RECOMMENDED that the public be excluded for the duration of items 16, 17, 18, 19, 20 and 21 in the Agenda since it is likely that if they were present during those items there would be disclosure of exempt information as defined in Part I of Schedule 12A to the Local Government Act 1972 (as amended) and specified in relation to the respective items in the Agenda and since it is considered that, in all the circumstances of each case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

THE REPORTS RELATING TO THE EXEMPT ITEMS HAVE NOT BEEN MADE PUBLIC AND SHOULD BE REGARDED AS STRICTLY PRIVATE TO MEMBERS AND OFFICERS ENTITLED TO RECEIVE THEM.

NOTE: In the case of item 18, there are no reports circulated with the Agenda. Any exempt information will be reported orally.

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

12:10

To **note** the exempt Minute of the Local Pension Board meeting held on 26 April 2019 (**PF16**).

The public should be excluded during this item because its discussion in public *would be likely to lead to the disclosure to members of the public present of information in the following prescribed category:*

3. Information relating to the financial or business affairs of any particular person (including the authority holding that information) and since it is considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information, in that such disclosure would distort the proper process of free negotiations with another party.

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

12:10

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

The report sets out an overview of the current and future investment scene and market developments across various regions and sectors. The report itself does not contain exempt information and is available to the public. The Independent Financial Adviser will also report orally and any information reported orally will be exempt information.

The public should be excluded during this item because its discussion in public would be likely to lead to the disclosure to members of the public present of information in the following prescribed category:

3. Information relating to the financial or business affairs of any particular person (including the authority holding that information) and since it is considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information, in that such disclosure would prejudice the trading activities of the fund managers involved and would prejudice the position of the authority's investments in funding the Pension Fund.

The Committee is RECOMMENDED to receive the report, tables and graphs, to receive the oral report, to consider any further action arising on them and to bear the Independent Financial Adviser's conclusions in mind when considering the Fund Managers' reports.

18. Insight

12:15

(1) The Independent Financial Adviser will report orally on the performance and strategy of Insight drawing on the tables at Agenda Items 14 and 17.

(2) The representatives (Sherilee Mace and Matt Merritt) of the Fund Manager will:

(a) report and review the present investments of their part of the Fund and their strategy against the background of the current investment scene for the period which ended on 31 March 2019;

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

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

At the end of the presentation, members are invited to question and comment and the Fund Managers to respond.

The public should be excluded during this item because its discussion in public would be likely to lead to the disclosure to members of the public present of information in the following prescribed category:

3. Information relating to the financial or business affairs of any particular person (including the authority holding that information) and since it is considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information, in that such disclosure would prejudice the trading activities of the fund managers involved and would prejudice the position of the authority's investments in funding the Pension Fund.

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

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

12:55

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

The public should be excluded during this item because its discussion in public would be likely to lead to the disclosure to members of the public present of information in the following prescribed category:

3. Information relating to the financial or business affairs of any particular person (including the authority holding that information) and since it is considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information, in that such disclosure would prejudice the trading activities of the fund managers involved and would prejudice the position of the authority's investments in funding the Pension Fund.

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

20. Summary by the Independent Financial Adviser

13:00

The Independent Financial Adviser will, if necessary, summarise the foregoing reports of the Fund Managers and answer any questions from members.

The public should be excluded during this item because its discussion in public would be likely to lead to the disclosure to members of the public present of information in the following prescribed category:

3. Information relating to the financial or business affairs of any particular person (including the authority holding that information) and since it is considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information, in that such disclosure would prejudice the trading activities of the fund managers involved and would prejudice the position of the authority's investments in funding the Pension Fund.

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

13:05

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

The public should be excluded during this item because its discussion in public would be likely to lead to the disclosure to members of the public present of information in the following prescribed category:

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

The Committee is RECOMMENDED to decide the recommendations contained in the report PF21.

ITEMS FOLLOWING THE RE-ADMISSION OF THE PRESS AND PUBLIC

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

13:15

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

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

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

23. Annual Pension Forum

13:20

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

LUNCH

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

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PENSION FUND COMMITTEE

MINUTES of the meeting held on Friday, 8 March 2019 commencing at 10.00 am and finishing at 1.50 pm

Present:

Voting Members:	Councillor Kevin Bulmer – in the Chair Councillor Ian Corkin (Deputy Chairman) Councillor Nicholas Field-Johnson Councillor John Howson Councillor Charles Mathew Councillor John Sanders
Representatives of all District Councils (voting):	District Councillor Alaa Al-Yousef District Councillor Bill Service

Officers:

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

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

1/19 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS

(Agenda No. 1)

Apologies were received from Anya Greig (Beneficiaries Observer), Councillor Mark Lygo, Cllr Lawrie Stratford and Councillor Alan Thompson.

2/19 DECLARATIONS OF INTEREST - SEE GUIDANCE NOTE

(Agenda No. 2)

There were no declarations of interest submitted.

3/19 MINUTES

(Agenda No. 3)

The Minutes of the Meeting held on 7 December 2018 were approved and signed, subject to the following amendment;

To replace second paragraph of Minute76/18 with the following:

'Mr Davies reported that with the £52m gain in the third quarter, the Fund had reached its highest ever level at just over £2.5bn. The gains in the quarter came largely from Overseas Equities, with small contributions from Private Equity, Property and Infrastructure, while UK Equities fell slightly. Subsequent falls in markets has reduced the value of Equities by some £80m at the end of November.'

There were no Matters Arising.

4/19 PETITIONS AND PUBLIC ADDRESS

(Agenda No. 4)

A member of Fossil Free Oxfordshire had been advised to address the next meeting when an appropriate substantive item was scheduled to be on the Agenda.

There were no further requests received from members of the public.

5/19 MINUTES OF THE LOCAL PENSION BOARD AND THE OVERSIGHT BOARD

(Agenda No. 5)

The unconfirmed Minutes of the Local Pension Board which met on 18 January 2019 were noted (PF5).

The approved Minutes of the Brunel Oversight Board, which met on 1 November 2018 were also noted (PF5).

6/19 REPORT OF THE LOCAL PENSION BOARD

(Agenda No. 6)

Members had before them the latest report by the Independent Chairman of the Local Pension Board (PF6). The report invited the Committee to respond to the key issues contained within it.

Councillor Bob Johnston, a Board Member, addressed the report on the Board's behalf. He highlighted the advice received from one of the expert speakers at the recent meeting of the Pensions Forum, which had been that Climate Change needed to be included on the Committee's Risk Register. He also reported that the Board had suggested that the Fund should consider investing in Low Carbon passive portfolio.

RESOLVED: to note the report and the key issues raised, and to inform the Board of the following responses from the Committee: to

(a) note the comments of the Board in respect of the actions being taken to ensure that the Pensions Administration Team have adequate and appropriate resources to deliver the agreed Improvement Plan;
(b) agree that all key reports in respect of the 2019 Valuation would be submitted to the Board for comment as appropriate; and
(c) note its comments on the risk register and the investment in the low carbon portfolio and to consider this further at the item on the Risk Register elsewhere on this Agenda.

7/19 IMPROVEMENT PLAN

(Agenda No. 7)

The Committee considered the report PF7 which gave an update on progress against the objectives and milestones set out in the Committee's Improvement Plan and also progress on the I Connect Project Plan. Rachael Salsbury, Team Leader, Pensions Team, attended to give a detailed update on data quality and to respond to questions from the Committee.

Mr Collins reported that since the December meeting, further correspondence had been received from the Pensions Regulator on the Improvement Plan, and, following some amendments made, had stated that he was satisfied with the revised Plan and did not require any further changes. The report PF7 addressed these comments and the subsequent response from the Officers.

RESOLVED: to

(a) note the latest position with regard to the Improvement Plan and to congratulate the officers on achieving their objective;
(b) request Mr Collins to produce a Breaches Log to accord with the Committee's Breaches Policy for submission to each meeting of the Committee and the Board; and
(c) request the officers to send any correspondence received from the Scheme Advisory Board or the Pensions Regulator as soon as possible to members of the Committee and the Board.

8/19 REVIEW OF THE ANNUAL BUSINESS PLAN 2018-19 AND APPROVAL OF ANNUAL BUSINESS PLAN 2019-20

(Agenda No. 8)

Members considered the report PF8 which covered the Business Plan for the forthcoming financial year, and which included the key objectives for the year, the proposed budget, and the Cash Management Strategy. Progress against the objectives set for the current financial year was also set out in order to provide the context for 2019/20.

Mr Collins undertook, at the request of the Committee, to make available to members of the Committee a breakdown of fees, manager by manager, at Brunel level. He also agreed to supply, separately, those which related to the Managers overseen by the Committee.

With regard to paragraph 12 of the report, Mr Collins stated his intention to bring to the next meeting an update on the current work within Brunel on ESG issues within investment decision making. He further stated that Brunel was building on the current work with the responsible investment team to develop a suite of reports which demonstrated the effectiveness of the ESG policies and the impact of company engagement by fund managers. He reported that the Committee would receive a report on a quarterly basis which would afford an opportunity for the Committee to hold Brunel to account on this particular issue.

RESOLVED: to

(a) approve the Business Plan and Budget for 2019/20 as set out at Annex 1;
(b) approve the Pension Fund Cash Management Strategy for 2019/20;
(c) agree to delegate authority to the Director of Finance to make changes necessary to the Pension Fund Cash Management Strategy during the year, in line with changes to the County Council's Treasury Management Strategy;
(d) agree to delegate authority to the Director of Finance to open separate pension fund bank, deposit and investment accounts as appropriate;
(e) agree to delegate authority to the Director of Finance to borrow money for the pension fund, in accordance with the regulations; and
(f) note the intention of Mr Collins to bring to the next meeting in June, an update on the current work ongoing within Brunel on ESG decision making.

9/19 RISK REGISTER

(Agenda No. 9)

The Committee had before them a report (PF9) which presented the latest position on the Fund's Risk Register for consideration.

At its meeting in January 2019, the Local Pension Board had identified that the risk to investment returns from poor management of ESG issues, in particular climate change, was not fully reflected in the current Risk Register. They had asked the Committee to consider adding a risk relating to reductions in investment performance, with the cause specifically relating to the failure to properly account for climate change in making investment decisions. The impact of the risk was seen by the Board as a fall in funding levels, requiring an increase in employer contributions. The Board felt that the risk could be managed by switching assets between the current allocation to passive equities to the passive low carbon portfolio.

The Committee considered the views of the Pension Board alongside the advice from Officers contained within the report, which suggested that the risk to investment returns stemmed from a failure to properly account for all ESG issues in making investment decisions, rather than just issues associated with climate change. Officer advice was that a mitigation based on switching an allocation to a low carbon portfolio was also too narrow.

RESOLVED: to

(a) note the Risk Register; and
(b) note the recommendation from the Local Pension Board and to inform the Board of its decision to add a wider ESG related risk to the risk register rather than include a separate line for Climate Change, to be mitigated through the current ESG Policy and improved reporting. However, to assure the Board that this issue would be monitored carefully and would be revisited if the situation changed and mitigation was required.

10/19 ADMINISTRATION REPORT

(Agenda No. 10)

The Committee received a report (PF10) which gave an update on those administration issues not covered under the Improvement Plan.

Sally Fox, Pensions Manager, presented the report and responded to questions which centred particularly on the measures being taken to tackle the ongoing recruitment problem within the Team.

RESOLVED: to note the report, in particular the payment of £3,100 compensation following a stage 2 determination under the Adjudication of Disagreements Procedure.

11/19 GOVERNMENT CONSULTATIONS

(Agenda No. 11)

The Committee considered a report (PF11) which provided an update on recent government consultations and regulation changes and which invited the Committee to approve responses to consultations on pooling guidance and pension protections on out-sourcing.

RESOLVED: to:

(a) approve the consultation response in respect of pooling guidance as contained in Annex 1;
(b) approve the consultation response in respect of pension protection as contained in Annex 2;
(c) note the changes introduced under the LGPS (Miscellaneous Amendment) Regulations 2018, and ask for a further report on the implications once the process and costs become clearer; and
(d) note the position in respect of the cost capping mechanism and consider it further as part of the 2019 Valuation process.

12/19 OVERVIEW OF PAST AND CURRENT INVESTMENT POSITION

(Agenda No. 12)

The Independent Financial Adviser reviewed the investment activity during the past quarter and presented an overview of the Fund's position as at 31 December 2018.

Mr Davies reported that the graphs and tables reflected the transition to Brunel who were now responsible for the management of 34% of the Fund's assets. Over the quarter, assets had depreciated by £190m, or a 3% drop to £2.3bn. This depreciation had come almost entirely from Equities. At the end of February 2019, around half of this depreciation had been recouped. Bonds had kept their value in the quarter. Mr Davies added that the scene was now revealing the cyclical nature of the market and the fourth quarter saw the long overdue fall in Equities, to the extent that they were now reasonably valued.

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 15, 16, 17, 18 and 19 on the agenda.

13/19 EXEMPT ITEMS

(Agenda No. 13)

The Committee RESOLVED that the public be excluded for the duration of items 14, 15, 16, 17, 18 and 19 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.

14/19 EXEMPT MINUTES

(Agenda No. 14)

The exempt Minute of the Local Pension Board meeting which was held on 18 January 2019 was noted (PF14).

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 outweighs the public interest in disclosing the information, in that such disclosure would distort the proper process of free negotiations with another party

15/19 OVERVIEW AND OUTLOOK FOR INVESTMENT MARKETS

(Agenda No. 15)

The Committee had before them a report of the Independent Financial Adviser (PF15) which set out an overview of the current and future investment scene and market developments across various regions and sectors. The report itself did not contain exempt information and was available to the public. Information which the Independent Financial Adviser reported orally 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 and to bear the Independent Financial Adviser's conclusions in mind when considering the Fund Managers' reports.

16/19 UBS GROUP

(Agenda No. 16)

The Independent Financial Adviser reported orally on the performance and strategy of UBS drawing on the tables at Agenda items 12 and 15.

The representatives, Malcolm Gordon and Anthony Sander 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 in funding the Pension Fund.

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

17/19 WELLINGTON

(Agenda No. 17)

The Independent Financial Adviser reported orally on the performance and strategy of Wellington drawing on the tables at Agenda items 12 and 15.

The representatives, Nicola Staunton, Ian Link and Travis Miley, 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 in funding the Pension Fund.

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

18/19 REPORT OF MAIN ISSUES ARISING FROM REPORTS OF THE FUND MANAGERS NOT REPRESENTED AT THIS MEETING

(Agenda No. 18)

The Committee considered a report from the Independent Financial Adviser (PF18) on the main issues arising from the reports from Adams Street, Insight and Legal & General, in conjunction with information contained in the tables at Agenda Item 12.

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 in funding the Pension Fund.

RESOLVED:

(a) to note the report;

(b) (agreed nem con with Councillor Charles Mathew abstaining) that, with regard to a concern raised by the officers, to request the Director of Finance, following consultation with the Chairman, Deputy Chairman and Opposition Group Spokesperson to take action if it is deemed necessary following investigation; and

(a) as part of this process, to request Mr Collins to bring a report back to Committee and, if it is deemed necessary, to write to members of the Committee to glean any other concerns for inclusion into the report.

19/19 SUMMARY BY THE INDEPENDENT FINANCIAL ADVISER

(Agenda No. 19)

The Independent Financial Adviser had no further issues to add.

Mr Collins was asked for information regarding the timetable for the transfer of the remaining funds to Brunel which would include the length of time the Fund was to remain with various fund managers; and when new decisions would be made regarding which fund managers would be chosen to manage particular pension funds. He reported the following:

- the Emerging Market Pension Fund had been sent out to tender that week with a deadline of 22 March. It was hoped that with due diligence, that managers would be chosen by mid-June, to transition in mid - September;
- the High Alpha Global Equities Pension Fund was due out to tender the following week, with appointments expected by the end of August/September this year. Transition would occur in November this year;
- Core Global Pension Fund would be sent out, it was believed, in early 2020; and
- The final date for transitions for listed assets was currently scheduled as August 2021.

RESOLVED: to note the report.

READMISSION OF PRESS AND PUBLIC

20/19 CORPORATE GOVERNANCE (VOTING REVIEW)

(Agenda No. 20)

The Committee received a report (PF20) which provided information on the voting records of the Fund Managers which had been exercised on behalf of this Fund; and which asked the Committee to determine any issues it wished to follow up with the specific Managers, or in general.

RESOLVED: to note the Fund's voting activities.

21/19 CORPORATE GOVERNANCE AND SOCIALLY RESPONSIBLE INVESTMENT

(Agenda No. 21)

It was **AGREED** (nem con with the abstention of Councillor John Howson) that

(a) Mr Collins would send out the following written statement to members of the public who wished to challenge the Committee on its policy in respect of corporate governance and socially responsible investment.

Oxfordshire Local Government Pension Scheme

Pension Fund Committee Position on Responsible Investing, including matters relating to Climate Change

The formal position of the Pension Fund Committee on responsible investments are included the ESG Policy section of the Fund's Investment Strategy Statement, which is available on the Fund's website at:

https://www.oxfordshire.gov.uk/business/pensions/pension-fund/about-fund

and is repeated as an Annex this paper. This document is reviewed annually, with a fundamental review undertaken every three years in line with the Tri-Ennial Valuation of the Fund and a review of the Funds Asset Allocation. The next review is due to complete in March 2020. In line with the guidance, the views of interested stakeholders will be taken into account in completing the next review.

The current position, which explicitly recognises the financial risks associated with environmental, social and governance (ESG) issues including climate change, was developed with the support of the Chief Responsible Investment Officer at the Brunel Company and previously at the Environment Agency Pension Fund. She is internationally recognised as an expert in this field, and a regular award winning for her work in the area of responsible investment.

A key element of the current policy is to avoid blanket decisions, such as the dis-investment of all fossil fuel companies, but to make investment decisions on the merits of each individual case, and engage directly with companies to ensure they are acting to mitigate key risks. The Committee believes that such a policy both enables them to best meet their fiduciary duties, as well as contributing to the development of a sustainable future for all. The policy allows differentiation between those fossil fuel companies who are working hard to reduce their carbon emissions and switching to renewable sources of energy, and those who have buried their head in the sand.

The Committee have been challenged not only on their policy not to divest in all fossil free companies, but also why they don't make an allocation to the passive low carbon and/or sustainable equity portfolios managed by Brunel. It is the Committee's view that they cannot meet their fiduciary duty by blanket decisions that all fossil fuel companies are bad, and all low carbon companies are good. Each investment is examined for investment potential and risks to achieving that potential. This allows the Committee to select those fossil fuel companies who are building a sustainable future through cleaning up their processes and increasing resources developing renewable alternatives. It also allows the Committee to avoid those low carbon companies who are failing to manage other key ESG risks, including the wider risks associated with climate change. The ability to engage with companies as an active manager, with the ultimate sanction of dis-investing if the company fails to respond positively to the engagement is also seen as a key benefit of the current policy.

The main area the Committee wish to develop is the reporting on company performance on ESG issues to enable them to validate their current policy and ensure that the Fund Managers are complying with the policy and that their engagement is effective. This work is being undertaken in conjunction with the Chief Responsible Investment Officer at Brunel, alongside the other Funds within the Brunel Pension Partnership, and it is hoped to have the first ESG report at portfolio level available as part of the quarterly performance report to 31 March 2019; and

(b) to note the piece contained in the 2018 Quarterly Engagement report of the Local Authority Pension Fund Forum (LAPFF) which referred to corporate governance and socially responsible investment (included on the Addenda to this meeting).

22/19 ANNUAL PENSION FORUM
(Agenda No. 22)

There were no issues to report.

.... in the Chair

Date of signing ....

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LOCAL PENSION BOARD

MINUTES of the meeting held on Friday, 26 April 2019 commencing at 10.30 am and finishing at 12.11 pm

Present:

Voting Members:	Mark Spilsbury – in the Chair Alistair Bastin Stephen Davis Lisa Hughes Councillor Bob Johnston District Councillor Sandy Lovatt Sarah Pritchard
Other Members in Attendance:	Councillor Mark Lygo, Pension Fund Committee Member (for the whole meeting as an observer)
Whole of meeting	S. Collins and S. Whitehead

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.

16/19 WELCOME BY CHAIRMAN
(Agenda No. 1)

The Chairman welcomed all to the meeting.

In particular he welcomed Lisa Hughes who had joined the Board as an Employer Member and Councillor Mark Lygo who as a member of the Pension Fund Committee was attending as an observer.

17/19 APOLOGIES FOR ABSENCE
(Agenda No. 2)

All Members were present.

18/19 DECLARATIONS OF INTEREST - SEE GUIDANCE NOTE OPPOSITE
(Agenda No. 3)

There were no declarations of interest.

19/19 MINUTES
(Agenda No. 5)

The Minutes of the last meeting held on 18 January 2019 were approved and signed as a correct record.

In response to a query on Minute 5/19 Mr Collins advised that the first investment performance report referred to in the preamble had not gone to the Oversight Board on 31 January. It was now due out next week and would be circulated to members of the Board. It would be an item on the next meetings of the Pension Fund Committee and the Board.

20/19 EXCLUSION OF PRESS AND PUBLIC
(Agenda No. 6)

RESOLVED: - to exclude the public for the duration of Items 7 and 8 since it is likely that if they were present during these items there would be disclosure of exempt information as defined in Part 1 of Schedule 12 A to the Local Government Act 1972 (as amended) and specified in relation to the respective item in the Agenda and since it is considered that, in all circumstances of each case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

PROCEEDINGS FOLLOWING THE WITHDRAWAL OF THE PRESS AND PUBLIC

21/19 EXEMPT MINUTES - 18 JANUARY 2019
(Agenda No. 7)

The exempt Minute of the meeting held on 18 January 2019 was approved and signed as a correct record

The public is 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 distort the proper process of free negotiations with another party.

22/19 EMPLOYER MANAGEMENT - IMPROVEMENT PLAN
(Agenda No. 8)

The Board considered the latest in the series of reports to the Pension Fund Committee and this Board on the Fund’s approach to employer management. It included the latest version of the Improvement Plan which is aimed at ensuring the Fund meets its statutory targets in terms of data quality and services to scheme members and employers. The Board **AGREED** to request that the next report should include an update on actual performance against SLA targets. Comments should be included where deadlines had been missed and it would be easier to read if headings appeared at the top of each page of the Plan.

The public should be excluded during this item because its discussion in public would be likely to lead to the disclosure to members of the public present of information in the following prescribed category:

3. Information relating to the financial or business affairs of any particular person (including the authority holding that information)

and since it is considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information, in that such disclosure would distort the proper process of free negotiations with another party.

RE-ADMISSION OF PRESS AND PUBLIC

23/19 REVIEW OF THE ANNUAL BUSINESS PLAN

(Agenda No. 9)

The Board was invited to review the latest position against the Annual Business Plan for 2018/19, as considered by the Pension Fund Committee at its meeting on 8 March 2019; and the Annual Business Plan for 2019/20, as agreed at the same meeting; and to offer any views back to the Committee (LPB9).

Mr Collins introduced the contents of the report, updating members on the position regarding the Brunel Pension partnership and commenting that at the next meetings of the Pension Fund Committee and the Board there would be more detail on the Funding Strategy Statement.

Responding to a question from a Member about the Investment Strategy Mr Collins advised that all policies were going to the June Pension Fund Committee. However, the Committee would have a fundamental review after the Asset Allocation Review planned for March 2020. The Board as required would have an opportunity to comment at that stage. The Chairman added that after the next Actuarial Review the Board would have an opportunity to feed into the major review.

In response to a comment from an employer member that someone had dropped out of the scheme due to the ESG matters and asking whether there was a member friendly statement Mr Collins referred to a later agenda item where the Board could comment of the Responsible Investment Statement produced by the Pension Fund Committee.

During consideration members:

- Expressed surprise at the lack of customer focus either in relation to employer or scheme members. There was nothing in the Plan about customer service or the customer experience.
- Discussed the need for effective member communications.
- Highlighted the issue of training for Pension Fund Committee members and noted the omission of a training plan. Mr Collins explained the way in which

training was provided noting that there would be a session before the September meeting of the Committee. A number of councillors had also attended various external training. It was difficult to identify a single training plan and the principle was that no one member would know everything but together they would have the necessary skills and knowledge. They looked to fill gaps in skills and knowledge across the Committee as a whole. A member noted that training opportunities were not always taken up and it was suggested that attendance at some training events should be mandatory. Mr Collins added that the Annual Report included a full record of all the training undertaken.

- Queried why management fees were shown as going up in 2019/20 from 2018/19 (page 41) when the intention with the Brunel Partnership was that management fees should reduce. Mr Collins explained how the figure was arrived at and noted that no funds had been managed by Brunel in 2018/19 and few funds would be managed by Brunel in 2019/20.

The Local Pension Board **AGREED** to raise with the Pension Fund Committee that they felt that the Business Plan lacked a clear customer focus. They also **AGREED** to **RECOMMEND** that consideration be given by the Committee to mandating attendance by Committee members at certain training events.

24/19 RISK REGISTER

(Agenda No. 10)

The Board reviewed the latest Risk Register, as updated after consideration by the Pension Fund Committee on 8 March 2019 (**LPB10**) and were invited to offer any further views back to the Committee.

During consideration:

- A member commented that the likelihood of 1 recorded at Item 6 (on the risks of climate change) was likely to rise. Mr Collins explained the issue was balancing the scoring of the likelihood and the risk to the fund.
- A member referring to paragraph 5 relating to the risks of climate change stated that he had been asking for evidence of engagement with each potential investment company to understand the risks specific to them and how these risks are being dealt with by management. Mr Collins advised how that was carried out and the role of the Committee in questioning Fund Managers on the engagement they carried out. Work was ongoing with Brunel Partnership to ensure that the outcome of engagement was transparent. He confirmed that in line with the policy statement there had been no engagement between a Fund Manager and a Company at the specific request of the Pension Fund Committee.
- There was surprise at the low risk rating for staff issues given the recruitment problems and there was a question as to the date of review and whether the date shown was the last time the issue had been reviewed. Mr Collins advised that every risk was reviewed each quarter.
- It was suggested that changes be highlighted in the covering report.

The Board noted the latest Risk Register and **AGREED** to **RECOMMEND** that in future the date when the risk was last reviewed should be shown for all risks on the register. The Board also requested that all changes made to the risk register since it was last reviewed by the Pension Fund Committee should be highlighted in the covering report.

25/19 RESPONSIBLE INVESTMENT STATEMENT

(Agenda No. 11)

The Board was invited to consider the Responsible Investment Position statement, as agreed by the Committee following their meeting on 8 March 2019, and to offer any views back to the Committee in advance of the June 2019 discussion on the Investment Strategy Statement (LPB11).

Following discussion, the Board **AGREED** to ask the Committee to consider whether the statement should be amended to clarify that direct engagement and the selection of fossil fuel companies for investment is undertaken via the appointed Fund Managers.

26/19 ITEMS TO INCLUDE IN THE BOARD'S REPORT TO THE PENSION FUND COMMITTEE

(Agenda No. 12)

- Improvement Plan – suggestions for information to include in and formatting of future plans
- Annual Business Plan – lack of customer focus and suggestion about some mandatory training for Committee Members
- Risk Register – suggestions about the format of future reports
- Responsible Investment Statement – suggestions to improve clarity

27/19 ITEMS TO BE INCLUDED IN THE AGENDA FOR THE NEXT BOARD MEETING

(Agenda No. 13)

The following items were noted for the next meeting:

- Improvement Plan Update
- Fees Analysis Report

28/19 DATE OF NEXT MEETING

(Agenda No. 14)

The Board noted that the next meeting was to be held on Friday 19 July 2019.

.... in the Chair

Date of signing 2019

Division(s): N/A

PENSION FUND COMMITTEE – 7 JUNE 2019

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 report reflects the discussions of the Board members at their meeting on 26 April 2019. The Board was attended by the Independent Chairman and all six of the scheme employer and scheme member representatives. Lisa Hughes, the Chief Operating Officer of the River Learning Trust attended her first meeting as the new scheme employer representative. Cllr Mark Lygo also attended the Board meeting as an Observer.

3. Since the Board meeting, Cllr Sandy Lovatt who represented scheme employers on the Board lost his District Council seat as part of the May elections and therefore no longer meets the criteria to serve as a scheme employer representative. Action is underway to address this vacancy.

Matters Discussed and those the Board wished to bring to the Committee's Attention

4. The Board considered the improvement plan as discussed at the March Pension Fund Committee. A number of comments were made about the ability to measure performance against the Plan through reviewing actual scores against KPI's. It was also noted that there were individual line items in the Plan where target dates had been passed with no commentary added to the Plan. Finally the Board Members asked if the column headings could be repeated on each page of the plan. The comments were all accepted, and will be built into future updates, including the update elsewhere on this Committee's agenda.

5. The Board considered the report received by the Pension Fund Committee on the review of the Annual Business Plan. There was an observation that the Business Plan lacked a customer focus. In particular, it was noted that the measures of success for the improvements in scheme member communication were expressed as benefits for the Administering Authority rather than the scheme members itself. Amendments have been proposed to

address these concerns on the latest report to this Committee elsewhere on the agenda.

6. The Board also considered the lack of a detailed training plan within the overall Annual Business Plan. The Board suggested that this Committee should consider mandating attendance at certain training events for Committee members. It is noted that at the current time, unlike the requirements for Pension Board members, there is no requirement for Committee members to hold a given level of skills and knowledge to sit on the Pension Fund Committee. It is further noted that for the Committee to act effectively, it is not essential that all members have reached the same level of skills and knowledge, but that the requisite skills and knowledge are held by the Committee members as a whole, with additional support from the officers and independent financial adviser. The Independent Chairman commented that in Gloucestershire, there was an expectation that all Committee members would attend the LGA's three day LGPS Fundamentals Training Course.

7. In its review of the risk register and the accompanying report, the Board noted inconsistency in the completion of the review date. They asked that in future all risks should show when the risk was last reviewed, with any changes to the risk scores, mitigations etc referenced in the covering report. Officers were happy to accept the request.

8. The final item reviewed by the Board was the position statement on responsible investment issued following the March Pension Fund Committee. Board Members questioned the wording in the document, which it believed could be mis-leading in that it implied that the Committee engaged directly with all companies, rather than through its Fund Managers, Brunel and collaborative groupings such as the Local Authority Pension Fund Forum. The Committee may choose to consider the wording of future publications in this area.

RECOMMENDATION

9. **The Committee is RECOMMENDED to:**

   (a) note the comments of the Board in respect of the Improvement Plan, Annual Business Plan and Risk Register, and the subsequent changes made to these documents elsewhere on today's agenda;
   (b) consider whether it is appropriate to mandate training at certain training events for Committee members; and
   (c) note the comments of the Board in respect of future responsible investment statements and the need to clarify that all engagement with companies is through third parties rather than directly by the Committee itself.

Mark Spilsbury
Independent Chairman of the Pension Board

Contact Officer: Sean Collins, Service Manager, Pension Services

Tel: 07554 103465

May 2019

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Division(s): N/A

PENSION FUND COMMITTEE – 7 JUNE 2019

IMPROVEMENT PLAN

Report by the Director of Finance

Introduction

1. At their March 2019 meeting the Committee received the final version of the Improvement Plan which had been signed off by the Pension Regulator. The Committee resolved to receive quarterly update reports on progress against the Improvement Plan, including presentations from the Team Leaders within the Pension Services Team responsible for delivering the component parts of the Plan.

2. Since the last report, the Pension Regulator has issued a Regulatory Intervention report under section 89 of the Pension Act 2004, which summarises the work undertaken between the Pension Fund and the Pension Regulator following the initial disclosures of the failure to issue Annual Benefit Statements in line with our regulatory responsibilities. This report (previously circulated to members of the Committee and Pension Board) concludes that the Pension Fund has made significant improvement in its governance and administration. The accompanying letter confirmed that no further regulatory action would be taken in respect of the Improvement Notice.

3. It is now important to ensure that the Improvement Plan is delivered as expected, and we avoid any future failings to deliver against our statutory responsibilities. This report sets out the progress against achieving the Plan.

Issues associated with Edwards and Ward

4. There is one outstanding issue where we have on-going involvement with the Pension Regulator which is not covered within the Improvement Plan. As covered in the report to the March Committee, there are still 16 Annual Benefit Statements outstanding for 2017/18, all in respect of employees of Edwards and Ward.

5. In the March report we confirmed that in accordance with the Administration Strategy, we had issued a fine of £13,500 which represented a charge of £150 for each outstanding end of year return and each year where we are missing a monthly data return. Since then following further correspondence with Edwards and Ward this fine has been reduced to £6,750 reflecting the position where scheme members were not admitted to the LGPS at the point of transfer, and therefore no returns are due. There is still an outstanding issue as to which party was responsible for the breach of the statutory rights of the scheme members to have their pension provision protected, and it is

likely that further action and fines will be forthcoming once investigations into this issue have been concluded.

6. In the meantime, conversations continue with Edwards and Ward to validate the information now provided and issue the outstanding Annual Benefit Statements. The fine remains outstanding, with Edwards and Ward yet to accept full responsibility for their own failings.

Progress against Improvement Plan Milestones

7. A key comment from the Pension Board when they reviewed the update for the previous quarter was a lack of reportable progress against the key objectives set out in the first section of the Improvement Plan. There are two sets of measures set out in the key objectives. The first set is a collection of annual targets against the statutory responsibilities to issue annual benefit statements, pension saving statements and data quality scores.

8. In respect of the statements, there are no interim measures as the statements are issued in bulk once all data has been collected from scheme employers. Checked and loaded to the Pension system. The key milestones here are those set out in the improvement plan which are covered by the commentary below.

9. In respect of data quality, we will run an interim report in advance of the final runs, with sufficient time to address shortfalls identified. However, as most of the data checks are based on the 2018/19 data, we do need to complete the loading of the end of year data before re can undertake any meaningful interim reports. The progress against the end of year milestones covered below is therefore again key.

10. The second set of service measures are the business as usual performance measures. These are contained within the separate Administration report. Following the comments of the Committee last time which requested interim benchmarks to be set whilst the service recovers from the issues created by the backlog and high level of staff vacancies, this report was not presented to the Board at their last meeting. Subject to the further comments of the Committee in reviewing the Administration report later on this agenda, this issue will be resolved for future Board meetings.

11. In terms of the milestone events set out in the Improvement Plan, work against the end of year actions is progressing. 158 of the 186 end of year returns were received by the 30 April deadline. This equates to 85% of returns, which is an improvement on last year's figure of 73%.

12. We chased the remaining 28 returns and provided a secondary deadline of 9 May 2019. A further 17 returns were received by this secondary deadline. This left 11 returns outstanding, and a fine will be issued to the scheme employer in each case in accordance with the Administration Strategy and the advice from the Pension Regulator. At the time of writing this report, 6 of the outstanding 11 returns have been received and we continue to chase the

outstanding 5. Where any of these 5 returns remain outstanding as at 24 May 2019, we will consider issue a Breach of Scheme Regulations report to the Pension Regulator in respect of each scheme employer.

13. We are now processing the end of year returns to ensure they reconcile to information provided on the regular monthly returns and to the contributions paid over. These checks also identify any inconsistencies with data provided in respect of individual members in previous years (e.g. excessive pay increases). At the time of writing this report, we have fully completed the checks on 21 returns and we are ready to issue the Annual Benefit Statements for these employers (mainly small employers with few scheme members). Overall though the quality of the returns has been poorer than expected, and the additional work required in checking the returns and querying issues with employers means we are behind timescales for this work. Additional resources have been identified elsewhere within Pension Services to support the work and hopefully bring it back within the overall deadlines.

14. The most common errors we are finding this year include:

- Returns not balancing to the contribution data provided each month throughout the year. This is despite the requirement for scheme employers to sign off their return to confirm it balances to the contributions paid over.
- Errors with final pay figures including actual pay rather than the full - time rate, or the final pay rate applicable on 31 March 2019, rather than the average rate of pay calculated for the last year of service.
- Errors where employers have deducted contributions from scheme members based on the rate applicable for their whole - time equivalent salary rather than that applicable for their actual salary (a switch covered by the new scheme regulations in 2014). The overpayment of contributions is currently being rectified.
- Changes to the unique payroll reference used to identify the scheme member and any different employments they may hold, where the scheme employer has not informed us of the changes and therefore end of year records do not match to existing member records held on the pensions system.

15. Work continues on the monthly returns, with the majority of returns now in and vetted. As with the end of year returns, the position this year shows a considerable improvement over previous years, which should allow us to resolve all outstanding queries and issue the Annual Benefit Statements in line with the statutory deadlines. An updated position on both the End of Year and Monthly Returns will be presented to the Committee during the meeting.

16. The major risk within the Plan remains the level of vacancies held across the various teams within Pension Services. As previously covered, the initial round of recruitment was unsuccessful in filling all vacancies, and there have been 2 further resignations. Following further work with colleagues in HR we

are now progressing a second recruitment round, using a number of new media and re-designed documentation. Concurrently, we are running a recruitment round to bring in temporary staff to cover the workload until permanent team members can be brought in.

17. In respect of Data Quality, the Local Government Association are leading work with Fund Actuaries, Software Suppliers and representative Funds to identify a standard set of data tests against which all Fund's benchmark their performance. It is still expected that these standard tests will be in place ready for the 2019 submission of data quality scores to the Pension Regulator.

18. In the meantime, we are continuing to identify and correct missing data. We are also working with the software provider to clarify why certain fields failed the current quality checks, where we believe the data is correctly recorded. The procurement exercise to identify an address tracing agency has just been completed and we will now be undertaking a further address tracing exercise. Whilst the procurement exercise was delayed compared to the Improvement Plan, the latest exercise will be completed in time to feed into the next set of scores to be provided to the Pension Regulator.

19. One area of the Improvement Plan which is behind schedule is the development of the Governance and Reporting arrangements to ensure the Committee (and Pension Board) can oversee the delivery and quality of the administration and communication services and identify areas for improvement before issues become critical. This work has slipped due to the overall pressures on Pension Services.

20. We have though recently received a guidance document produced by CIPFA and the Pensions Consultancy AON which aims to guide pension authorities in establishing best practice within administration of the LGPS. This guide proposes a range of performance measures covering:

- Are legal deadlines being met
- Is the administering authority meeting the agreed internal target timescales
- Are total turnaround times being met
- Breaches and errors
- Overall information on case loads including numbers of new tasks, completion rates and numbers of outstanding tasks
- What do Scheme members and employers think
- What other data issues are there
- Are scheme employers meeting their requirements
- Are the key priorities within the business plan being delivered.

21. We are currently working through the guide to identify which of the suggested measures we can currently report on, and which will require changes to our software or operational processes to collect the data in a reportable format. It is intended to bring an initial draft of a comprehensive performance report in line with the guide to the September meeting of the Committee.

22. The iConnect project is progressing well. At the time of writing this report, 12 (60%) of the test phase scheme employers have gone live with iConnect. These are all fairly small employers, with the largest having just 24 active members, and as such have faced fewer of the challenging scenarios.

23. A further 6 scheme employers will be in a position to go live once we have finalised their end of year position. This group does include a number of larger employers, including the Diocesan School Trust with 662 active members. This group have therefore allowed us to test many of the more complicated scenarios including multiple employment contracts.

24. The final 2 scheme employers within the test phase are Oxford Brookes University and the United Learning Academy Trust. The University has struggled to develop a file which can automatically be loaded through iConnect given their current practice of using a single pay reference per scheme member, even where they have multiple employments. This practice has previously involved manual intervention from the staff at the University before they submitted a monthly return. We have recently met with the University and they are now looking at a number of ways they could meet the requirements with minimal/zero manual intervention. The delays at the United Learning Academy Trust have largely been in respect of staff time than any particular technical issue, but resources have been identified to resume testing this month.

25. As a result of the successful implementation of the Parish and Town Councils in the test phase, we were able to bring forward phase 2 to cover the remaining Town and Parish Councils, and a further 20 Councils went live during May.

26. We have split the remaining scheme employers into two further phases, with those responsible for 50 or less active members in phase 3 and the larger employers in phase 4. In line with the Committee's previous request, the overall deadline for the project has been brought forward and is now due to complete by 31 August 2020.

27. One of the biggest challenges remains getting engagement from some of our employers. We are seeking to make individual contact with each employer to agree the process to be followed and an implementation date.

28. The Project is having an unintended benefit in that the nature of the one to one work with the employers is identifying a number of problems with current practices, including errors on contribution rates. Whilst this is leading to improvements in data quality and will improve the future end of year processes, it is leading to some delays in the implementation process for iConnect.

RECOMMENDATION

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

Lorna Baxter
Director of Finance

Contact Officer: Sean Collins, Service Manager, Pension Services; Tel: 07554 103465

May 2019

Project Objectives

The Improvement Plan is designed to ensure that the Oxfordshire Pension Fund as administered by the Pension Fund Committee delivers against its statutory duties as set out below. These duties include a mix of annual responsibilities in terms of information requirements to scheme members, the annual submission of our data quality score, and a series of on-going responsibilities to scheme members and scheme employers based on their movements in and out of the Fund, deaths retirements etc. The ultimate objective of this revised improvement plan is to deliver the target scores as set out below. The success against the annual targets will be measured once a year as per the target date (with interim measures against the milestones set out in the plan indicating the likelihood of success), whereas success against the on-going responsibilities will be measured monthly.

Annual Statutory Responsibilities

	Target Date	Target Score	Comments
Issue Annual Benefit Statement to all Active Scheme Members	31/08/19	100%	A score above 98% would not be regarded as a material breach of duty for the Fund as a whole, but could still require individual scheme employers to be reported for a material breach if a significant number of their statements were still outstanding
Issue Annual Benefit Statement to all Deferred Scheme Members	31/08/19	100%	
Issue Pension Savings Statements to those above Annual Allowance	06/10/19	100%	
Return Data Quality Scores to the Pension Regulator - Common Data	06/11/19	98%	Score based on definitions included in reports from Aquila Heywood dated 25 October 2018
Return Data Quality Scores to the Pension Regulator - Scheme Specific Data	06/11/19	98%	

On-Going Statutory Responsibilities

	SLA (days)	Target % of cases within SLA	
Annual Allowance	10	90	The statutory deadlines are, in general, two months, although there are some variations to these which extend beyond the two months. For the purposes of monitioring and reporting we will use the two month deadline. This will also apply to divorce cases where the deadline is in excess of two months. The only deadline under two months is that of retirements where benefits are being paid after NPA where information about benefits should be provided within one month.
APC	10	90	
Data Changes	10	90	
Deaths	10	95	
Deferred Benefits	40	90	
Divorces	10	95	
Estimates - employer	10	90	
Estimates - member	10	90	
General Queries - employer	10	90	
General Queries - member	10	90	
Re-employments	40	90	
Refund of Benefits	10	95	
Retirements	10	95	
Starters / PPF	40	90	
Transfer In	10	90	
Transfer Out	10	95	

Ownership of the Improvement Plan

The Improvement Plan is owned by the Pension Fund Committee in its role as Scheme Manager under the relevant Regulations. The Committee is ultimately accountable for the delivery of the Plan. Day to day management of the plan is delegated to the Service Manager - Pensions, who will manage the plan with the support of the Pension Services Management Team. The Plan identifies owners for the individual tasks, who will be responsible for reporting through to the Management Team and ultimately the Pension fund Committee on perfroamnce agaisnt their elements of the plan.

	A	B	C	D	E	F
1	Revised Improvement Plan 2018/19					
2						
3	***End of Year 2018/19 and Issuance of Annual Benefit Statements***	***Comments***	**Owner***	**Due date**	**Status**	**Comments on Status**
4	***End of Year Return***					
5						
6	Issue Scheme Employer Questionnaire re 2017/18 Exercise		BH	26/10/18	Completed	Feedback requested in Talking Pensions - 1 response
7	Hold Employer Forum to Discuss Results of Questionnaire		BH	30/11/18	Completed	Forum not held in light of limited feedback received.
8	Prepare Briefing for All Employers to Set out any Key Changes		BH/SJC	21/12/18	Completed	Talking Pensions January
9	Confirm Senior Escalation Point with All Scheme Employers		BH	21/12/18	Completed	E-mail sent to all employers 20/12/2018, responses being chased. Second e-mail sent 15/01/2019
10	Prepare/Review templates for 2018/19 Returns		BH	14/01/19	Completed	
11	Allocate Member of Employer Team to Lead for Each Scheme Employer		BH	14/01/19	Completed	
12	Get in touch with employers by phone to confirm who our contacts are for the annual return	Final chase of escalation points	Employer team	18/01/19	Completed	E-mail sent to all employers 20/12/2018
13	Annual returns emails to be drafted	Included FAQ information, reminder about AVC's.	BH	16/01/19	Completed	
14	Returns to be sent out w/c 21 January 2019 (include dates for training days)		Employer team	25/01/19	Completed	
15	Contact all employers who have had previous issues to check receipt support needed	Telephone call	Employer team	28/02/19	Completed	
16	Run Employer Training Sessions on Completion of End of Year Return		SAF/BH/JW/RO	15/03/19	Completed	Only one employer wanted a session - contacted directly
17	Week before the April deadline send a reminder to High level contacts that the data is required by 30 April	Copy to any 3rd party payroll providers	Employer team	23/04/19	Completed	E-mail sent 26/04/2019 to all those who had not yet submitted
18	Review receipt of end of year returns and issue initial escalation letter for all missing returns	Report numbers to SJC/SF	BH	03/05/19	Completed	158/186 returns received on time.
19	Review receipt of outstanding returns and issue final escalation letter	Report numbers to SJC/SF	BH	17/05/19		Date amended to 09/05/19. Initial chase email provides second deadline of 9th May (close of business). Returns received after this date will be fined
20	Issue Breach Report to Pension Regulator for non-compliance where end of year return still outstanding		SF	24/05/19		5 still outstanding as at 16/05/2019
21	Complete review of all end of year returns received by 30 April deadline	Check formatting of data, completeness of return, and contributions balance to those paid over during year (within agreed tolerances)	Employer Team	10/05/19		Vetting/Balancing
22	Send end of year review queries to employer	Report numbers to SJC/SF	Employer team	10/05/19		Vetting/Balancing
23	Review Receipt of end of year Queries and issue final escalation letter for any outstanding	Report numbers to SJC/SF	BH	24/05/19		Vetting/Balancing
24	Issue Breach Report to Pension Regulator for non-compliance where end of year return queries still outstanding		SF	31/05/19		Vetting/Balancing
25	Complete Provisional Runs of end of year data	Report numbers to SJC/SF	BH/RS	31/05/19		Provisional Posting
26	Send Provisional Run queries to scheme employers, where these stop end of year file data being loaded	Queries to include missing starters, missing leavers, un-matched pay reference numbers, formatting errors in data, mis-match between number of employee records	Employer team	03/06/19		Provisional Posting
27	Work with Scheme Employers to resolve provisional run queries, escalating as necessary		Employer team	28/06/19		Provisional Posting
28	Issue Breach Report to Pension Regulator for non-compliance where end of year data can not be loaded due to outstanding queries		SF	28/06/19		Provisional Posting
29	Final Load of Actual Data including monthly CARE data, and issue queries on errors to scheme employers (e.g. pay variation to previous year outside agreed tolerances, and/or inconsistent with contributions recorded and received.	Process will start from 3 June for those employers with no errors on provisional run, with regular daily runs as queries are resolved on remaining employers. Weekly reports of numbers to SJC/SF	BH/RS	05/07/19		Actual posting (including CARE)
30	Review receipt of query responses and issue initial escalation letter	Report numbers to SJC/SF	BH	19/07/19		Actual posting (including CARE)
31	Issue final escalation letter	Report numbers to SJC/SF	BH	26/07/19		Actual posting (including CARE)
32	Issue Breach Report to the Pension Regulator where outstanding queries mean that data is not sufficient to issue annual benefit statement		SF	02/08/19		Actual posting (including CARE)

	A	B	C	D	E	F
1	Revised Improvement Plan 2018/19					
2						
3	***End of Year 2018/19 and Issuance of Annual Benefit Statements***	***Comments***	**Owner***	**Due date**	**Status**	**Comments on Status**
33	Issue Annual Benefit Statements	Daily runs from 5 August starting with those scheme members who have requested a paper statement.	RS	31/08/19		ABS
34						
35	***Monthly returns - MARS***		**Owner**	**Due date**		
36	Review First 6 month returns and identify any missing returns	remind employer (5 days)	BH/SF/JF	31/10/18	Completed	
37	Escalate All Employers with Missing Returns	Chase - Fine to follow	BH/SF/JF	18/01/19	Completed	
38	Identify All Scheme Employers Where Active Membership has Ceased	Fine	BH/SF/JF	31/10/18	Completed	
39	Ensure All Records For Ceased Employers have been loaded and validated	Chase - Fine to follow	BH/SF/JF	30/11/18		
40	Review First 6 months CARE data, and identify any inconsistences. Raise queries with employers		BH	30/11/18	Completed	
41	Escalate All Missing Monthly Returns by month end		SF/JF	End of Each Month (Nov - Apr)		Ongoing
42	Maintain CARE data monthly, and raise queries with employers each month		BH/SF/JF	End of Each Month (Nov - Apr)	Completed	Ongoing
43						
44	***Communication***		**Owner**	**Due date**	**Status**	
45	Write to Scheme employers (see line 8 above)	Administration guide, TPR letter	BH	21/12/18	Completed	Talking Pensions January
46	Email templates/acknowledgements to finalise	MARS/EOY	BH	18/01/19	Completed	
47	Update team at team meeting	EOY process.	BH/SAF	25/01/19	Completed	
48	Pension Fund Forum	Administration update, confirm eoy coming out	SAF	11/01/19	Completed	
49	Monthly updates - talking pensions	To include key changes from previous years, key dates (including highlighting earlier due date for March MARS return as 19 April is a Bank Holiday)	JW/RO	31/01/19	Completed	
50	Monthly updates - talking pensions	To include reminder of key dates and importance of timely and accurate returns in respect of both statutory duties and impact on 2019 Valuation Results	JW/RO	28/02/19	Completed	
51	Monthly updates - talking pensions	Pick up issues identified	JW/RO	31/03/19	Completed	
52						
53	***Staffing***		**Owner**	**Due date**	**Status**	
54	Review Current Staff Structure in Light of Recent Experience		SJC/SAF	19/10/18	Completed	
55	Agree new structure and Appropriate Division of Duties		SJC/SAF	19/10/18	Completed	
56	Revise Job Descriptions, Grades and Person Specifications including suitability of apprenticeships with County HR		SJC/SAF	02/11/18	Completed	
57	Implement new structure		SAF	02/11/18	Completed	
58	Recruitment		Team Leaders	30/11/18	Completed	
59	Recruitment - interviews		Team Leaders	07/12/18		Interviews w/c 07/01/19. Recruitment process failed to identify sufficient suitable candidates to fill all vacant posts. Problem compounded by further resignations so recruitment cycle re-started following further advice from colleagues in HR. Temporary Staff Agencies contacted to provide an interim solution.
60	Recruitment - issuing offers		Team Leaders	14/12/18		
61	Recruitment - references / medicals		Team Leaders	21/12/18		
62	Recruitment - confirm start dates		Team Leaders	21/12/18		
63	Resource cover - sickness/maternity		Team Leaders	On-Going		
64	Staff Induction		Team Leaders	08/02/19		See above
65	Staff Training		Team Leaders	On-Going		
66						

	A	B	C	D	E	F
1	Revised Improvement Plan 2018/19					
2						
3	***End of Year 2018/19 and Issuance of Annual Benefit Statements***	***Comments***	**Owner***	**Due date**	**Status**	**Comments on Status**
67						
68	Governance and Reporting					
69						
70	Identify all statutory responsibilities and associated timescales		SAF	26/10/18	Completed	Included in Objectives Sheet of this Improvement Plan
71	Develop portfolio of performance measures that measure achievement of statutory functions and provide early warnings of potential breaches of targets	To include monthly statistics for the on-going statutory duties, the progress statistics identified above against the tasks within the end of year process and regular updates on data quality scores	SAF	31/01/19		Reviewing A guide to pensions authorities on administration in the LGPS produced by CIPFA/AON.
72	Determine frequency and timetable of manager reviews of performance data and schedule in diaries	Will be a mix of weekly, monthly and ad hoc reports	SC/SAF	31/01/19		
73	Present Performance Report to Pension Fund Committee and agree schedule of interim reports to be sent to Committee members between the quarterly meetings	Copies to be provided to Pension Board members	SAF	08/03/19		
74						
75						
76	***Data Quality***		**Owner**	**Due date**		
77	Hold workshop with Aquila Heywood to review results of 31 August 2018 Report		SAF/RS	26/10/18	Completed	04/12/18
78	Produce Report for LGA on Proposal for Standardise Data Quality Reports covering tests to be applied, records to be covered by test and basis for how the test is to be applied.		SAF	18/01/19		SC discussing with LGA
79	Produce Action Plan to Improve Data Quality Scores where they fall below 98% in Revised Report		SAF	21/12/18	Completed	See below:
80						
81	Common Data - addresses. Re-Run missing address report		RS	31/01/19	Completed	5246 missing addresses for LGPS status 1,2,4,9
82	Common Data - addresses - chase responses to letters seeking confirmation of new addresses		RS	29/03/19		Ongoing - identifying cases involved with view to sending out letters in early March
83	Common Data - addresses - run procurement exercise to identify address chasing agency		SF	29/03/19		New provider selected 14/3/19. Waiting for contract to be set up. Dates below will need to move once contract is in place
84	Common Data - addresses - re-run address tracing exercise with new agency		RS	30/04/19		see above - date to be moved once contract is in place
85	Common Data - addresses - send out confirmation letters to new addresses identified		RS	31/05/19		see above - date to be moved once contract is in place
86	Common Data - addresses - update records on receipt of confirmation of new address from scheme member		RS	30/08/19		will need to keep this date as is?
87	Scheme Specific Data - CARE and Salary Checks - Run reports to confirm latest status	Work completed on previous errors since the last report as at end of August 2018	RS	28/02/19	Completed	Reports run, and will continue running these as part of the end of year exercise for 2018/19
88	Scheme Specific Data - CARE and Salary Checks - Update Records with Missing Data		RS/Benefits Team	30/04/19		
89	Scheme Specific Data - Annual Allowance - Re-Check Data updated since last data quality report	Majority of work on 2017/18 records completed in September 2018 after August data quality extract - error rate therefore mainly reflected timing issue.	RS	31/01/19	Completed	Data rechecked
90	Scheme Specific Data - Annual Allowance - Bulk Update for any outstanding Records		RS	29/03/19		Run where possible, for entires with no conts input as did not earn anything in 2017/18 will need to run a notional AA calc to avoid data quality fails
91	Scheme Specific Data - Annual Allowance - Determine any process changes (if any) required for 2018/19 data.		RS	29/03/19	Completed	Annual Allowance to be updated once EOY work completed. Will check for any anomalies when running the actual
92	***Implementation of i-connect***					
93						
94	Visit other sites with i-connect		JS	30/11/18	Completed	
95	Liaise with LGA re results of work of Academy Working Group on Standardising Data Returns		SJC/JS	30/11/18	Completed	
96	I connect Demonstration to Employers		Ask for volunteers, interest	30/11/18	Completed	
97	Produce Full Business Case for Pension Fund Committee's December Meeting		JS	07/12/18	Completed	
98	Draft implementation plan		JS	21/12/18	Completed	
99	Statement of works Signed off		Heywoods/OPF	11/01/19	Completed	
100	I-connect Deployed		Heywoods/OPF	22/02/19	Completed	
101	i-Connect connectivity established		Heywoods/OPF	30/03/19	Completed	
102	Initial Employer onboarding		Heywoods/OPF	30/06/19	In Progress	
103	Final Employers onboarded		Heywoods/OPF	31/12/20		Subsequently brought forward to 31 August 2020
104	Live processing[1]		Heywoods/OPF	01/07/19		Initial Phase 1 employers have gone live in advance of deadline.
105						
106	**Footnote**					

	A	B	C	D	E	F
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2						
3	***End of Year 2018/19 and Issuance of Annual Benefit Statements***	***Comments***	**Owner***	**Due date**	**Status**	**Comments on Status**
107	* The Owner represents the officer responsible for the delivery of each given task on the stated deadline. Where the owner is shown as a team, this is because the work has been allocated out across all team members, each with responsible for a given set of scheme employers, or individual scheme member tasks as appropriate. The relevant team leader is responsible for managing the work of the team to ensure that all individual members meet their deadlines and the overall task is completed to deadlines.					

Ref	Risk	Impact	Risk Owner	Controls in Place to Mitigate Risk	Current Risk Rating			Further Action Required	Data for Completion of Action	Target Risk Rating			Comments
					Impact	Likelihood	Score			Impact	Likelihood	Score	
1	Lack of suitably qualified and experienced staff	Work not completed to deadline and/or required standards	Sally Fox	Current Recruitment on-going. Have explored option of bringing in apprenticeships	5	3	15	Need to put in place contract for provision of interim support	28/02/19	5	1	5	Initial Recruitment Exercises failed to fill all vacant posts. Further resignations received. Discussions with County HR has given further options for advertising vacancies. Also exploring using temporary staff
2	Lack of Timely Returns from Employers	Project Deadlines missed, resulting in material breach of regulations	Becky Herman	Early communication of deadlines. Telephone contact for all those late last year. Escalation and fines policy in place.	2	2	4	Ensure timely performance reporting of data returns against deadlines to ensure escalation process works effectively, so reducing impact of delay		2	2	4	Majority of Employer Returns now received.
3	Lack of Accurate Returns from Employers	Project Deadlines missed, resulting in material breach of regulations	Becky Herman	Early communication of requirements, and training programme arranged. Telephone contact for all thosewith issues last year. Escalation and fines policy in place.	4	2	8	Ensure timely performance reporting of quality of data returns to ensure escalation process works effectively, so reducing impact of delay		2	2	4	
4	Technical Failure of System	Deadlines missed, or inaccurate information published to scheme members and/or employers	Rachael Salsbury	System on hosted arrangement with regular disaster recovery checks. Clear validation process in place for system upgrades	5	1	5			5	1	5	
5	Legislative Changes	All work delayed whilst impact of changes clarified and systems updated - new work backlogs	Chris Thompson/ Vicki Green	Regular review of LGA bulletins to ensure timely update of our processes.	3	2	6	Respond to any future Government Consultations to ensure timely of proposed changes allows system and process changes to be put in place in advance		1	2	2	
6	Changes in Actuarial Factors issued by GAD	All work delayed whilst awaiting new factors - new work backlogs	Chris Thompson/ Vicki Green	Regular review of LGA bulletins, and communications from GAD to ensure timely update of our processes.	3	2	6	Clear Communication to all impacted scheme members so they are aware of delays whilst we await new factors - look to bring in temporary staff to clear backlog if necessary		1	2	2	

Key to Ratings

Impact

5	Severe - Project Failure and Material Breach Reported to tPR
4	Major - significant number of scheme employer breaches reported to tTPR
3	Moderate - significant number of individual complaints
2	Minor - Individual employer breaches reported to tPR
1	Insignificant - individual complaints

Likelihood

4	Very Likely - over 75% probability
3	Likely - 50% to 75% probability
2	Possble - 20% to 50% probability
1	Unlikely - less than 20% probability

	A	B	C	E	F
1		Employer	Payroll Contact	PROGRESS/Next step	Next deadline
2	00000	Oxfordshire County Council - FIRE service	Hampshire	Awaiting confirmation from heywoods re abs and reporting	17/05/19
3	00001	OXFORDSHIRE COUNTY COUNCIL	Hampshire	Letter sent - confirming contact by	31/08/19
4	00002	WEST OXFORDSHIRE DISTRICT COUNCIL	Lisa Simons	Letter sent - confirming contact by	31/08/19
5	00003	SOUTH OXFORDSHIRE DISTRICT COUNCIL	Capita	Letter sent - confirming contact by	31/08/19
6	00004	CHERWELL DISTRICT COUNCIL	Samantha Hanwell	Letter sent - confirming contact by	31/08/19
7	00005	VALE OF WHITE HORSE D C	Capita	Letter sent - confirming contact by	31/08/19
8	00006	OXFORD CITY COUNCIL	S Edginton	CSV file sent	31/08/19
9	00007	ABINGDON TOWN COUNCIL	Susan Whipp	LIVE	closed
10	00011	A2 DOMINION HOUSING	Angelina Piruzyan	Letter sent - confirming contact by	31/08/19
11	00012	CHIPPING NORTON TOWN COUNCIL	Janet	LIVE	closed
12	00014	DIDCOT TOWN COUNCIL	S Hickman	LIVE	closed
13	00017	HENLEY ON THAMES TOWN COUNCIL	Liz Jones	LIVE	closed
14	00018	KIDLINGTON PARISH COUNCIL	Lisa Hanmer payroll@dckacc	meeting	15/05/19
15	00022	OXFORD ARCHAEOLOGICAL UNIT LTD	Simon Palmer	Letter sent - confirming contact by	31/08/19
16	00027	SWALCLIFFE PARK SCHOOL TRUST	S Coo	Meeting	16/05/19
17	00028	THAME TOWN COUNCIL	Karen Slater	LIVE	closed
18	00030	WALLINGFORD TOWN COUNCIL	Jennipher Jeje	LIVE	closed
19	00031	WITNEY TOWN COUNCIL	Sharon Groth	LIVE	closed
20	00032	CARTERTON TOWN COUNCIL	Tan Marchant	LIVE	closed
21	00033	WOODSTOCK TOWN COUNCIL	Rachel Johnson	LIVE	closed
22	00034	OXFORD BROOKES UNIVERSITY	Sarah Prichard	Awaiting test file	31/05/19
23	00036	BICESTER TOWN COUNCIL	Samantha Shippen	LIVE	closed
24	00037	SUTTON COURTENAY PARISH COUNCIL	Linda Martin	LIVE	closed
25	00040	THE HENLEY COLLEGE	Claire Heycock	CSV file sent	31/08/19
26	00048	CHINNOR PARISH COUNCIL	Liz Foley	LIVE	closed
27	00060	NORTH HINKSEY PARISH COUNCIL	Alan Stone	has left employment	closed
28	00061	WITNEY AND DISTRICT CITIZENS ADVICE	Andrew Collett	Meeting	21/05/19
29	00063	OXFORD COMMUNITY WORK AGENCY	Paul Way	Meeting	15/05/19
30	00064	MARCHAM PARISH COUNCIL	Lin Martin	LIVE	closed
31	00065	EYNSHAM PARISH COUNCIL	Rachel Johnson	LIVE	closed
32	00070	CUMNOR PARISH COUNCIL	clerk@cumnorparishcouncil.	LIVE	closed
33	00071	ABINGDON AND WITNEY COLLEGE	Jamie Parry	Letter sent - confirming contact by	31/08/19
34	00072	BANBURY TOWN COUNCIL	Mark Hassall	LIVE	closed
35	00075	CHALGROVE PARISH COUNCIL	Jo Murphy	LIVE	closed
36	00076	ORDERS OF ST JOHN	Lynne Grove	Letter sent - confirming contact by	31/08/19
37	00078	THAMES VALLEY PARTNERSHIP	Neil Owen	Awaiting Acknowledgment	14/05/19
38	00082	OXFORD HOMELESS PATHWAYS	Gabriel Grouas	Letter sent - confirming contact by	31/08/19
39	00084	FARINGDON TOWN COUNCIL	Sally Thurston	LIVE	closed
40	00085	ACTIVATE LEARNING	Bernadette Roberts	Letter sent - confirming contact by	31/08/19
41	00086	SANCTUARY HOUSING	John Sharatt	LIVE	closed
42	00088	BERINSFIELD PARISH COUNCIL	berinsfieldpc@aol.com	LIVE	closed
43	00091	BENSON PARISH COUNCIL	Anna Field	LIVE	closed
44	00092	OYAP TRUST	Donna Waterer	LIVE	closed
45	00096	VALE CAPITA	Michael Allvey	Awaiting Acknowledgment	14/05/19
46	00097	UNITED LEARNING TRUST	Cat Moule	Awaiting File	31/05/19
47	00099	OXFORD ACADEMY	Julie Gage FS4S	Letter sent - confirming contact by	31/08/19
48	00102	OLD MARSTON PC	Tim Cann	LIVE	closed
49	00104	FUSION LIFESTYLE	Jeanette Edwards	Awaiting Acknowledgment	14/05/19
50	00110	OXFORD SPIRES ACADEMY	EPM Sandra Ives	currently testing	31/05/19
51	00113	RADLEY PARISH COUNCIL	Jane Dymock	LIVE	closed
52	00114	VALE ACADEMY TRUST	The Access Group	Letter sent - confirming contact by	31/08/19
53	00115	MERCHANT TAYLORS OXON ACADEMY TRUST	The Access Group	Letter sent - confirming contact by	31/08/19
54	00118	RUSH COMMON SCHOOL (ABINGDON LEARNING TRUST)	The Access Group	Letter sent - confirming contact by	31/08/19
55	00119	GILLOTTS SCHOOL	George Serls	Due to go live after EOY	31/05/19
56	00120	BARTHOLOMEW ACADEMY (EYNSHAM PARTNERSHIP)	The Access Group	Letter sent - confirming contact by	31/08/19
57	00121	CHIPPIN NORTON ACADEMY	The Access Group	Letter sent - confirming contact by	31/08/19
58	00122	LANGTREE ACADEMY	The Access Group	Awaiting Acknowledgment	14/05/19
59	00123	RIVER LEARNING TRUST (Incl. 121 Ch. Norton, 176 Wheatley, plus New Marston prev. OCC)	The Access Group	Letter sent - confirming contact by	31/08/19
60	00124	FARINGDON ACADEMY	The Access Group	Letter sent - confirming contact by	31/08/19
61	00125	HANWELL FIELDS ACADEMY	United Learning	Letter sent - confirming contact by	31/08/19
62	00126	MILL ACADEMY	Claire Smart specialistlgps@	Letter sent - confirming contact by	31/08/19
63	00127	BURFORD ACADEMY SCHOOL	Julie Gage FS4S	Letter sent - confirming contact by	31/08/19
64	00128	LONG HANBOROUGH PARISH COUNCIL	Adrian Edwards	LIVE	closed
65	00129	RIDGEWAY EDUCATION TRUST	The Access Group	Letter sent - confirming contact by	31/08/19
66	00130	ASPIRATIONS ACADEMY TRUST	George Serls	Due to go live after EOY	31/05/19
67	00132	Carillion (AMBS) Ltd	closed	closed	closed
68	00133	NORTHERN HOUSE ACADEMY TRUST	Dave Ralley	Awaiting Acknowledgment	14/05/19
69	00134	LORD WILLIAMS ACADEMY	The Access Group	Letter sent - confirming contact by	31/08/19
70	00136	OXFORD DIOCESAN TRUST	Mark Jones	Due to go live after EOY	31/05/19

	A	B	C	E	F
1		Employer	Payroll Contact	PROGRESS/Next step	Next deadline
71	00137	MARLBOROUGH ACADEMY SCHOOL	The Access Group	Letter sent - confirming contact by	31/08/19
72	00138	HOME FARM TRUST SOUTH VALE 1	Adeana Derrick	Letter sent - confirming contact by	31/08/19
73	00139	HOME FARM TRUST SOUTH VALE 2	Adeana Derrick	Letter sent - confirming contact by	31/08/19
74	00140	CAMDEN SOCIETY CITY 1	Kelly Blake	Letter sent - confirming contact by	31/08/19
75	00141	CAMDEN SOCIETY CITY 2	Kelly Blake	Letter sent - confirming contact by	31/08/19
76	00142	CAMDEN SOCIETY NORTH 1	Kelly Blake	Letter sent - confirming contact by	31/08/19
77	00143	PROPELLER ACADEMY TRUST	The Access Group	Letter sent - confirming contact by	31/08/19
78	00144	CAMDEN SOCIETY WEST	Kelly Blake	Letter sent - confirming contact by	31/08/19
79	00145	GOSFORD HILL ACADEMY	The Access Group	Awaiting Acknowledgment	14/05/19
80	00146	COMMUNITY ALLIENCE	The Access Group	Letter sent - confirming contact by	31/08/19
81	00147	EUROPA SCHOOL UK	N Tanner	Awaiting Acknowledgment	14/05/19
82	00150	GALLERY TRUST	David Ralley	Letter sent - confirming contact by	31/08/19
83	00151	BLACKBIRD ACADEMY	The Access Group	Letter sent - confirming contact by	31/08/19
84	00152	SONNING COMMON PARISH COUNCIL	clerk@sonningcommonparis	LIVE	closed
85	00153	DOMINIC BARBERI ACADEMY	EPM Sandra Ives	Due to go live after EOY	31/05/19
86	00154	LADYGROVE PARK PRIMARY	The Access Group	Letter sent - confirming contact by	31/08/19
87	00155	ST JOHNS PRIMARY	The Access Group	Awaiting Acknowledgment	14/05/19
88	00156	MANOR SCHOOL	The Access Group	Awaiting Acknowledgment	14/05/19
89	00157	WILLOWCROFT PRIMARY SCHOOL	Julie Gage FS4S	Awaiting Acknowledgment	14/05/19
90	00158	BLOXHAM PARISH COUNCIL	Theresa Goss	LIVE	closed
91	00159	ABBEY WOODS ACADEMY	EPM Sandra Ives	Letter sent - confirming contact by	31/08/19
92	00160	TYNDALE COMMUNITY SCHOOL	Pensions@strictlyeducation.	Awaiting Acknowledgment	14/05/19
93	00162	CHOLSEY PRIMARY SCHOOL	The Access Group	Awaiting Acknowledgment	14/05/19
94	00163	SKANSKA CONSTRUCTION UK LTD	Janette Heisler	CSV file sent	31/05/19
95	00168	FRESH START - BLOXHAM	Tracy Gill	Letter sent - confirming contact by	31/08/19
96	00169	BANBURY MUSEUM TRUST	Karen Bryan karenb@whitle	Letter sent - confirming contact by	31/08/19
97	00170	CATERLINK	Chalister Bash-Taqi	Awaiting Acknowledgment	14/05/19
98	00171	JOHN MASON SCHOOL	The Access Group	Letter sent - confirming contact by	31/08/19
99	00172	HEYFORDIAN SCHOOL TRUST	The Access Group	Letter sent - confirming contact by	31/08/19
100	00174	CARA SERVICES LTD	Ciara Tunstead	Letter sent - confirming contact by	31/08/19
101	00177	PAM WELLBEING LTD	Jen Underwood	Letter sent - confirming contact by	31/08/19
102	00178	BICESTER LEARNING ACADEMY	Claire Smart specialistlgps@	Letter sent - confirming contact by	31/08/19
103	00179	RAMSDEN PARISH COUNCIL	Jon Gammage	LIVE	closed
104	00180	POPE FRANCIS MULTI ACADEMY	The Access Group	Letter sent - confirming contact by	31/08/19
105	00184	ENDEAVOUR ACADEMY	Helen Coombs helen.coombs	CSV file sent	31/05/19
106	00185	RADCLIFFE ACADEMY TRUST	The Access Group	Letter sent - confirming contact by	31/08/19
107	00186	SCHOOL LUNCH CO - CHARLTON ON OTMOOR	Sarah Melrose	Awaiting Acknowledgment	14/05/19
108	00188	RAPID COMMERCIAL CLEANING LTD	Sarah Bokka	Letter sent - confirming contact by	31/08/19
109	00189	UBICO LIMITED	Michelle Blackall michelle.bla	Letter sent - confirming contact by	31/08/19
110	00190	GREENWICH LEISURE LTD	Mark Benham	Letter sent - confirming contact by	31/08/19
111	00191	SCHOOL LUNCH CO - ST JOSEPH	Sarah Melrose	Awaiting Acknowledgment	14/05/19
112	00192	SCHOOL LUNCH CO - ST J FISHER	Sarah Melrose	Awaiting Acknowledgment	14/05/19
113	00193	SCHOOL LUNCH CO - THE BATT	Sarah Melrose	Awaiting Acknowledgment	14/05/19
114	00196	SCHOOL LUNCH CO - STANDLAKE	Sarah Melrose	Awaiting Acknowledgment	14/05/19
115	00197	SCHOOL LUNCH CO - WYCHWOOD	Sarah Melrose	Awaiting Acknowledgment	14/05/19
116	00198	SCHOOL LUNCH CO - ST MARYS	Sarah Melrose	Awaiting Acknowledgment	14/05/19
117	00204	SCHOOL LUNCH CO - APPLETON	Sarah Melrose	Awaiting Acknowledgment	14/05/19
118	00205	SCHOOL LUNCH CO - BISHOP LOVEDAY	Sarah Melrose	Awaiting Acknowledgment	14/05/19
119	00207	SCHOOL LUNCH CO - HOOK NORTON	Sarah Melrose	Awaiting Acknowledgment	14/05/19
120	00208	SCHOOL LUNCH CO - EVANGELIST (St John the)	Sarah Melrose	Awaiting Acknowledgment	14/05/19
121	00209	SCHOOL LUNCH CO - CHESTERTON	Sarah Melrose	Awaiting Acknowledgment	14/05/19
122	00210	DRAYTON PARISH COUNCIL	David Perrow	MEETING	
123	00211	WEST OXFORD SCHOOL TRUST (MATTHEW ARNOLD) (ACER TRUST)	Julie Gage FS4S	Letter sent - confirming contact by	31/08/19
124	00212	WARRINER MAT	The Access Group	Letter sent - confirming contact by	31/08/19
125	00213	ACTIVATE BICESTER COLLEGE	Nicola Wakelin	Letter sent - confirming contact by	31/08/19
126	00216	SCHOOL LUNCH CO - ST KENELMS	Sarah Melrose	Awaiting Acknowledgment	14/05/19
127	00217	SCHOOL LUNCH CO - NORTH HINKSEY	Sarah Melrose	Awaiting Acknowledgment	14/05/19
128	00218	SCHOOL LUNCH CO - BADGEMORE	Sarah Melrose	Awaiting Acknowledgment	14/05/19
129	00219	SCHOOL LUNCH CO - QUEENSWAY	Sarah Melrose	Awaiting Acknowledgment	14/05/19
130	00220	E&W: Banbury Dashwood	Sharon Scholfield	Letter sent - confirming contact by	31/08/19
131	00221	E&W: Benson CofE Primary	Sharon Scholfield	Letter sent - confirming contact by	31/08/19
132	00227	E&W: St Andrews CofE Primary	Sharon Scholfield	Letter sent - confirming contact by	31/08/19
133	00230	E&W: St Nicolas' Primary Old Marston	Sharon Scholfield	Letter sent - confirming contact by	31/08/19
134	00236	E&W: Brightwell-cum-Sotwell	Sharon Scholfield	Letter sent - confirming contact by	31/08/19
135	00237	CHARTWELLS (WHEATLEY PARK)	Kirk James YourPensionRigh	Letter sent - confirming contact by	31/08/19
136	00239	GLF - William Morris School	Michelle Weston	Awaiting Acknowledgment	14/05/19
137	00240	Kennington Parish Council	clerk@kennington-pc.gov.uk	LIVE	closed
138	00241	Optalis Ltd	Joanne Thrift	Letter sent - confirming contact by	31/08/19
139	00242	1st Homecare (Oxford) Ltd (Prev. Civicare Oxford Ltd)	John Rennison	Letter sent - confirming contact by	31/08/19

	A	B	C	E	F
1		Employer	Payroll Contact	PROGRESS/Next step	Next deadline
140	00243	White Horse Federation (Southwold School)	**Julie Gage FS4S**	Letter sent - confirming contact by	31/08/19
141	00244	Capita Five District Councils	**Sally Hopkinson**	Letter sent - confirming contact by	31/08/19
142	00246	Indigo	**Neal Nirmalan**	Letter sent - confirming contact by	31/08/19
143	00247	Vinci	**Mike Towler**	Letter sent - confirming contact by	31/08/19
144	00248	Wyclean Mill Academy	**marina.kugel@sasse.de**	Letter sent - confirming contact by	31/08/19
145	00249	School Lunch - Witney CP	**Sarah Melrose**	Awaiting Acknowledgment	14/05/19
146	00250	School Lunch - Nettlebed	**Sarah Melrose**	Awaiting Acknowledgment	14/05/19
147	00251	Groundwork South	**CWoodcock@groundwork.oı**	Awaiting Acknowledgment	14/05/19
148	00252	Adderbury Parish Council	**adderburypc@hotmail.com**	LIVE	closed
149	00254	GEMS Didcot Primary Academy	**George Serls**	currently testing	31/05/19
150	00255	School Lunch - RAF Benson	**Sarah Melrose**	Awaiting Acknowledgment	14/05/19
151	00256	Barnardo's	**Darren Marquis**	Awaiting Acknowledgment	14/05/19
152	00257	Alliance in Partnership (Queen Emma)	**Angela Austin**	Letter sent - confirming contact by	31/08/19
153	00258	SCHOOL LUNCH CO - HENDREDS	**Sarah Melrose**	Awaiting Acknowledgment	14/05/19
154	00259	School Lunch Co - Tackley	**Sarah Melrose**	Awaiting Acknowledgment	14/05/19
155	00260	Publica	**lisa.simons@cotswold.gov.u**	Letter sent - confirming contact by	31/08/19
156	00261	Hill End Outdoor Education Centre	**sheila.parry@spxoxford.co.u**	Letter sent - confirming contact by	31/08/19
157	00262	APCOA PARKING	**Eileen Sullivan**	Letter sent - confirming contact by	31/08/19
158	00263	Rapid Clean - Stockham Primary School	**Sarah Bokka**	Awaiting Acknowledgment	14/05/19
159	00264	Rapid clean - Manor School Didcot Academy Trust	**Sarah Bokka**	Awaiting Acknowledgment	14/05/19
160	00265	Cleantec Services Ltd	**Mary Scott**	Letter sent - confirming contact by	31/08/19
161	00266	BusyBee Cleaning - Ridgeway End	**Suzanne Appleby**	Letter sent - confirming contact by	31/08/19
162	00267	St Marys Infant - ODST		Letter sent - confirming contact by	31/08/19
163	00268	Oxford Direct Services	**S Edginton**	CSV file sent	30/06/19
164	00269	School Lunch Company - Blake Cogg	**Sarah Melrose**	Awaiting Acknowledgment	14/05/19
165	00270	Energy Kidz	**Sharon Derrick**	Letter sent - confirming contact by	31/08/19
166	00271	Kingston Bagpuise with Southmoor	**Sarah Bates**	LIVE	closed
167	00272	School Lunch company Orchard Fields	**Sarah Melrose**	Awaiting Acknowledgment	14/05/19
168	00273	REGENCY CLEANING - CALDECOTT ABINGDON	**Krysia Sheppard**	Letter sent - confirming contact by	31/08/19
169	00274	School lunch Company - Wroxton	**Sarah Melrose**	Awaiting Acknowledgment	14/05/19
170	00275	Servicemaster - East Oxford	**Susan Weekes**	Letter sent - confirming contact by	31/08/19
171	00276	School Lunch Co - St Christopher's Cowley	**Sarah Melrose**	Awaiting Acknowledgment	14/05/19
172	00277	EW South Moreton	**Sharon Scholfield**	Letter sent - confirming contact by	31/08/19
173	00278	School Lunch Co - St Marys 2 (Cleaning)	**Sarah Melrose**	Awaiting Acknowledgment	14/05/19
174	00279	School Lunch Co - Gt Milton	**Sarah Melrose**	Awaiting Acknowledgment	14/05/19
175	00280	Maiden Erlegh Trust	**Olivia Nicholson**	Awaiting Acknowledgment	14/05/19
176	00281	EW Stockham	**Sharon Scholfield**	Letter sent - confirming contact by	31/08/19
177	00282	EW John Henry Newman	**Sharon Scholfield**	Letter sent - confirming contact by	31/08/19
178	00283	SLC - St Nicolas Abingdon	**Sarah Melrose**	Awaiting Acknowledgment	14/05/19
179	00285	TNS Catering - Lord Williams	Julie Denness	Letter sent - confirming contact by	31/08/19
180	00286	Clean Genie - St Marys Bicester* All staff opted out ?		Letter sent - confirming contact by	31/08/19
181	00287	ABS Catering - CC St James	Susan Hill	Letter sent - confirming contact by	31/08/19
182	00288	EW Ridgeway Children	Sharon Scholfield	Letter sent - confirming contact by	31/08/19
183	00289	EW St Johns Wallingford	Sharon Scholfield	Letter sent - confirming contact by	31/08/19
184	00291	EW Vale Academy Trust at Fitzwaryn School	Sharon Scholfield	Letter sent - confirming contact by	31/08/19
185	00292	Alliance in Partnership - The Cooper School	angela.austin@ainp.co.uk	Letter sent - confirming contact by	31/08/19
186	00293	Cater Link Ltd - Dominic Barberi		Awaiting Acknowledgment	14/05/19
187	00294	Fresh Start Catering Limited - St Mary's Catholic Prim	Nicholle O'Driscoll	Letter sent - confirming contact by	31/08/19
188	00295	Fresh Start Catering - Bure Park Primary School	Nicholle O'Driscoll	Letter sent - confirming contact by	31/08/19
189	00296	Edwards and Ward - Sutton Courtenay C of E Primary	Sharon Scholfield	Letter sent - confirming contact by	31/08/19
190	00297	Regency Cleaning Services - Meadowbrook College (I	Krysia Sheppard	Letter sent - confirming contact by	31/08/19
191	00298	Oxfordshire LEP		Letter sent - confirming contact by	31/08/19
192	00299	Rapid Commercial Cleaning Services - Clanfield C of I	Sarah Bokka	Letter sent - confirming contact by	31/08/19
193	00300	Cater Link Limited - River Learning Trust (New Marston Primary School)		Letter sent - confirming contact by	31/08/19
194	00301	Councillors	n/a	n/a	closed
195	00302	Councillors	n/a	n/a	closed
196	00303	Councillors	n/a	n/a	closed
197	00304	Councillors	n/a	n/a	closed
198	00305	Councillors	n/a	n/a	closed
199	00306	Councillors	n/a	n/a	closed
200	00307	Aspens Services Limited - John Hampden Primary Sc	Kirsty Rowland	Letter sent - confirming contact by	31/08/19
201	00308	Cater Link Limited - River Learning Trust (Garsington C of E Primary School)		Awaiting Acknowledgment	14/05/19
202	00309	Cater Link Limited - River Learning Trust (New Marston Primary School)		Awaiting Acknowledgment	14/05/19
203	00310	Cater Link Limited - River Learning Trust (Tower Hill School, Witney)		Awaiting Acknowledgment	14/05/19
204	00311	L C Housekeeping Services - Dominic Barberi MAC (Our Lady of Lourdes Catholic Primary School)			
205	00312	CSN Resources Limited			
206	00313	Intelligent Workplace Solutions Ltd St Gregory the Great Catholic School (DBMAC)			
207	00314	Energy Kidz – St Nicolas'			
208	00315	SLC-Grandpont Nursery School		Awaiting Acknowledgment	14/05/19
209	00316	Aspens Services Ltd The Oxford Academy		Letter sent - confirming contact by	31/08/19
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Division(s): N/A

PENSION FUND COMMITTEE – 7 JUNE 2019

BUSINESS PLAN 2019/20

Report by the Director of Finance

Introduction

1. This report sets out the progress against the key objectives within the business plan for the Pension Fund for 2019/20, as agreed by the Committee at its March meeting. At this stage of the new financial year, a detailed budget monitoring report is not included, but any key issues identified since the budget was agreed are noted, and the full detail will be included in future quarterly reports.

2. The key objectives for the Oxfordshire Pension Fund are set out on the first page of the Business Plan for 2019/20 (contained in annex 1) and remain consistent with those agreed for previous years. These are summarised as:
   - To administer pension benefits in accordance with the LGPS regulations, and the guidance set out by the Pensons Regulator
   - To achieve a 100% funding level
   - To ensure there are sufficient liquid resources to meet the liabilities of the Fund as they fall due, and
   - To maintain as near stable and affordable employer contribution rates as possible.

3. Part A of the plan sets out the broad service activity undertaken by the Fund. As with the key objectives, these are unchanged from previous years. The service priorities for the forthcoming financial year are then set out in more detail in Part B. These priorities do not include the business as usual activity which will continue alongside the activities included in Part B.

Service Priorities for 2019/20

4. Five key service priorities were included in Part B of the Business Plan for 2019/20. Each of these was an extension of the 2018/19 priorities, amended to reflect the progress during 2018/19. A summary of the progress against each of the 5 key priorities is as follows.

5. <u>Development of the Brunel Pension Partnership</u> – There were three key elements to the work within the Brunel Pension Partnership during 2019/20, these being; reporting and assurance, the transition of assets and the delivery against the business case. Each of these can be looked at in turn.

6. In respect of reporting and assurance, the key priority for 2019/20 is seen as the development of comprehensive client reports, which will provide

assurances on the processes and performance of the Brunel company, as well as on the investment performance itself. This was seen as increasingly important as more assets transition to the Brunel portfolios and Brunel takes on its full responsibility for the selection and monitoring of the underlying fund managers. Brunel have developed the initial investment performance reports and a copy of the Oxfordshire Report for the quarter ending 31 March 2019 is attached at Annex 1. A more detailed report covering all portfolios and clients is also produced for the Client Group and the Brunel Oversight Board.

7. The Client Group are also working with Brunel to develop a series of reports to enable the Client Group and the Brunel Oversight Board to assess the performance of Brunel itself and gain assurance that Brunel has a series of robust policies and procedures and is acting in accordance with them. The reports to assess the performance of Brunel in appointing new Fund Managers have now all been agreed, and the draft quarterly reports which provide assurance on the business as usual monitoring of Fund Managers will be presented to the Client Group on 11 June 2019.

8. In respect of asset transition, Brunel are at the point of concluding the appointments to the emerging markets portfolio (though there has not been a public announcement at the time this report was written). Brunel are also progressing the global high alpha portfolio and have concluded the expression of interest stage and have shortlisted 20 Fund Managers to take through to the Invitation to Tender stage. Oxfordshire will transition the assets currently managed by UBS to these two portfolios once both are open to investment.

9. On the Private Markets, the Brunel team continue to identify new commitments in respect of the private equity, infrastructure and secured income portfolios that Oxfordshire have allocated to. Further commitments have been made to renewable energy infrastructure funds as well as a private equity impact fund linked to 15 of the 17 UN Sustainable Development Goals.

10. In respect of monitoring against the business case, the next key test will be on completion of the transition of the emerging markets and global high alpha portfolios.

11. <u>2019 Valuation</u> – We have continued to work with the Fund Actuary and the major employers within the Fund to identify their key objectives from the 2019 Valuation, any key issues in terms of future LGPS membership and their attitude to risk and the balance between low and stable contribution rates. The Fund Actuary has recently completed some initial modelling work on potential scenarios for these employers, taking into account their current funding levels and membership profiles and will be setting up meetings with the employers to discuss the findings.

12. A separate piece of work has been undertaken to look at the financial covenant of all employers within the Fund as well as a risk assessment based on their current funding levels and membership profiles. These results will be discussed further with a view to determining any potential changes required to the Funding Strategy Statement including the option of introducing a second or

multiple investment strategies to suit different needs. This work also needs to consider the impact of the current position on the McCloud/Sargeant legal judgements, the cost cap mechanism which is currently on hold, as well as the Government consultation on amending the valuation cycles, introducing interim valuations and changing the status of the HE/FE employers within the Fund.

13. Data Quality - The third priority focusses on delivery of the Improvement Plan and ensuring all services are delivered to scheme members in accordance with our regulatory responsibilities and our service level agreements. Review on progress on this objective is covered in the Improvement Plan report elsewhere on this agenda.

14. Monitoring Compliance with the Fund's Policies - This fourth priority centred around the need to make more transparent the work of the Fund in delivering its ESG Policy as included in the Investment Strategy Statement. One of the measures of success was the availability of benchmark data and regular quarterly reporting.

15. The Brunel Investment Performance report included as an annex to this report is the first report to include ESG data on each of the current portfolios. More detail on the ESG data included is provided in the glossary, which is attached as annex 2 to this report. The data includes a weighted ESG score on 5 key areas, being environment, social capital, human capital, business model & innovation and leadership & governance. More detail of what is included in each of these areas is included in annex 3.

16. The data is presented by way of a spider diagram for each portfolio showing both the scores for the actual investments as well as the portfolio benchmark (not applicable for the passive funds), as well as a table showing the top 10 contributors and detractors to the overall score. Brunel have added written commentary where the momentum score shows that the company is heading in the wrong direction.

17. The responsible investment pages also show figures for the carbon intensity of the portfolio (again relative to the benchmark for the active equity portfolios) which show the total greenhouse has emissions for the portfolio relative to annual turnover. There are also figures on the percentage of the revenues and total values of the holding which are attributable to the extraction of fossil fuels.

18. The presentation of this data for the first time is the first step in developing greater transparency about the impact of the current ESG policy and provides a benchmark against which the Committee can track questions and identify issues for follow up with Brunel and the underlying Fund Managers. This information also needs to be considered alongside the voting and engagement reports being developed by Brunel to develop a full picture of the impact of the current policy.

19. Improving Scheme Member Communications - The final priority included in the 2019/20 Business Plan is the continued development of Member Self Service. This should allow scheme members access to their records to undertake amendments to their core data and view key information on their pension benefits. The initial measure for success of this objective was specified as a reduction in the number of simple tasks being undertaken by the team, in response to paper requests. It was highlighted at the Pension Board that given the objective was to improve scheme member communications, whilst this was a reasonable secondary measure of success, the primary measure of success should be through improved customer satisfaction. It is recommended that the Plan is amended accordingly.

20. In terms of progress, as well as the Annual Benefit Statements we are now loading pensioners P60's and their monthly payslips, letters to deferred members, retirement quotes and pension estimates to the on-line system, except in cases where the Member has elected to still receive all correspondence by post. The increased use of the system is leading to increased numbers of members registered to use the system, although unfortunately across all member categories, the largest number remains those who have not replied to any communications and have neither registered for on-line use, or opted to continue to receive paper communications.

Budget 2019/20

21. At the time of writing this report we are only part way through the second month of the current financial year, and as such it is not possible to provide any meaningful detailed analysis of expenditure to date. At this stage of the year there have been no indications that any of the budget provisions agreed within the 2019/20 Business Plan are out of line with actual expenditure or income.

Training Plan

22. A Training Plan for Committee Members was not included within the Business Plan. A training programme will be developed through the year to include topical subjects which are likely to include further training on the 2019 Valuation and on interpreting the new ESG reporting data from Brunel.

RECOMMENDATION

23. **The Committee is RECOMMENDED to:**

(a) note the progress against the key service priorities included within the 2019/20 Business Plan; and

(b) approve the amendment to the measures of success in respect of service Priority 5 – Improve Scheme Member Communications as set out in paragraph 19.

Lorna Baxter

Director of Finance

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

May 2019

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BRUNEL
Pension Partnership

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Oxfordshire Pension Fund
www.oxfordshire.gov.uk/pensions

Brunel Portfolios Performance Report for Quarter Ending 31 March 2019

Contents

About Brunel and News

About Brunel

Brunel Pension Partnership (Brunel) was established on 18 July 2017 as one of eight national Local Government Pension Scheme (LGPS) Pools. The pool brings together circa £30 billion investments of 10 likeminded funds.

We manage the investments for the pension funds of Avon, Buckinghamshire, Cornwall, Devon, Dorset, Environment Agency, Gloucestershire, Oxfordshire, Somerset and Wiltshire.

Brunel is authorised and regulated by the Financial Conduct Authority No. 790168.

Brunel News

As 2019 got underway, Brunel hit the ground running, with many projects and business developments progressing.

• In January we launched our Emerging Markets manager search

• We started research on the Global High Alpha mandate prior to inviting Expressions of Interest

• We've been working with decision makers via involvement in consultations on matters that can impact on investments. On our Policy Advocacy page on the Brunel website, you can view our latest responses

• CIO Mark wrote guest articles on the subject of Brunel's pioneering Asset Management Accord for Local Government Chronicle and on the topic of long-termism for mallowstreet

• Richard Fanshawe wrote a piece for the Brunel website on our aims of making a positive difference through our investment choices: https://bit.ly/2Gxj6IW

• In February, Brunel Chair Denise Le Gal won the title of European Influencer of the Year at II Magazine's Peer-to-Peer Awards

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Executive Summary

BRUNEL
Pension Partnership

High Level Performance

The Fund returned 7.2% on an absolute basis over Q1 2019, outperforming the strategic benchmark on a relative basis by 0.6%. The return of 7.2%, reversed the -7.4% return experienced in Q4 2018. The absolute return over the one-year period is 6.8%, which marginally outperformed the strategic benchmark on a one-year basis by 0.1%.

The key driver of positive absolute performance this quarter was the Fund's exposure to global equities, UK equities and bonds, with positive returns from private equity and diversified growth also contributing to a lesser extent.

Global equity markets rebounded in Q1 and experienced their strongest quarter since Q1 2013, with the MSCI ACWI returning 9.8% in sterling terms. This rebound has been largely driven by easing tensions between China and the US in their trade dispute, their domestic markets returned 15% and 11.1% respectively over the quarter (sterling terms). Global equity positions contributed 3.35% to absolute performance over the quarter.

UK equities also participated in the rebound with the FTSE All share rallying over Q1 to post returns of 9.4%, in line with the MSCI ACWI. A 24% exposure to UK equity contributed 2.3% to absolute performance, across both passive and active products.

The fixed income portfolio also had a positive quarter, and was the third highest contributor to absolute returns after Global and UK equities, with the 20% exposure contributing 0.9% to absolute performance. Performance was marginally ahead of their benchmark producing a minor positive contribution to overall relative outperformance.

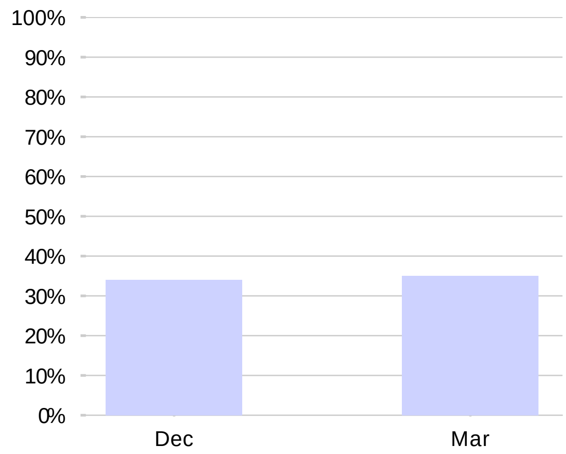
Private equity and the Insight diversified growth holding contributed positively to absolute performance, returning 0.4% and 0.2% respectively. New initial allocations to Brunel infrastructure and Brunel Secured Income portfolios were made during the quarter as part of the ongoing drawdown programme.

Key Points:
- 7.2% Absolute Net Performance Q1 2019
- 0.6% Relative Net outperformance Vs Strategic Benchmark Q1 2019
- 6.8% Absolute Net Performance 1Y
- 0.1% Relative Net outperformance Vs Strategic Benchmark 1Y

Total Pool Valuation

	Total (GBPm)
31 Dec 2018	2,334
31 Mar 2019	2,500
Net cash inflow (outflow)	-2

Assets Transitioned to Brunel



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Executive Summary

Absolute performance driven by exposure to Global equity, UK equity and bond positions.

Fund Specific Events

New initial allocations to Brunel Infrastructure and Brunel Secured Income portfolios were made during the quarter as part of the ongoing drawdown programme.

Market Summary – Chief Investment Officer

BRUNEL
Pension Partnership

Fixed Income

Q1 19 proved to be a strong period for all areas of fixed income. Strong returns were driven by falls in both yields and corporate spreads. The decrease in yield was partially driven by slowing inflation expectations across the globe.

The most significant yield decreases occurred in Europe. German and French 10yr bond yields fell by 31 and 39bps respectively over the quarter. The best performing asset class within fixed income was UK index linked gilts, which returned +6.0% in local terms. The lowest performing asset class was US Treasuries, which returned +2.1% in local terms over the quarter.

• UK consumer price inflation (CPI) slowed year to date, with February 2019 YoY CPI measuring at 1.9%

This has decreased by -0.2% over the quarter. Inflation also eased in the US and Europe, with US inflation registering at 1.9% for March. This is significantly below the range of 2-3% observed in the US throughout 2018. German and French inflation also remained stubbornly low at 1.6% & 1.1% respectively.

• Longer dated (25yr+) real yields in the UK index linked market continued to fall further on the quarter, touching a low point of -2.0% in late March

However, real yields rebounded to -1.8% by the end of the quarter. Consequently, the price return on UK index linked gilts was strong, returning +6.0% in GBP terms in Q1 19.

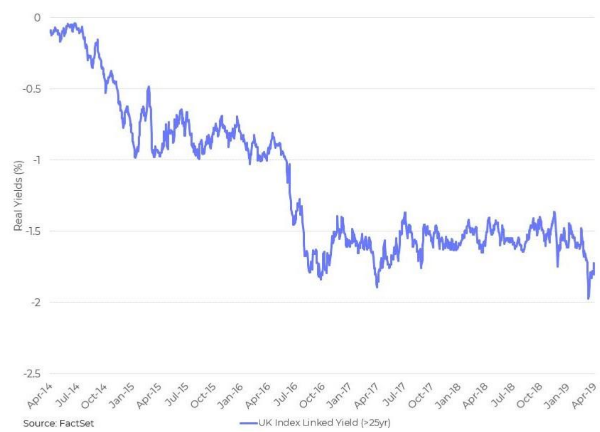
• The Federal Reserve surprised financial markets in March by announcing a pause in monetary tightening; the U-turn was driven by waning global economic momentum

Policy makers decided unanimously to keep the target range for the Federal Funds rate between 2.25-2.5%, however, they also signalled that there will be no further rate rises in 2019, which sent bond yields lower. Many market participants have interpreted potential rate cuts in 2019 as a result.

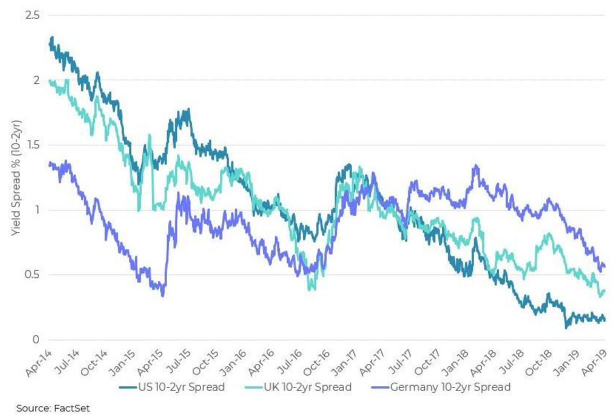
• Yield curves from the US, UK and Europe have continued to flatten throughout Q1 19

The US, in particular, is showing signs of inversion, with almost no difference between 10 and 2yr bond yields at the end of the quarter. This phenomenon last occurred in 2007, months before the global financial crisis. Negative 10-2yr yield spreads have accurately predicted the last 3 recessions in the United States.

UK Real Yields
Long Term Index Linked



10 - 2 Year Yield Spreads



Market Summary – Chief Investment Officer

BRUNEL
Pension Partnership

• Corporate spreads decreased significantly year to date. This proved to be highly supportive for UK corporate bonds which have returned +4.6% in local terms year to date

The option adjusted spread on UK corporate bonds (iBoxx) fell from 191 to 166bps over the quarter. This is the lowest level observed since October 2018. However, this remains comfortably above the lows of January 2018 where spreads were 120bps.

Market Summary – Chief Investment Officer

BRUNEL
Pension Partnership

Equity

In contrast to the difficult end of 2018, Global equity markets have rebounded in Q1 19 and experienced their strongest quarter since Q1 2013, MSCI ACWI returned 9.8% in sterling terms. This rebound has been largely driven by easing tensions between China and the US in their trade dispute; their domestic markets returned 15% and 11.1% respectively over the quarter in sterling terms.

• US equities rebounded from the negative returns seen in Q4 18 as the Fed adjusted their planned interest rate hikes, which had previously exacerbated a decline, to compensate for this slowing momentum. The S&P 500 posted a significant return of 8% in January alone, in USD terms

The trade tensions between the US and China seemed to ease over the quarter as a resolution draws closer, which fuelled equity returns further.

However, sentiment cooled towards the end of the quarter as economic data pointed towards a slowing economy, with the Fed lowering projections for growth and inflation. These adjustments caused the treasury yield curve to invert, as previously mentioned. This is a signal that has historically been linked to an upcoming recession.

• Emerging markets also rebounded in Q1 19 to post significant gains of 7.5%, this was driven by the positive returns in Chinese equity markets

The agreement by the US to suspend tariff hikes on Chinese goods and the plans for MSCI to increase China A share exposure in their index resulted in quarterly gains of 30% for the China A share index, in USD terms.

Towards the end of the quarter, economic data from China slowed sentiment as growth was downgraded to 6.5%, its lowest since 1990. Exports also decreased by -20%. This is the steepest decline in three years.

A 25.6% rally in the price of oil benefitted oil exporting emerging countries such as Russia.

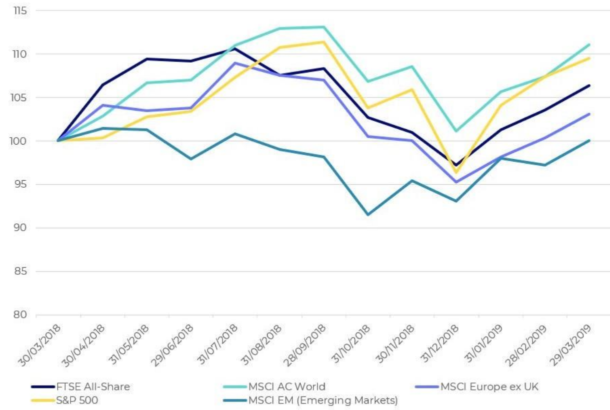
• European markets returned 8.5% over Q1 19

In a stark contrast to last quarter, Tech and Industrial sectors were the strongest performers over the quarter, as expected, as they are considered to be more economically sensitive areas.

Growth continues to be a problem in Europe, the Eurozone, growing by 0.2% in Q4 18. Germany

Global Indices
1 Year Returns

Source: Factset



US Dollars Per British Pound
Currency Movement

Source: Factset

posted 0% growth, whilst Italy slipped into Recession. Mario Draghi is due to leave the ECB in November; since taking up his position in October in 2011, he would have only ever cut interest rates, a good indicator for the growth problems across Europe.

• FTSE All share rallied over Q4 18 to post returns of 9.4%, in line with the MSCI ACWI

The Brexit delay was seen as a positive sign in some sectors of the UK equities market, as it increased the chances that a disorderly Brexit could be avoided. UK employment fell to 3.9%, its lowest since 1975 as wage growth continued to increase.

In contrast to the equity market, the GBP currency exhibited large amounts of volatility over the quarter as it moved with Brexit-related news. It settled with a return 2.3% vs the dollar over the quarter.

• Oil rallied in Q1 19, with Brent Crude Oil returning 25.6% in dollar returns

Oil supply has been tightened over the quarter with OPEC cutting production and the US sanctions on Venezuela.

Gold fell slightly in sterling terms, returning -0.95% after an exceptional return of 9.68% for Q4 18.

Sterling returns for indices:
- FTSE All-Share: 9.4% (3m) 6.4% (12m)
- MSCI Europe: 8.5% (3m) 4.3% (12m)
- MSCI Europe ex UK: 8.2% (3m) 3.1% (12m)
- MSCI ACWI: 9.8% (3m) 11.1% (12m)
- MSCI ACWI ex USA: 7.9% (3m) 3.6% (12m)
- MSCI Emerging: 7.5% (3m) 0.05% (12m)
- MSCI China: 15.0% (3m) 1.1% (12m)
- S&P 500: 11.1% (3m) 17.9% (12m)
- GBP Vs USD: 2.3% (3M) -7.1% (12M)

Market Summary – Head of Private Markets

BRUNEL Pension Partnership

Overview

The last quarter showed mean reversion after the December sell-off with little real improvement in fundamental economic data. In both Europe and China market data worsened. The turn in sentiment is mostly due to the dovish stances adopted by the Federal Reserve and European Central Bank. It now appears that the current low rate environment will persist. Volatility is likely to persist until better data out of China and Europe puts firmer foundations under the market's change of mood.

Manufacturing sectors in Europe and Japan have shown further signs of stress and fatigue as the engine of the global economy. China continues its steep slowdown with sluggish industrial output and rising unemployment.

Infrastructure

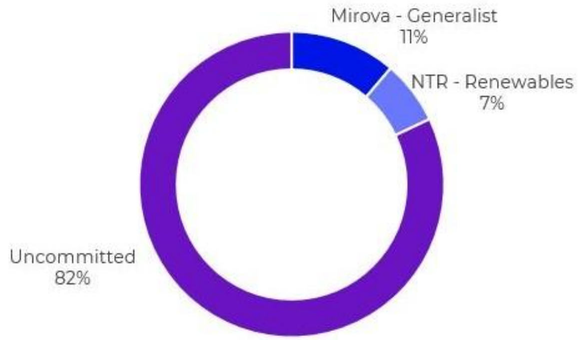
Brunel's strategy is to commit 65% of its Infrastructure portfolio to sustainable generalist infrastructure funds and 35% to renewable energy generation funds. During Q1 19, Brunel made commitments to Mirova Core Infrastructure II and NTR Renewable Energy Income Fund II, as shown in the chart.

Mirova is already over 60% invested, providing good visibility and immediate exposure to a number of seed assets including the following: a district heating network in Norway (powered by renewable energy sources), an ultra-fast broadband network in France, an Italian hospital concession and a number of transport and social infrastructure concessions in Spain. Deployment has been excellent with several more transactions announced recently.

Likewise, NTR is progressing nicely with a positive update given on the Q1 investor call. The fund has operational solar and wind assets and returned a small distribution to investors already. One note of caution was raised, namely that wind turbine manufacturer Senvion has gone into 'pre-administration'. NTR has one small wind farm with recently installed Senvion turbines. Brunel is monitoring the situation with minimal impact expected.

Also during Q1, Brunel received two top-up commitments from two of the six Infrastructure Portfolio Clients, taking the total to be deployed over £500m. The Private Markets team remains on track to onward commit this money before the end of the first cycle (April 2020), as demonstrated by two further commitments being finalised to two geographically distinct renewable energy funds shortly post quarter end, taking total committed capital up to 37%. As at April 2019, the expected technology

Infrastructure Committed Capital



mix is 53% solar, 37% onshore wind and 10% other.

Private Equity

Brunel completed two commitments: one in late Q4 18 to the Capital Dynamics Global Secondary Fund V and one in Q1 19 to the Neuberger Berman PE Impact Fund. There has been one small draw down called by the secondary fund. A further co-investment fund commitment was aborted in late-stage due diligence post period end because of irreconcilable differences discovered in the legal documentation.

Brunel has specifically targeted a Secondary fund to take advantage of any market setbacks in pricing of private equity fund interests. The best returns during the GFC period were made in vintages prior to 2008/9, not the crisis year vintage. The Private Markets team remain very vigilant and are sticking to best practices in portfolio construction, adhering to vintage, strategy, geography, stage and manager diversification; as well as pacing commitments to avoid trying to time markets. At the same time, we continue to fight hard on behalf of our Clients for the best fees and terms we can negotiate, especially given the head-start that lower management fees give investors in achieving target net returns.

Appetite for private equity remains strong despite concerns about a potential market downturn with capital becoming more concentrated among a small number of large funds. At the start of Q2 2019, 3,926 funds are seeking an aggregate $1.0 trillion – the private equity fundraising market remains highly competitive. Over half of all new money raised was directed to the 50 largest funds, with 25% going to the 10 largest. Despite this, 20% of funds that closed in 2018 failed to reach their fundraising target.

Private equity funds have delivered strong double-digit returns over the one-, three-, five- and 10-year periods to June 2018. Industry dry powder continues to reach new records, with $1.26tn held in private equity funds as of March 2019. Buyout funds account for the majority (59%) of this dry powder, while venture capital and growth funds hold 17% and 5% of the total, respectively.

Secured Income

Brunel made commitments to two UK long-lease property funds in Q3 18 as part of the 70% allocation within the Secured Income Portfolio: one to M&G Secured Property Income Fund and the other to the Aberdeen Standard Long-Lease Property Fund. The latter fund has started drawing money from Brunel Clients, whilst the M&G fund has a 12 – 24 months' investor queue owing to strong performance (and hence demand). The ASI fund contains the HQ of Interserve which went into pre-pack administration in March 2019. The good news is that rent is still being paid and the company paying the rent is not in administration. Brunel will keep Clients informed of any developments, but this asset represents just 2.4% of the fund's total income and has decent re-let potential should the worst come to pass, being in a good location in Birmingham. This risk was highlighted in Brunel's pre-investment report to Clients and in a follow-up email to Clients in December 2018 as the company's refinancing process ran into trouble.

Aside from the long-lease property funds, the Private Markets team continue to search for suitable diversifying opportunities to fully commit all Client money in this cycle. A multi-strategy opportunity has been identified and work is ongoing.

Property

UK commercial property investment started slowly in 2019, with transaction activity 50% lower in the first two months of 2019 compared with 2018 and investors blaming delayed decisions on Brexit uncertainty. CBRE has lowered its total return expectations for UK property over the next five years to 3.5% annualised and LGIM are forecasting returns of only 2.6% p.a. for All UK Property to 2023. Though Industrial continues to be a favoured sector, rents are no longer rising across all locations and the limited supply conditions have prompted greater Industrial development activity, with around half of that speculative. The office sector has been surprisingly resilient, although Central London office rental growth is forecast to be slightly negative in 2019 and 2020. The retail sector continues to undermine overall property returns, with rents halving on some UK assets and very little transactional liquidity within funds.

Returns from international real estate remain stronger, with global returns forecast to be in the 5% to 7% range over the next few years. The popularity of gateway cities has pushed yields to historic lows in many countries. The sectoral preferences of logistics, student accommodation and residential are common themes internationally, as investors seek to position portfolios defensively.

Supply chain challenges

On 25 January, a failing of the Vale Dam in Brumadinho, Brazil resulted in the tragic loss of hundreds of lives and livelihoods, and had devastating environmental impact. This is not the first incident: another dam administered by Vale and Australian company BHP Billiton collapsed in Mariana, Minas Gerais, in 2015, resulting in 19 deaths. The failing of the Vale Dam is considered the worst environmental disaster in Brazilian history. A UN report found that the waste from the 2015 disaster left 400,000 people without drinking water and killed at least 11 tons of fish. The World Mine Tailing Failures database estimates 19 very serious failures between 2018 and 2027.

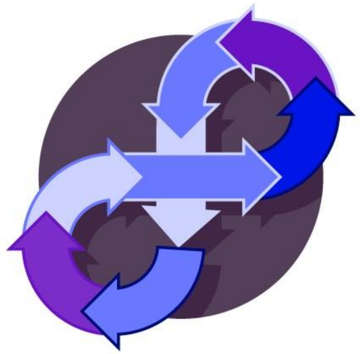
In light of these events and current estimates, investors were quick to respond and issue a public call for:

• A global independent and transparent classification system of the world's tailing dams should be created based upon the consequences of failure
• The classification system should have corresponding safety standards and tailing dams should be independently audited that they are meeting the corresponding standard
• This system should be independent, public and accessible to communities, workers, investors, insurers, lenders and regulators

We have attended several investor roundtables, bringing together industry experts, investors and academia to progress improved standards. Following a second assembly, a letter was issued to 683 listed extractive companies asking for specific disclosures on every individual tailing's facility under its control. The request was sent by the Church of England Pensions Board and the Swedish Council on Ethics for the AP Funds. It was supported by 96 investors, including Brunel, with a combined $10.3 trillion (USD) in assets under management. The letter requests public disclosure on company websites within 45 days, signed by the Chief Executive Officer or Board Chair. Companies have also been asked to consider how to communicate disclosure to communities that might be affected and clarify what action they are taking to address any inability to disclose.

In response to the initial public call, an independent global review was announced and co-convened by the International Council on Mining and Metals (ICMM), the Principles for Responsible Investment (PRI) and the United Nations Environment Programme (UNEP). The Church of England Pensions Board and the Swedish Council on Ethics for the AP Funds will represent investors, incorporating recommendations from the investor roundtable. We continue to engage in this area.

Supply Chain



Vale Dam in Brumadinho, Brazil
Photo by Diego Baravelli commons.wikimedia.org

Responsible Investment & Stewardship Review

UK Regulatory Developments

Brunel is committed to supporting the development of public policy and regulations in its operations, and to promoting the development of a resilient, sustainable finance system. On 30 January 2019, the Financial Reporting Council (FRC) issued its review of the UK Stewardship Code. Brunel officers have been involved extensively throughout the consultation process.

Key points of our response were:

- Strongly supportive of the FRC revision updated definition of stewardship
- Strongly supportive that Stewardship should be considered across all asset classes
- Welcomed explicit recognition of environmental, social and governance (ESG) factors, including climate change
- Recommended more links and references in the guidance to Task Force Climate-related Financial Disclosures (TCFD)
- Flagged that the code was a massive step forward but also noted a step up in resource implica-tions and proposed text edits that we believe are smarter and don't imply more work than was intended
- Proposed the idea that full compliance and, by extension, resources can be built up over a few years
- Strongly recommended that the code is promoted and reinforced by other policy makers and regulators in the UK

"Investors have a clear message to the aviation sector: When it comes to carbon performance, they must be in it for the long haul. That means setting stretching emissions reduction targets to 2030 and beyond, and ending a reliance on offsetting."

Faith Ward, Co-chair of the Transition Pathway Initiative

Climate Change – Transition Pathway Initiative

Research from the Transition Pathway Initiative (TPI) informs the engagements undertaken by Climate Action 100+. In Q1 19, the most recent TPI report was on Management Quality and Carbon Performance of airlines. The report launch attracted global media attention and has led to follow-up engagement with companies and industry bodies.

The following chart benchmarks airlines on the basis of CO2 emissions intensity. Ryanair is not part of the TPI benchmark, as it is below the minimum percentage of shares available to foreign investors required for inclusion in the FTSE Russell index (TPI's data provider).

Climate Change

Company	Emissions intensity of flight operations (gCO2/passenger kilometre)						
	2014	2015	2016	2017	2020	2022	2025
Air China	111	112	111	107	108		
Alaska Air	94	93	91	91	87		
American Airlines	119	116	116	115			
ANA Group	137	134	132	128	133		
China Southern	114	112	112	108			
Delta	118	116	115	113	104		
Easyjet	82	81	80	79	75	72	
IAG	125	119	116	112	112		
IndiGo	No data						
Japan Airlines	140	132	134	134	125		
Jetblue	101	101	100	101	98		
Korean Air	188	181	175	171	172		
LATAM	108	104	100	96	102		
Lufthansa	127	126	126	120	107		
Qantas	104	101	101	98	89		
Singapore Airlines	138	138	141	136			
Southwest	102	99	98	97	98		
Turkish Airlines		109	119	110	107	106	104
United	107	106	104	104	92		
Wizz Air	No data						
2D (High Efficiency)	129	125	121	118	106	99	88
2D (Shift-Improve)	129	126	123	120	111	105	96
International Pledges	129	126	124	122	115	110	104
Key	Aligned with 2C (High Efficiency)		Aligned with 2C (Shift-Improve)		Aligned with Internat'l Pledges		Not aligned

Benchmark of airlines

Extract from TPI/LSE Grantham report

- Most large publicly owned airlines have a CO_2 emissions intensity that is below the TPI benchmarks at present. Up to 2020, this is set to remain the case. Three quarters of airlines have an emissions or fuel efficiency target for 2020 and most of those airlines will have a CO_2 emissions intensity below the benchmarks in 2020

- In the longer term, none of the 20 airlines provides a 2030 target that would clearly reduce its emissions from flight operations. Instead, many airlines use an industry-wide long-term target based on ***net*** emissions reductions, which relies on the purchase of carbon offsets from other sectors

- Top Carbon Performers are easyJet and Alaska Air. easyJet is the only airline with a CO_2 emissions intensity below the TPI 2C benchmarks after 2020. Wizz Air discloses a very low emissions intensity, but we are currently unable to verify it

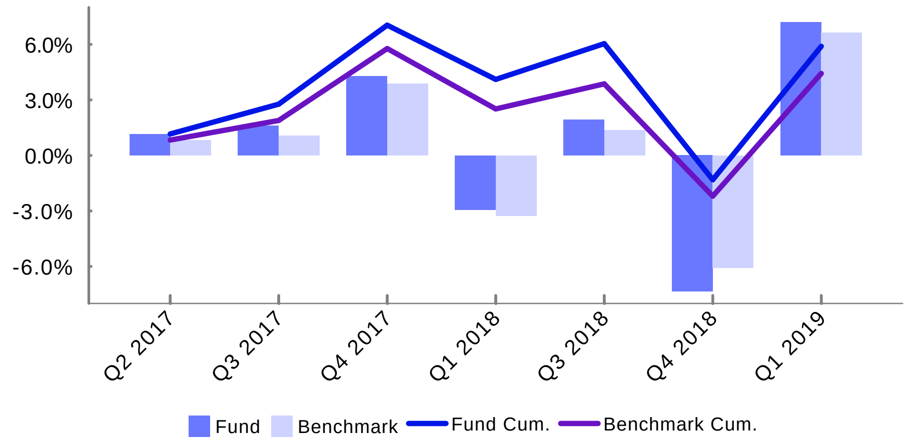
Source: TPI/ LSE Grantham, March 2019.

High Level Performance of Pension Fund

Performance of Fund Against Benchmark

	Fund	Strategic BM	Excess
3 Month	7.21	6.63	0.58
Fiscal YTD	6.78	6.70	0.08
1 Year	6.78	6.70	0.08
3 Years	10.83	9.69	1.14
5 Years	8.78	8.29	0.49
10 Years	11.10	11.23	-0.13
Since Inception	7.48	7.75	-0.27

Rolling Quarters Total Fund Net of Mgr. Fees



Key Drivers of Negative & Positive Performance

Over the reporting period the Fund delivered positive absolute performance and outperformed on a relative basis. Key highlights of performance over the period were:

• Exposure to global equity over the period contributed 3.35% to absolute performance over the quarter. Global equity also contributed 0.14% of the relative outperformance. Notably, the UBS global equity fund outperformed the MSCI ACWI by +3% over the quarter contributing 0.38% to aggregate outperformance, whilst Wellington global equities underperformed their benchmark by 2.1%. The Brunel Global Passive portfolio performed in line with its FTSE World developed benchmark

• UK equity exposure contributed 2.3% to absolute performance over the quarter, with the Brunel Active UK position contributing 1.6% and Brunel Passive UK 0.7% to absolute return on a net basis. On a relative basis the Brunel Passive UK equity fund performed in line with the FTSE All share, whilst the Brunel Active UK portfolio was marginally ahead of the benchmark by 0.3%

• Property exposure as a whole contributed 0.03% to absolute performance over the quarter, with positive relative return from the UBS portfolio offsetting underperformance from the pooled property portfolio

• The LGIM fixed income portfolio also had a positive quarter, and was the third highest contributor to absolute returns after Global and UK equities, with the 20% exposure contributing 0.9% to absolute performance. Performance was marginally ahead of their benchmark producing a minor positive

High Level Performance of Pension Fund

contribution to overall relative outperformance

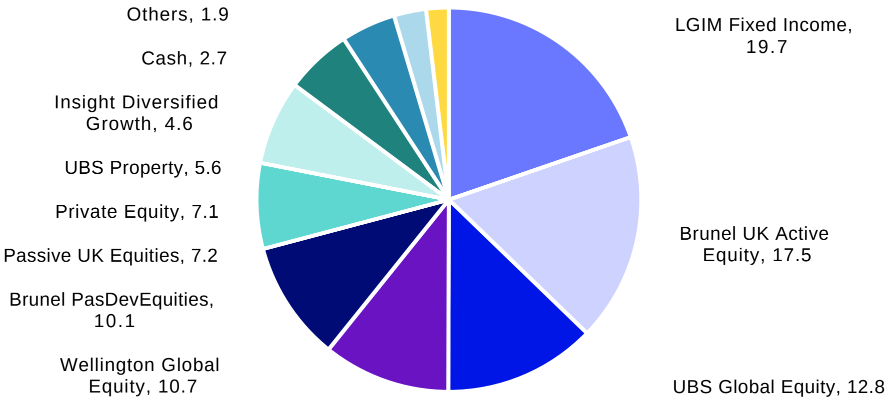
• Private equity and the Insight diversified growth holding contributed positively to absolute performance, returning 0.4% and 0.2% respectively. Notably, Insight diversified growth returned 4.5% on a total returns basis, outperforming its benchmark by 3.3%, and in doing so contributing 0.16% to the aggregate Fund relative return. Private equity marginally underperformed its benchmark over the quarter

• New initial allocations to Brunel infrastructure and Brunel secured income portfolios were made during the quarter as part of the ongoing drawdown programme. They had minimal impact on Fund performance given the current small size of these holdings

Asset Allocation of Pension Fund

BRUNEL
Pension Partnership

Asset Allocation Split



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The largest positions in the portfolio are LGIM fixed income, Brunel UK active equity and UBS global equity.

• Global equity markets rebounded in Q1 and experienced their strongest quarter since Q1 2013, with the MSCI ACWI returning 9.8% in sterling terms. The 12.8% allocation to UBS global equities over the quarter contributed 1.6% to absolute performance. The position in UBS also contributed to positive stock selection as the fund outperformed its benchmark by 2.9%

• LGIM fixed income portfolio contributed a positive 0.9% to absolute performance

• The Brunel UK Active Equity contributed 1.7% to absolute performance, with a marginal positive contribution to stock selection due to the small outperformance relative to benchmark over the quarter

High Level Performance of Pension Fund – Risk Summary

BRUNEL
Pension Partnership

Manager Level Performance (Transitioned) – Since Inception

	Total Return	Benchm. Return
Brunel UK Active Equity	5.96%	5.98%
Passive Developed Equities	1.82%	1.87%
Passive UK Equities	-3.25%	-3.23%
Brunel - PM Infrastructure	-9.52%	-0.09%
Brunel - PM Private Equity	9.43%	2.45%
Brunel - PM Secured Income	1.23%	-0.09%

Manager Level Performance (Pre-Transition) – 3 Year

	Ann. Return	Standard Deviation	Benchm. Return	Benchm. Std. Dev.
Baillie Gifford UK Equity	10.54%	8.60%	9.42%	8.18%
Cash	0.43%	0.08%	0.54%	0.06%
Insight Diversified Growth	4.45%	4.00%	3.98%	0.18%
LGIM Fixed Income	5.51%	4.48%	5.78%	5.01%
Pooled Property	10.15%	5.64%	6.15%	2.50%
Private Equity	17.62%	6.11%	7.29%	7.93%
UBS Global Equity	15.73%	9.70%	15.00%	8.36%
UBS Property	6.44%	2.11%	6.15%	2.50%
Wellington Global Equity	13.18%	8.20%	14.63%	8.34%
Oxfordshire County Council	10.83%	5.46%	9.69%	4.96%

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Over the three-year reporting period, the Fund delivered positive absolute performance as well as outperforming the benchmark by 1.1% on a relative basis.

Key highlights of performance over the period:

- Private equity has outperformed its benchmark by 10.3%, providing an absolute return of 17.6% over a three-year period on an annualised basis
- Pooled property has also exhibited positive performance over three-years, outperforming the benchmark by 4%, albeit with a larger amount of volatility
- Insight diversified growth fund has outperformed its benchmark by 0.5% over 3 years on an annualised basis, whilst also exhibiting a greater amount of volatility
- Baillie Gifford UK equity fund has returned 10.5% annualised over 3 years, outperforming the benchmark by 1.1%
- As expected, the passive Brunel portfolios have performed in line with their benchmarks since inception in mid-July 2018

Brunel Portfolios Overview

BRUNEL
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Portfolio	Benchmark	AUM (GBPm)	Perf. 3 Month	Excess 3 Month	Perf. 1 Year	Excess 1 Year	Perf. 3 Year	Excess 3 Year	Perf. 5 Year	Excess 5 Year	Perf. SI	Excess SI	Inception Date
Brunel UK Active Equity	FTSE All Share	438	9.67%	0.26%							5.96%	-0.02%	21 Nov 2018
Passive Developed Equities	FTSE World Developed	252	9.81%	-0.00%							1.82%	-0.05%	11 Jul 2018
Passive UK Equities	FTSE All Share	179	9.42%	0.01%							-3.25%	-0.03%	11 Jul 2018
Brunel - PM Infrastructure	Consumer Price Index	4	-9.52%	-9.43%							-9.52%	-9.43%	
Brunel - PM Private Equity	MSCI AC World Index	1									9.43%	6.98%	
Brunel - PM Secured Income	Consumer Price Index	3	1.23%	1.32%							1.23%	1.32%	

Passive Developed Equities

BRUNEL
Pension Partnership

Overview

	Description
Portfolio Objective:	Provide exposure to FTSE Developed World using a low cost highly liquid approach.
Investment Strategy & Key	Geographically diversified range of equities.
Liquidity:	This portfolio is seen to be highly liquid.
Risk/ Volatility:	This portfolio is seen to be highly risk mandate.
Holding:	£252,406,385

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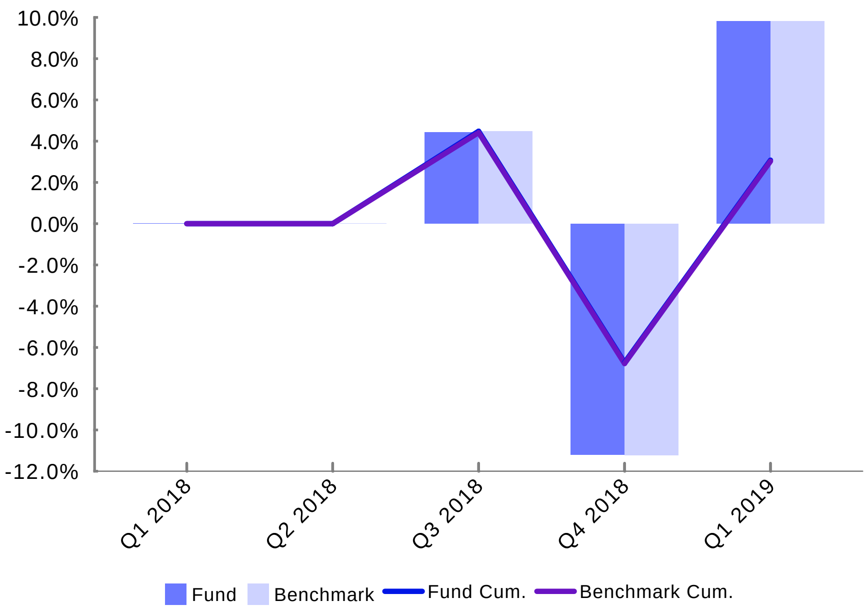
Quarterly performance

All values in %	Fund	BM	Excess
3 Month	9.81	9.81	0.00
Fiscal YTD	0.00	0.00	0.00
1 Year	0.00	0.00	0.00
3 Years	0.00	0.00	0.00
5 Years	0.00	0.00	0.00
10 Years	0.00	0.00	0.00
Since Inception	1.82	1.87	-0.05

Rolling Performance



In contrast to the difficult end of 2018, global equity markets have rebounded in Q1 2019 with the MSCI ACWI returning 9.8% in sterling terms over the quarter. As expected, the passive product performed in line with benchmark.

• The Passive Developed equities hedged portfolio outperformed the unhedged product by 2.3% due to long exposure to GBP. This is representative of GBP returning 2.3% against USD over the quarter

• Technology, Real Estate and Industrials sectors were the largest contributors to positive returns over the quarter. Notably, Technology has an allocation of 16% to the MSCI ACWI. Technology returned 19.9% on a total return basis

• On a regional basis, as expected, the USA contributed the majority of positive performance due to its weight of 55% in the index and a total return of 10.9% over the quarter

Passive Developed Equities – Region & Sector Exposure

BRUNEL
Pension Partnership

Top 20 Holdings

	Mkt. Val.(GBP)
APPLE INC	56,488,528
MICROSOFT CORP	55,973,039
AMAZON.COM INC	45,890,237
FACEBOOK INC-CLASS A	24,820,623
JOHNSON & JOHNSON	23,500,498
ALPHABET INC-CL C	22,352,761
ALPHABET INC-CL A	22,033,599
EXXON MOBIL CORP	21,436,131
JPMORGAN CHASE & CO	20,974,194
NESTLE SA-REG	17,822,141
VISA INC-CLASS A SHARES	17,225,813
PROCTER & GAMBLE CO/THE	16,228,357
BANK OF AMERICA CORP	15,570,026
BERKSHIRE HATHAWAY INC-CL B	15,486,108
CISCO SYSTEMS INC	15,330,921
VERIZON COMMUNICATIONS INC	15,316,072
PFIZER INC	15,248,142
INTEL CORP	15,138,210
UNITEDHEALTH GROUP INC	14,798,799
CHEVRON CORP	14,693,066

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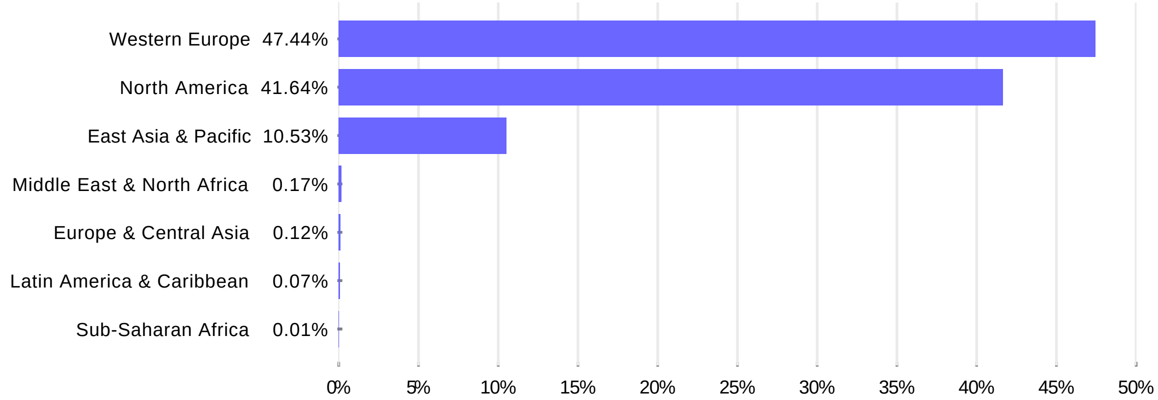
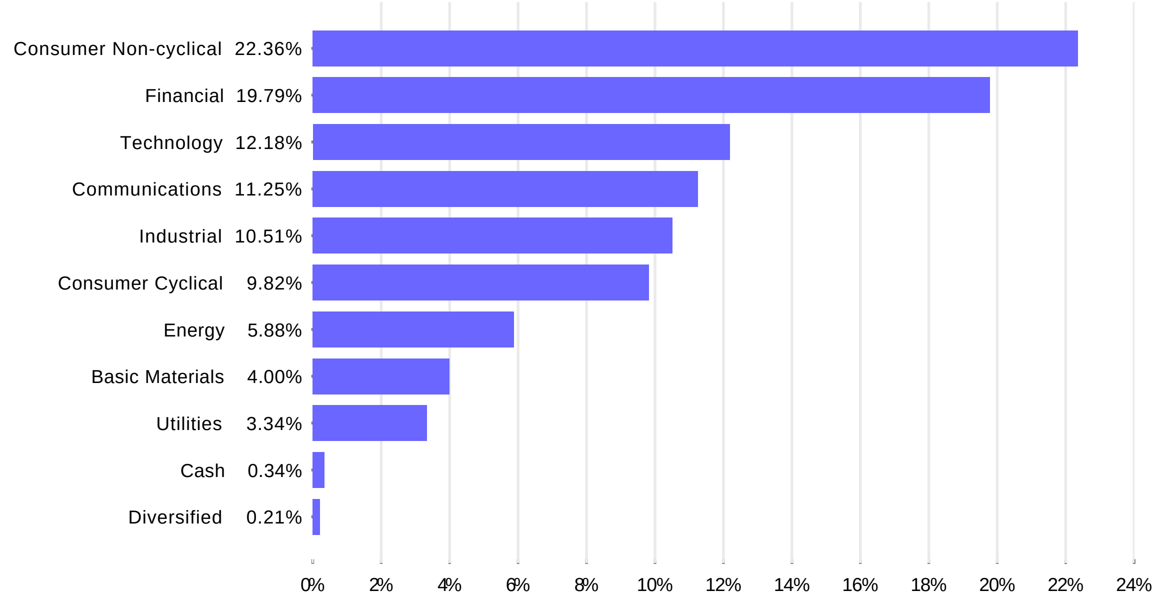
Regional Exposure



Sector Exposure



Passive Developed Equities – Responsible Investment

Top 10 ESG Contributors to Overall ESG Score

	Insight	Momentum
1. Microsoft Cor..	61.6	67.0
2. Berkshire Hat..	62.2	74.5
3. UnitedHealth..	64.0	53.4
4. NextEra Energ..	76.0	75.2
5. SAP SE	69.9	31.6
6. Texas Instrum..	67.7	31.4
7. Total SA	66.5	72.6
8. Accenture PLC	69.3	34.0
9. Cisco Systems..	63.5	59.6
10. Toyota Motor..	65.2	68.5

0 50 100

Bottom 10 ESG Detractors to Overall ESG Score

	Insight	Momentum
1. Alphabet Inc	49.4	50.9
2. Apple Inc	52.6	43.5
3. Wells Fargo &..	39.9	45.8
4. Johnson & Joh..	49.7	65.0
5. Facebook Inc	46.7	30.2
6. Exxon Mobil C..	47.0	69.5
7. Chevron Corp	48.5	63.3
8. Amazon.com In..	54.1	31.8
9. Commonwealth..	42.7	81.0
10. Netflix Inc	44.3	28.2

* Position 1 is the top contributor/detractor.

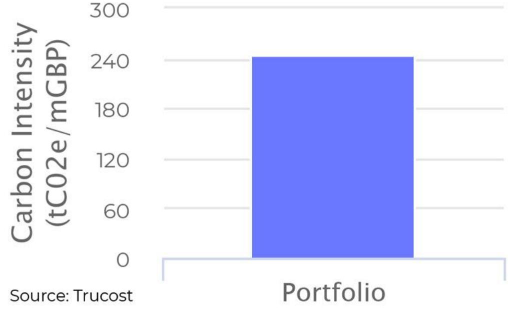
	Total ESG Score
Portfolio	58.35
Benchmark	N/A

TruValue Labs & SASB

Brunel Assessment

- Netflix score is largely driven by news flow around content of material. Most recently the pulling of Felicity Huffman's movie following guilty plea in college admissions scandal. Score also suffered from increased competition as Apple launches rival platform
- Facebook has been the epi-centre of increased regulation and focus following the Cambridge Analytica scandal in 2018. This quarter saw declarations by UK lawmakers that Facebook intentionally and knowingly violated data privacy laws. Scrutiny likely to continue. Collaborative engagement ongoing.
- SAP SE a software and IT services provider has seen a reduction in momentum as recent positive news stories have not been as impactful as historic. This quarter saw SAP partner with Bumble Bee Foods to use blockchain to track fresh fish supply chains.
- Texas Instruments technology and semiconductors recent momentum results from news on affordability and vulnerabilities of Bluetooth Low Energy chips. Data security is an on-going area of engagement more broadly.
  100% of the bottom 10 ESG detractors are covered by engagement or specific voting activities.

Weighted Average Carbon Intensity (WACI)
29 Mar 2019



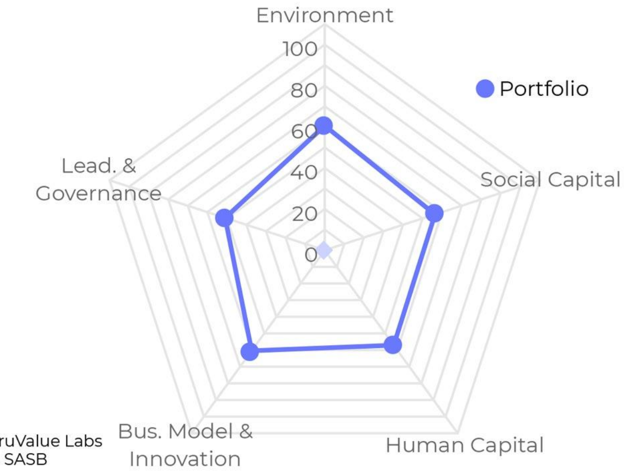
Source: Trucost

Extractive Exposure

	Total extractive exposure [1]	Extractive Industries (VOH) [2]
Portfolio	0.84	6.88
Benchmark	N/A	N/A

[1] Extractive revenue exposure as share (%) of total revenue.
[2] Value of holdings(VOH)-companies who derive revenues from extractives.
Source: Trucost

Absolute Weighted ESG Scores as at 29 Mar 2019



TruValue Labs & SASB

Powered by ESGX®

Passive UK Equities

BRUNEL
Pension Partnership

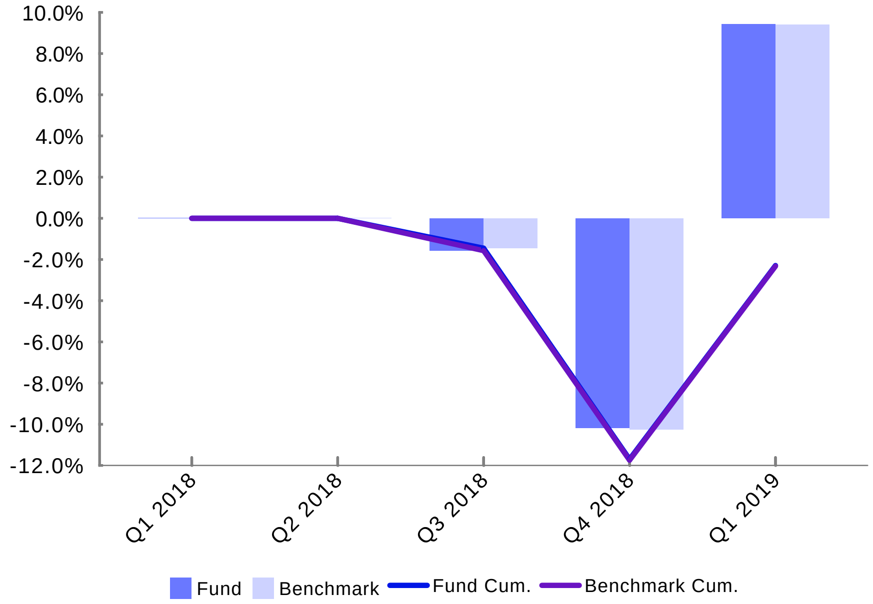
Overview

	Description
Portfolio Objective:	Provide exposure to FTSE All Share using a low cost highly liquid approach.
Investment Strategy & Key	Invest passively in securities underlying the FTSE All Share. Provide long term growth
Liquidity:	High
Risk/ Volatility:	Absolute: High Relative: V.Low
Holding:	£179,064,025

Quarterly performance

All values in %	Fund	BM	Excess
3 Month	9.42	9.41	0.01
Fiscal YTD	0.00	0.00	0.00
1 Year	0.00	0.00	0.00
3 Years	0.00	0.00	0.00
5 Years	0.00	0.00	0.00
10 Years	0.00	0.00	0.00
Since Inception	-3.25	-3.23	-0.03

Rolling Performance



Passive UK Equities provided positive performance over the quarter. The FTSE All share returned 9.4%. As expected, the Brunel UK Passive product performed in line with the benchmark, returning 9.4%.

• The UK outperformance was largely driven by the Technology, Basic Materials and Consumer Goods sectors. Notably, Technology only comprises 1% of the FTSE All share index, however the sector returned 25.5% on a total returns basis over the quarter

• The Telecommunications sector was the only sector to detract from positive performance, returning -6.8% over the quarter

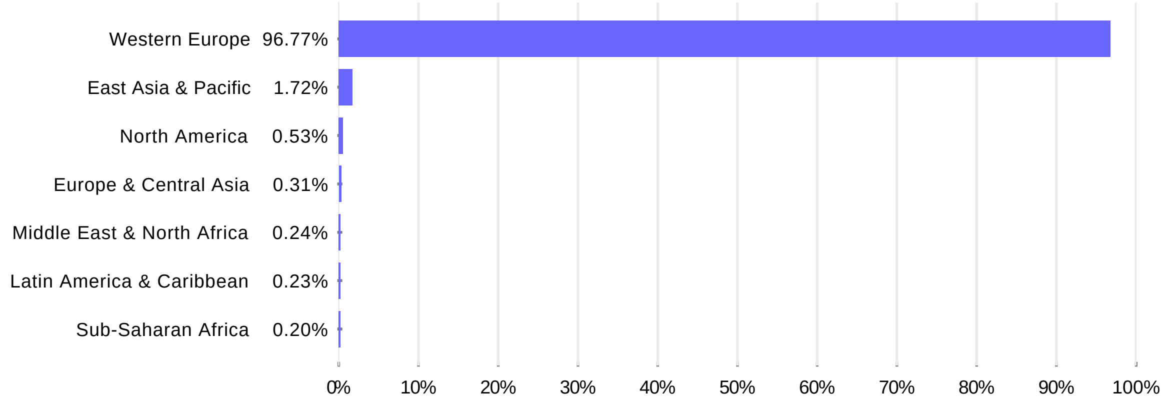
Passive UK Equities – Region & Sector Exposure

BRUNEL
Pension Partnership

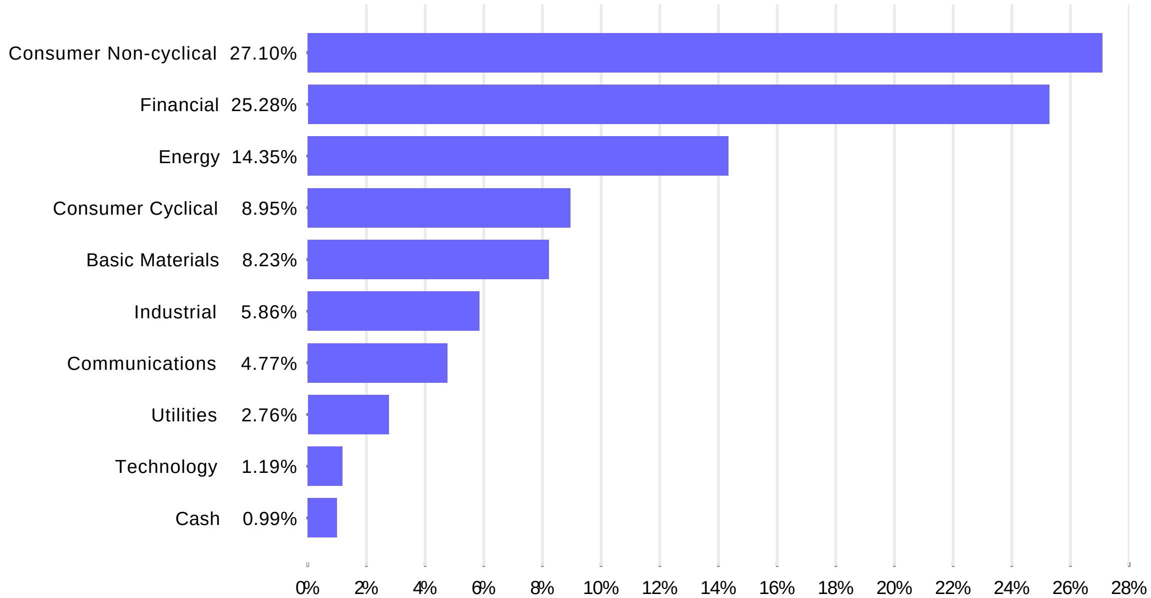
Top 20 Holdings

	Mkt. Val.(GBP)
HSBC HOLDINGS PLC	66,384,682
BP PLC	59,467,853
ROYAL DUTCH SHELL PLC-A SHS	58,855,870
ROYAL DUTCH SHELL PLC-B SHS	49,455,495
ASTRAZENECA PLC	42,583,066
GLAXOSMITHKLINE PLC	42,235,935
DIAGEO PLC	40,373,755
BRITISH AMERICAN TOBACCO PLC	39,552,136
RIO TINTO PLC	26,908,868
UNILEVER PLC	26,039,458
LLOYDS BANKING GROUP PLC	24,000,112
RECKITT BENCKISER GROUP PLC	21,660,132
PRUDENTIAL PLC	21,637,419
BHP GROUP PLC	20,928,805
VODAFONE GROUP PLC	20,236,314
GLENCORE PLC	19,553,724
RELX PLC	16,827,973
NATIONAL GRID PLC	15,712,302
COMPASS GROUP PLC	15,475,629
BARCLAYS PLC	14,290,506

Regional Exposure



Sector Exposure



Passive UK Equities – Responsible Investment

BRUNEL
Pension Partnership

Top 10 ESG Contributors to Overall ESG Score

	Insight	Momentum
1. Diageo PLC	65.7	68.4
2. London Stock..	70.8	86.2
3. Unilever PLC	63.2	68.0
4. Relx PLC	65.6	42.5
5. Rio Tinto PLC	62.2	79.2
6. Compass Group..	63.1	27.8
7. Vodafone Grou..	60.2	64.1
8. Carnival PLC	69.4	32.3
9. Bunzl plc	71.4	44.8
10. Whitbread PLC	67.4	83.9

0 50 100

Bottom 10 ESG Detractors to Overall ESG Score

	Insight	Momentum
1. HSBC Holdings..	52.9	73.4
2. Glencore PLC	38.5	26.3
3. Lloyds Bankin..	44.3	59.7
4. BP PLC	54.3	76.6
5. Barclays PLC	47.6	32.8
6. GlaxoSmithKli..	55.0	67.2
7. Rolls-Royce H..	48.1	82.5
8. Royal Bank of..	43.5	73.2
9. British Ameri..	54.8	69.9
10. Smith & Nephe..	50.1	25.3

* Position 1 is the top contributor/detractor.

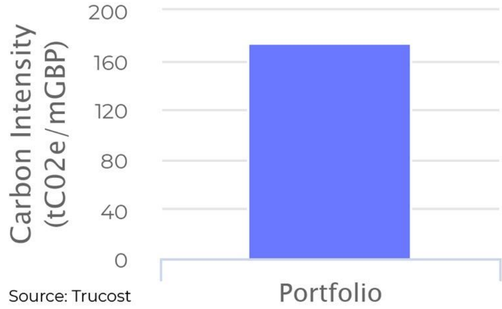
	Total ESG Score
Portfolio	57.05
Benchmark	N/A

TruValue Labs & SASB

Brunel Assessment

- Barclays boardroom battles, concerns relating to climate related lending and news linked to the UK Serious Fraud Office (SFO) trial ensure they remain an engagement priority. We will be voting against the renumeration report (2 May 2019) as it is not sufficiently linked to performance
- Glencore has committed to cap the amount of coal it mines in response to Climate Action 100+ initiative. However, Glencore is subject to antitrust and corruption investigations leading to its negative momentum score
- Smith & Nephew score is largely driven by news flow around access and affordability linked to new acquisitions. Such concerns are not uncommon within the healthcare sector and an area of on-going engagement more broadly.
- Carnival the cruise operator, although currently ranked well recently winning the Neptune Award as Greenest Shipowner of the Year has clashed with US authorities whilst on probation for previously poor environmental behaviours relating to dumping of oil and waste
  100% of the bottom 10 ESG detractors are covered by engagement or specific voting activities.

Weighted Average Carbon Intensity (WACI) 29 Mar 2019



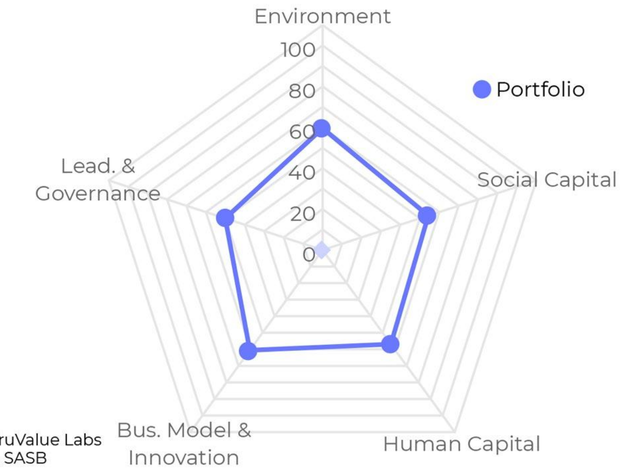
Source: Trucost

Extractive Exposure

	Total extractive exposure [1]	Extractive Industries (VOH) [2]
Portfolio	2.5	14.73
Benchmark	N/A	N/A

[1] Extractive revenue exposure as share (%) of total revenue.
[2] Value of holdings(VOH)-companies who derive revenues from extractives.
Source: Trucost

Absolute Weighted ESG Scores as at 29 Mar 2019



TruValue Labs & SASB

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Brunel UK Active Equity

BRUNEL
Pension Partnership

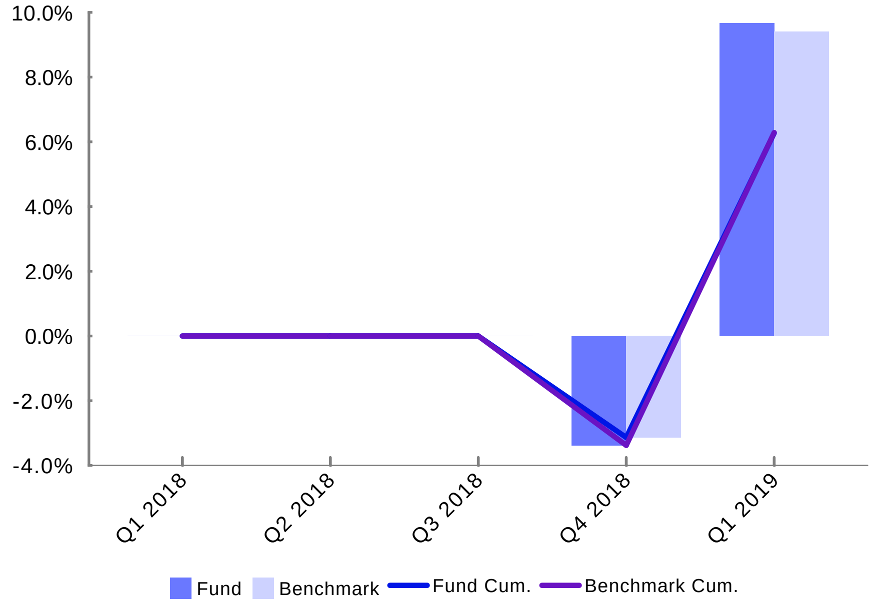
Overview

	Description
Portfolio Objective:	Provide exposure to UK Equities, together with enhanced returns from manager skill.
Investment Strategy & Key	Skilled managers will create opportunities to add long term value through stock selection and portfolio construction.
Liquidity:	Managed level of liquidity. Less exposure to more illiquid assets.
Risk/ Volatility:	High absolute risk with moderate relative risk, around 4% tracking error.
Holding:	£438,172,345

Quarterly performance

All values in %	Fund	BM	Excess
3 Month	9.67	9.41	0.26
Fiscal YTD	0.00	0.00	0.00
1 Year	0.00	0.00	0.00
3 Years	0.00	0.00	0.00
5 Years	0.00	0.00	0.00
10 Years	0.00	0.00	0.00
Since Inception	5.96	5.98	-0.02

Rolling Performance



- The FTSE All Share index rallied over the quarter to post returns of 9.4%, in line with the broader global equity market rebound. The delay in Brexit was seen as positive sign in some sectors of the UK equities market, as it increased the chances that a disorderly Brexit could be avoided. UK unemployment fell to 3.9%; its lowest since 1975 as wage growth continued to increase.
- Over the quarter the portfolio has marginally outperformed the FTSE All Share by 0.3%, returning 9.7% versus the FTSE All Share return of 9.4%. Manager relative performance was mixed over the quarter with Invesco achieving a relative outperformance of 0.27%, Baillie Gifford generally flat versus the index (+0.06%) and ASI marginally underperforming the FTSE AS (-0.13%).
- Since inception on 21 November 2018, the portfolio has returned 4.75%. This is an outperformance of 0.21% versus the FTSE All Share over the same period, largely driven by outperformance by Invesco and to a lesser extent Baillie Gifford, offsetting a small underperformance from ASI versus the FTSE AS of -0.29%.

Brunel UK Active Equity – Region & Sector Exposure

BRUNEL
Pension Partnership

Top 20 Holdings

	Mkt. Val.(GBP)
ROYAL DUTCH SHELL PLC-B SHS	73,157,602
BP PLC	65,914,642
HSBC HOLDINGS PLC	53,833,762
BHP GROUP PLC	51,395,297
RIO TINTO PLC	51,112,200
BRITISH AMERICAN TOBACCO PLC	41,789,758
RELX PLC	40,329,939
GLAXOSMITHKLINE PLC	40,300,579
ROYAL DUTCH SHELL PLC-A SHS	38,374,837
PRUDENTIAL PLC	37,180,455
UNILEVER PLC	35,095,644
DIAGEO PLC	33,749,318
LEGAL & GENERAL GROUP PLC	29,216,962
LLOYDS BANKING GROUP PLC	27,310,218
IMPERIAL BRANDS PLC	27,194,411
BURBERRY GROUP PLC	23,494,548
AUTO TRADER GROUP PLC	23,055,370
RIGHTMOVE PLC	21,727,425
ANGLO AMERICAN PLC	21,455,283
MEGGITT PLC	19,890,286

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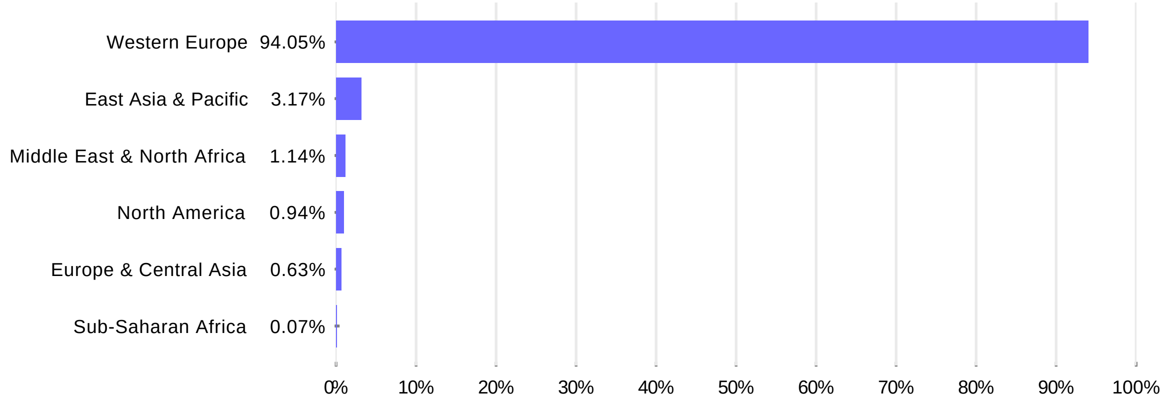
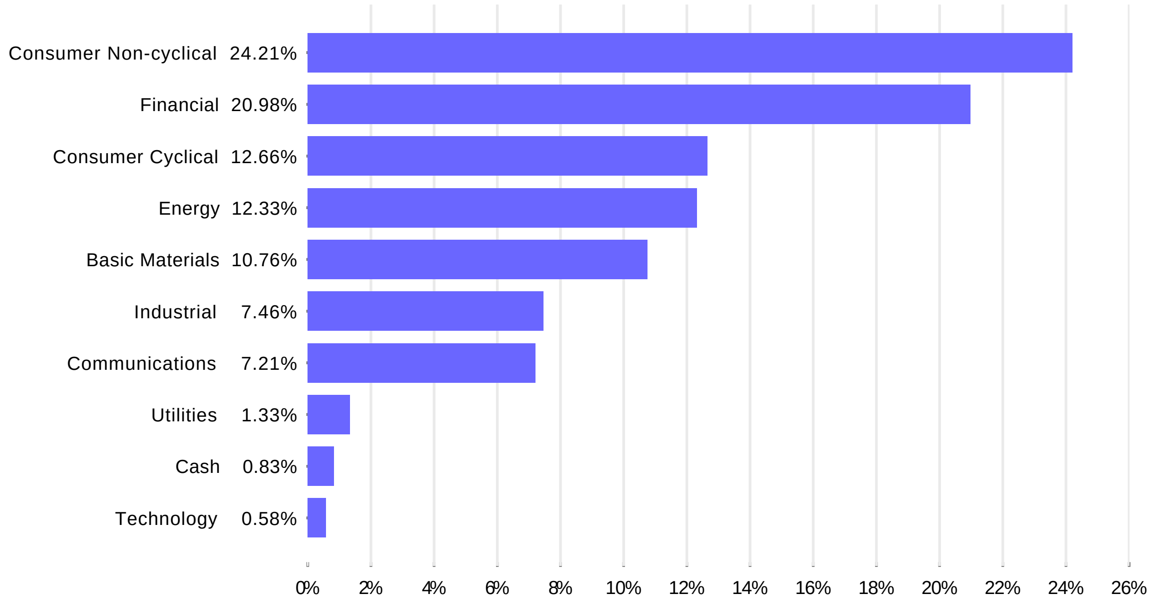
Regional Exposure



Sector Exposure



BRUNEL Pension Partnership

Brunel UK Active Equity – Responsible Investment

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Top 10 ESG Contributors to Overall ESG Score

	Insight	Momentum
1. Tate & Lyle P..	82.5	64.9
2. Diageo PLC	65.7	68.4
3. Carnival PLC	69.4	32.3
4. Relx PLC	65.6	42.5
5. Rio Tinto PLC	62.2	79.2
6. Mondi PLC	72.7	65.0
7. Aggreko PLC	78.5	70.5
8. Bunzl plc	71.4	44.8
9. London Stock..	70.8	86.2
10. Unilever PLC	63.2	68.0

0 50 100

Bottom 10 ESG Detractors to Overall ESG Score

	Insight	Momentum
1. HSBC Holdings..	52.9	73.4
2. BP PLC	54.3	76.6
3. Lloyds Bankin..	44.3	59.7
4. Glencore PLC	38.5	26.3
5. GlaxoSmithKli..	55.0	67.2
6. Barclays PLC	47.6	32.8
7. Rolls-Royce H..	48.1	82.5
8. British Ameri..	54.8	69.9
9. Smith & Nephe..	50.1	25.3
10. Hargreaves La..	48.2	87.3

* Position 1 is the top contributor/detractor.

	Total ESG Score
Portfolio	58.90
Benchmark	56.99

TruValue Labs & SASB

Brunel Assessment

- Barclays boardroom battles, concerns relating to climate related lending and news linked to the UK Serious Fraud Office (SFO) trial ensure they remain an engagement priority. We will be voting against the renumeration report (2 May 2019) as it is not sufficiently linked to performance
- Glencore has committed to cap the amount of coal it mines in response to Climate Action 100+ initiative. However, Glencore is subject to antitrust and corruption investigations leading to its negative momentum score
- Smith & Nephew score is largely driven by news flow around access and affordability linked to new acquisitions. Such concerns are not uncommon within the healthcare sector and an area of on-going engagement more broadly
- Carnival the cruise operator, although currently ranked well recently winning the Neptune Award as Greenest Shipowner of the Year has clashed with US authorities whilst on probation for previously poor environmental behaviours relating to dumping of oil and waste

  90% of the bottom 10 ESG detractors are covered by engagement or specific voting activities.

Weighted Average Carbon Intensity (WACI) 29 Mar 2019

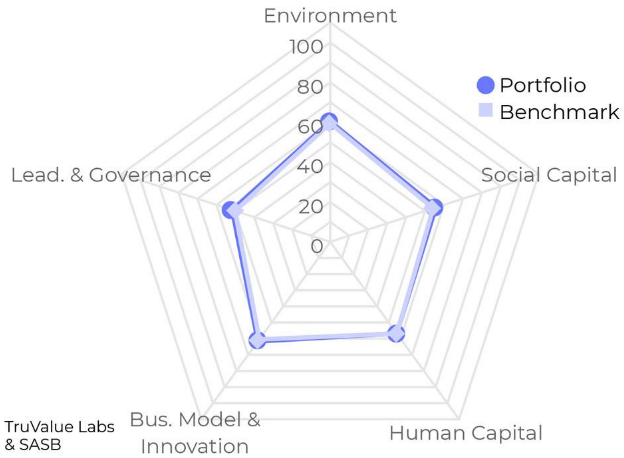
Source: Trucost

Extractive Exposure

	Total extractive exposure [1]	Extractive Industries (VOH) [2]
Portfolio	3.06	16.85
Benchmark	2.47	14.52

[1] Extractive revenue exposure as share (%) of total revenue.
[2] Value of holdings(VOH)-companies who derive revenues from extractives.
Source: Trucost

Absolute Weighted ESG Scores as at 29 Mar 2019



TruValue Labs & SASB

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BRUNEL
Pension Partnership

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Dorset County Pension Fund
Administered by Dorset County Council

Gloucestershire County Council

Environment Agency Pension Fund

Buckinghamshire County Council

Somerset County Council

BRUNEL
Pension Partnership

Oxfordshire Pension Fund
www.oxfordshire.gov.uk/pensions

Avon Pension Fund

Wiltshire Pension Fund

Devon County Council

Cornwall Pension Fund

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Glossary

Top 10 ESG Contributors to Overall ESG Score

	Insight	Momentum
1. Tate & Lyle P..	82.5	64.9
2. Diageo PLC	65.7	68.4
3. Carnival PLC	69.4	32.3
4. Relx PLC	65.6	42.5
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Bottom 10 ESG Detractors to Overall ESG Score

	Insight	Momentum
1. HSBC Holdings..	52.9	73.4
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8. British Ameri..	54.8	69.9
9. Smith & Nephe..	50.1	25.3
10. Hargreaves La..	48.2	87.3

0 50 100

* Position 1 is the top contributor/detractor.

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	Total ESG Score
Portfolio	58.90
Benchmark	56.99

TruValue Labs & SASB

Momentum Score
Identifies companies with improving or deteriorating ESG over the past 12 months.

Insight Score
On a daily basis a pulse score is calculated for news flow for a company. The insight score applies exponentially weighted moving average (EWMA) to a daily score and provides a measure of a company 's longer-term ESG track record. Scores are less sensitive to daily events and reflect the enduring performance record.

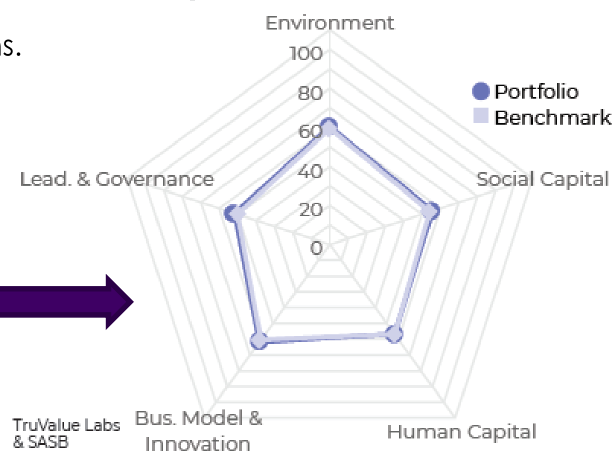
Companies with significantly high insight scores may have a low momentum score which can result from a drop in news or significantly high scoring news, it does not necessarily indicate a presence of negative news.

TruValue Labs
TruValue labs (TVL) uses artificial intelligence to scrape and analyse over 75,000 online sources. It applies criteria consistent with established sustainability and ESG frameworks, scoring data points on performance using a 0 to 100 scale. Scores above 50 indicate positive performance, below reflect negative, and scores of 50 represent a neutral impact.

The contributors and detractors are calculated based on the weighted holding size and ESG score materiality. The cohort includes companies with recent news events and significant, 10+, events in the past year.

Sustainable Accounting Standards Board (SASB)
SASB standards enable businesses around the world to identify, manage and communicate financially-material sustainability information to their investors. TVL data is mapped to 26 sub principles which make up 5 main standards. The radar map displays the Insight score by SASB standard vs the portfolio benchmark.

Absolute Weighted ESG Scores as at 29 Mar 2019



TruValue Labs & SASB

Glossary

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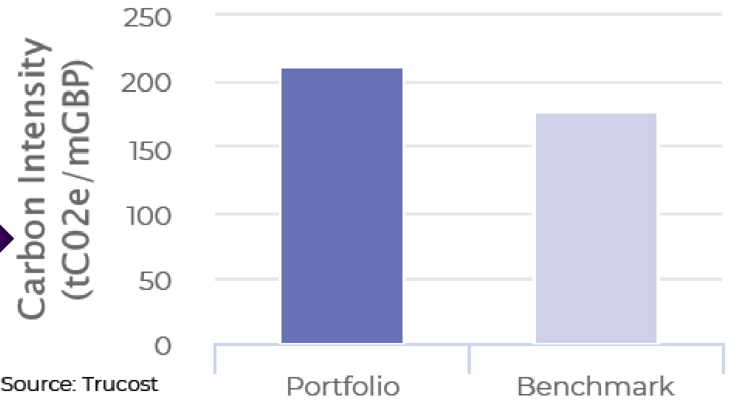
Trucost
Carbon footprint analysis quantifies greenhouse gas emissions (GHG) embedded within the portfolio presenting these as tonnes of carbon dioxide equivalents (tCO2e). Comparing the total GHG emissions of each holding relative to annual revenue, gives a measure of carbon intensity that enables comparison between companies, irrespective of size or geography.

Each holding's contribution to the carbon footprint of the portfolio is calculated on an equity ownership basis. The carbon footprint of the fund is the sum of these contributions, normalized by revenue owned.

The carbon footprint includes scope 1* (direct emissions from owned/ controlled sources) and scope 2 (indirect from purchased energy) carbon intensity. Scope 3 emissions (all indirect, excluding scope 2) are not included in this analysis. Scope 3 (S3) emissions are important, particularly in some sectors, but data quality is variable and requires more quality assurance, we include S3 in our annual deep dive analysis.

Weighted Average Carbon Intensity (WACI) 29 Mar 2019



Source: Trucost

Extractive Exposure

	Total extractive exposure[1]	Extractive Industries (VOH)[2]
Portfolio	3.06	16.85
Benchmark	2.47	14.52

[1] Extractive revenue exposure as share (%) of total revenue.
[2] Value of holdings(VOH)-companies who derive revenues from extractives.
Source: Trucost

Extractive Exposure
The total extractive exposure is the apportioned extractive revenue exposure as a share of total revenue. i.e. 3.06% of the portfolios revenues result from extractives. The extractive industries (VOH) is the companies who derive revenues from extractives. This value will always be higher. Companies that have reserves, but do not disclose them, will not be captured by the analysis.

Green House Gas protocol and TCFD annex for more information.

Quarterly Performance RI Reporting: Data Metrics

Environment
- GHG emissions
- Air quality
- Energy management
- Fuel management
- Water and wastewater management
- Waste and hazardous materials management
- Biodiversity impacts

Social capital
- Human rights and community relations
- Access and affordability
- Customer welfare
- Data security and customer privacy
- Fair disclosure and labeling
- Fair marketing and advertising

Human capital
- Labor relations
- Fair labor practices
- Diversity and inclusion
- Employee health, safety, and wellbeing
- Compensation and benefits
- Recruitment, development, and retention

Business model and innovation
- Lifecycle impacts of products and services
- Environmental and social impacts on assets and operations
- Product packaging
- Product quality and safety

Leadership and governance
- Systemic risk management
- Accident and safety management
- Business ethics and transparency of payments
- Competitive behavior
- Regulatory capture and political influence
- Materials sourcing
- Supply chain management

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Division(s): N/A

PENSION FUND COMMITTEE – 7 JUNE 2019

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. Any comments from the Pension Board are included in their report to this meeting.

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 for 2019/20. This report should therefore be considered in conjunction with the business plan report elsewhere on this agenda.

Comments from the Pension Board

4. At their meeting in April 2019, the Pension Board noted the new risk (Ref 6) in respect of the risk associated with a failure to properly consider ESG issues in making investment decisions. This risk was added following consideration at the March meeting of this Committee.

5. They also drew attention to the inconsistent completion of the Date of Review Column. This has now been amended to Date of Last review and includes the date when the risk was last reviewed and updated where appropriate. For a number of the risks that have been at target for some time there has been no recent review of the risk.

Latest Position on Existing Risks

6. The first three risks on the risk register reflect the long - term risks associated with a mismatch of assets and liabilities resulting in a risk of not closing the current funding deficit and having insufficient funds to meet pension liabilities as they fall due. The key mitigation to these risks is tied into the 2019 Valuation process, which is involving greater engagement with the main

scheme employers than in previous valuation processes to understand any factors which may impact on the future pension liabilities, the employers' own attitude to risk and the appetite for different investment strategies to reflect different employer circumstances. This work will reduce the likelihood of the major risks to the Fund, but the scores will not be updated until the 2019 Valuation process has been concluded.

7. The risk scores at Ref 4 and 7 have not been amended on review, but a note has been added to the comment box to draw attention to the mitigation actions to be reviewed as the responsibility for monitoring Fund Managers, including their internal control processes, investment performance and process etc switches across to Brunel. The Client Funds are currently developing new Assurance processes in line with the transition of assets, which should form the basis of new mitigation actions.

8. New comments have been added in respect of the new risk at Ref 6 to reflect the report elsewhere on the agenda today with the first ESG monitoring data from Brunel. The development of this data and its use is seen as a key action to further mitigate the risks associated with the failure to properly consider ESG data in all investment decisions.

9. The risk scores in respect of an Improvement Notice and Fine from the Pension Regulator at ref 11 has been reduced to target levels reflecting the latest correspondence from the Regulator and the improved processes introduced under the Improvement Plan. It is noted though in the Comment column that the implementation of iConnect should further mitigate this risk by improving future data quality.

10. The Comment box on risk 12 has been updated to reflect the outstanding issues in filling the current vacancies within the Pension Services Team as well as the need to improve performance reporting as covered in the Improvement Plan.

11. The Comment box on risk 13 associated with the skills and knowledge of the Committee itself has been updated to reflect the recommendation from the Pension Board that consideration should be given to mandatory training for Committee Members.

12. The final amendment to the Risk Register this quarter is within the Comment box of risk 19, which reflects the potential increased risk to the Fund in terms of both cash flow and scheme employer default associated with the proposal contained in the latest consultation document from the Government to switch the Higher and Further Education employers within the Fund to Designating Bodies, which would enable them to reduce future membership of the LGPS if they so wished. This will need to be fully reflected in a future risk register if the Government makes the changes to the Regulations on this basis following the consultation.

RECOMMENDATION

13. The Committee is RECOMMENDED to note the changes to the risk register and offer any further comments.

Lorna Baxter
Director of Finance

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

May 2019

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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.	March 2019	4	1	4	June 2019	Now working with new Actuary and Major Employers on aligning Investment and Funding Strategies as part of the 2019 Valuation.
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.	March 2019	4	1	4	June 2019	Actuary has developed draft long term cash forecast, and now looking at sensitivities, and income generating investment options.
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 2018	3	1	3	June 2019	Now working with new Actuary and Major Employers on aligning Investment and Funding Strategies as part of the 2019 Valuation.
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	June 2019	At Target – Needs to be kept under review as responsibility for Fund Manager monitoring switches to Brunel.
5	Actual results vary 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	Under performance of pension investments due to ESG factors, including climate change.	Financial	Failure to consider long term financial impact of ESG issues	Long Term - Pension deficit not closed.	Financial Manager	ESG Policy within Investment Strategy Statement requiring ESG factors to be considered in all investment decisions.	4	2	8	Improve performance monitoring information on ESG scores within current investment portfolios, to identify any policy breaches by fund managers.	June 2019	4	1	4	June 2019	Brunel issued Climate Change Position Statement and Direction of Travel for Climate Change Policy.
7	Loss of Funds through fraud or misappropriation.	Financial	Poor Control Processes within Fund Managers and/or Custodian	Long Term - Pension deficit not closed	Financial Manage	Review of Annual Internal Controls Report from each Fund Manager. Clear separation of duties.	3	1	3			3	1	3		At Target – Needs to be kept under review as responsibility for Fund Manager monitoring switches to Brunel.

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		
8	Employer Default - LGPS	Financial	Market Forces, increased contributi on rates, budget reduction s.	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			3	2	6	March 2019	No further action subject to planned review of Funding Strategy Statement Key risks accepted as education sector (also see 19 below).
9	Inaccurate or out of date pension liability data – LGPS and FSPS	Financial & Administr ative	Late or Incomplet e Returns from Employer s	Errors in Pension Liability Profile impacting on Risks 1 and 2 above.	Pension Services Manager	Monitoring of Monthly returns	4	1	4	Delivery against data quality standards.	June 2018	3	1	3	June 2019	Need to work with Scheme Advisory Board and Aquila Heywood to develop an agreed standard Data Quality Report, and then address outstanding issues.
10	Inaccurate or out of date pension liability data – LGPS and FSPS	Administr ative	Late or Incomplet e Returns from Employer s	Late Payment of Pension Benefits.	Pension Services Manager	Monitoring of Monthly returns. Direct contact with employers on individual basis.	3	1	3			3	1	3		At Target
11	Inaccurate or out of date pension liability data – LGPS and FSPS	Administr ative	Late or Incomplet e Returns from Employer s	Improvement Notice and/or Fines issued by Pension Regulator.	Pension Services Manager	Monitoring of Monthly returns. Direct contact with employers on individual basis.	4	1	4			4	1	4	June 2019	At Target – but look for further improvement through implementation of iConnect.
12	Insufficient resources to deliver responsibilities- – LGPS and FSPS	Administr ative	Budget Reduction s	Breach of Regulation	Service Manager	Annual Budget Review as part of Business Plan.	4	2	8	Need to fill current staff vacancies, and develop robust performance reporting arrangements	June 2018	4	1	4	June 2019	Focus on bringing staff levels up to approved levels and improving performance reporting.
13	Insufficient Skills and Knowledge on Committee – LGPS and FSPS	Governan ce	Poor Training Program me	Breach of Regulation	Service Manager	Training Review	4	2	4	Develop Needs Based Training Programme.		4	1	4	June 2019	Committee to consider mandatory training.
14	Insufficient Skills and Knowledge amongst – LGPS and FSPS Officers	Administr ative	Poor Training Program me and/or high staff turnover	Breach of Regulation and Errors in Payments	Service Manager	Training Plan. Control checklists.	3	1	3			3	1	3		At Target
15	Key System Failure – LGPS and FSPS	Administr ative	Technical failure	Inability to process pension payments	Pension Services Manager	Disaster Recovery Programme	4	1	4			4	1	4		At Target

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		
16	Breach of Data Security – LGPS and FSPS	Administrative	Poor Controls	Breach of Regulation, including GDPR	Pension Services Manager	Security Controls, passwords etc. GDPR Privacy Policy.	4	1	4			4	1	4		At Target
17	Failure to Meet Government Requirements on Pooling	Governance	Inability to agree proposals with other administering authorities.	Direct Intervention by Secretary of State	Service Manager	Full engagement in Project Brunel	5	1	5			5	1	5		At Target
18	Failure of Pooled Vehicle to meet local objectives	Financial	Sub-Funds agreed not consistent with our liability profile.	Long Term -Pension deficit not closed	Service Manager	Full engagement in Project Brunel	4	1	4			4	1	4		At Target
19	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	Service Manager	Engagement with One Oxfordshire project and with other key projects to ensure impacts fully understood	4	1	4			4	1	4	June 2019	At Target – Need to Review in light of current Government consultation to switch HE and FE employers to Designating Bodies.

Division(s): N/A

PENSION FUND COMMITTEE – 7 JUNE 2019

ADMINISTRATION REPORT

Report by the Director of Finance

Introduction

1. This report is to update members on scheme administration data and issues.

Staffing

2. April saw some changes in staffing as two administrators left the team; the two successful administration assistant candidates joined the team and a part time administrator was also appointed.

3. Overall this leaves a shortfall against establishment of 4.61 FTE (170.51 hours), which is broken down across the team as detailed below, although where the vacancy sits can be fluid depending upon workloads.

   Benefits – administrators -3.89 FTE
   Communications – managers + .13 FTE
   Employers – administrators +.19 FTE
   Systems – administrators -1.04 FTE

   Note: In July one of the Communications Managers is taking flexible retirement and will be reducing working hours to 12 per week.

Workloads

4. This item links over to the improvement plan report where the method and frequency of reporting are to be agreed with this Committee. As part of the work on the Improvement Plan we are currently reviewing the latest CIPFA / AON publication setting out not only good administrative practice but helpful guidance on monitoring and reporting of workloads. We should be able to present a new performance framework at the September meeting.

5. Members will be aware of the challenges in getting (consistent) data out of the administration system, however the intention is to aim to produce not only performance measurement against SLA but also against statutory deadlines from April 2019 onwards.

6. Given the continuing vacancies at the last meeting members suggested that the SLA measures were temporarily reduced whilst we continued to recruit. The proposal below takes not only recruitment into account but also training and changes to system processes and changes over the coming months.

Period		Original SLA measure	New SLA Measure
April – Aug 2019		95%	75%
		90%	70%
Sept – Dec 2019		95%	85%
		90%	80%
Jan 2020 onwards		95%	95%
		90%	90%

7. For the last full quarter LGPS and FIRE performance statistics are in the “old format” attached at annex 1 and 2.

Project Work

8. **Administration to Pay** – this project status has, since last quarter, changed to red. Initial testing had identified some 31 errors which were raised with our software suppliers who then investigated and made system changes to correct. Therefore, the initial implement date of May was missed.

9. As a result, testing has re-started from the beginning to ensure that these changes have not caused any knock-on errors. The testing is scheduled to end on 31 May at which point the project will be reassessed and a revised implementation date set.

10. **GMP Reconciliation** - this project status has, since last quarter, changed to amber. We have been undertaking a GMP reconciliation project which is designed to ensure that the records held here regarding contracted out membership are in line with those at HMRC. This exercise is being undertaken nationally.

11. A GMP is a notional figure which relates to membership of a contracted-out pension scheme between 1978 and 1997. It is the minimum amount of pension that must be paid to the member on attaining state pension age.

12. We appointed ITM to undertake the bulk of the work on this project. ITM have been liaising with HMRC where queries exist. We have been working with ITM to look at the replies received from HMRC to ensure that the data held here is accurate.

13. The project is nearing the final stage, which will involve a comparison of the final HMRC data cut with our data, and then correcting the data held if necessary. This could involve an underpayment, or overpayment of pension benefits.

14. Unfortunately, HMRC have confirmed that the date of the final data cut has been moved from June 2019 to October 2019 at the earliest. We are currently working with ITM to look at a number of test cases to ensure that we are happy with the

calculation of the underpayments / overpayments. As soon as the final data cut is received, ITM will undertake a final comparison of the data, and we will be able to move to completion of this exercise in early 2020.

15. We have received a bill from HMRC for £16,995.62 which represents outstanding Contribution Equivalent Premiums (CEPS). A CEP is an amount which is paid back to HMRC if a scheme member cancels their membership of the Local Government or Firefighters Pension scheme by taking a refund of contributions. It effectively reinstates their State Scheme benefits. We were not provided with a breakdown the figure owing and were given a deadline of 21 May 2019 to pay this amount, so we have paid this. We have also been told that this may not be the final bill issued as HMRC are undertaking further analysis. We are waiting for a further update on this.

16. **Pension Software Contract** – this project status remains green. Stage 1 of the OCC Gateway process is complete with the second stage being due on 28 May. After which the requirements will be published on OJEU on 12 June. The team are in the process of writing the specification for the system.

Pension Audit

17. The final internal audit report for 2018/2019 was issued on 28 March 2019. The overall report gives an amber rating which whilst disappointing is reflective of the progress that has been made and continuing work within the team to ensure work is processed in specification.

Scheme Employers

18. The process review has been delayed whilst we await the outcome of the recent Fair Deal consultation which ended on 04 April. Once this is received the process can be finally reviewed and issued.

19. The lack of knowledge (about outsourcing) and engagement within scheme employers remains a concern. To address this officers have been working with Procurement and County HR at OCC to explain process and ensure that staff are aware of the need to involve Pensions in any outsourcings.

20. Wider communications have also been sent out to all scheme employers and officers continue to try to raise awareness when dealing with outsourcing. A letter is shortly due to be sent out to all scheme employers to explain the process and actions to be taken.

Complaints

21. 2018 ended with a total of 21 complaints (0.10% of active membership), which was down from 0.14% in 2017. As previously reported over half of these were made using the internal procedure to complain about delays in replying to queries.

22. As a response to this the whole team attended customer service training with a view to improving our overall skills and to produce a team document setting out

our customer service standards. This has been shared with scheme employers and is now on our website. Copy at annex 3.

23. To date four complaints have been received in 2019.

Write Offs

24. This report provides the details of those debts written off in the last quarter. In the current period, £17.60 has been written off in respect of three cases where a member has died.

25. Results from the latest National Fraud Initiative exercise have now been received. This will identify where any deaths have not been reported to the Fund as well as looking at other scenarios which could lead to over payment of benefits. Officers are working through the report and an update will be included in the next quarterly report to this committee.

Consultations

£95K Exit Cap – Consultation Deadline 3 July 2019

26. The implementation of the £95k exit payment cap is now moving ahead. The idea behind the cap is that there should be a limit on the cost to the "public purse" of terminating someone's employment in the public sector. Once implemented the cap will affect both voluntary and compulsory terminations.

27. According to gov.uk, the implementation of the cap is in response to research which found that exit payments to employees leaving the public sector in 2016-2017 cost the taxpayer £1.2billion, with payments over £100,000 costing £200million.

28. The original proposals were published in 2015, and there is now a formal consultation which opened on 10th April. You can find the consultation documents at https://www.gov.uk/government/consultations/restricting-exit-payments-in-the-public-sector

29. The LGPC have published a briefing of the information contained in the consultation documents – find this at http://lgpslibrary.org/assets/cons/nonscheme/20190410_95K_BR.pdf

30. The issues arising from this consultation largely impact on scheme employers and their ability to manage their workforce rather than the Administering Authority. A key issue is if the proposals are implemented without further change to the LGPS Regulations, scheme members made redundant after the age of 55 maybe required to take a reduced pension where otherwise they would breach the cap. The amendment of the LGPS Regulations to no longer require a scheme member made redundant at the age of 55 or above to take immediate payment of their pension is likely therefore to be a key element of many responses.

Changes to Valuation Cycle and Management of Employer Risk – Consultation Deadline 31 July 2019

31. On 8 May 2019, the Government Issued a further consultation om the valuation cycle and the management of employer risk. At the time of writing this report, it has not been possible to draft a full response, but one will be issued as an addenda to the Committee papers. The key points are covered below.

32. In respect of the valuation cycle, the Government have proposed to bring the LGPS in line with other public sector schemes and change the valuation cycle from every 3 years (triennial) to every 4 years (quadrennial). This would require that this current valuation will give employer rates for the next 5 years but allowing the administering authority to perform an interim valuation if needed. The Government's preferred alternative option is to have a valuation giving results for 3 years as usual and the next valuation giving results only for 2 years.

33. The consultation seeks views between the two approaches. Whilst the Government's preferred approach is seen as providing greater continuity and greater funding certainty, it comes at a time of increased uncertainty associated with the recent McCloud/Sargeant judgements of legal discrimination in the transitional arrangements implemented in the public sector schemes following the Hutton review and the pausing of the cost capping procedure. Given the uncertain timescales for resolving these issues, the option for a Fund to carry out an interim valuation on the conclusion of these issues may be more attractive.

34. The consultation proposes the option for Funds to carry out interim valuations once the quadrennial programme is up and running. The circumstances under which an interim valuation can be carried out should be set out in the Funding Strategy Statement to ensure they are proportionate to the cost of an additional valuation and not simply to reflect short term changes in valuation assumptions. Similarly, the consultation proposals that Funds set out in their Funding Strategy Statements those circumstances where the contribution rate of an individual employer or group of employers can be reviewed between full or interim valuations. These proposals are largely welcomed

35. The consultation also looks at options of how funds can manage debt of scheme employers when they end participation in the scheme. The Government is proposing to introduce greater flexibility into the process, allowing scheme employers with an appropriate financial covenant to become deferred employers, making regular contributions calculated on an on-going basis rather than a one off cessation payment calculated on a low risk basis. A further proposal allows the Fund to agree the low risk cessation valuation to be repaid over a fixed period rather than as a one-off payment, the period to be determined by the Fund based on the financial circumstances of the exiting scheme employer. We would again welcome these proposals which formalise arrangements a number of Funds including Oxfordshire have sought to deliver through separate legal contracts following a scheme employer's loss of its last active member.

36. The consultation also seeks to introduce greater flexibility into the calculation of an exit credit to allow for any risk sharing arrangements in place for the exiting

scheme employer to be taken into account when calculating an exit credit. This proposal is welcomed in that it addresses a weakness in the current Regulations which mean an exiting scheme employer can receive an exit credit despite being fully protected from pension risk and the risk of a cessation payment.

37. The final proposal within the Consultation is to change the status of further and higher education bodies within the Fund so that they are not required to offer membership of the LGPS to any new non-teaching staff, although those currently in scheme would have protected rights. The implications of this proposal in terms of the potential impact on future cash flows, investment strategies and contributions rates needs significantly more work before an opinion on the proposed approach can be offered.

38. The consultation documents can be found at: http://www.lgpsregs.org/schemeregs/consultations.php

RECOMMENDATIONS

39. The Committee is RECOMMENDED to:

(a) note the report;

(b) agree the proposed temporary changes to the SLA targets; and

(c) agree the proposed response to the Government Consultation on Changes to the Local Valuation Cycle and the Management of Employer Risk.

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Lorna Baxter
Director of Finance

Background papers: None
Contact Officer: Sally Fox, Pension Services Manager - Tel: (01865) 323854

May 2019

Benefit Administration Monthly SLA Statistics

Subject	SLA Target	Jan-19		Feb-19		Mar-19	
		Total Number Completed	% Achieved in SLA Deadline	Total Number Completed	% Achieved in SLA Deadline	Total Number Completed	% Achieved in SLA Deadline
Deaths	**95%**	50	82.00%	56	76.80%	82	81.71%
Retirements	**95%**	120	50.00%	100	60.40%	151	76.82%
Divorce	**95%**	7	100.00%	14	100.00%	15	100.00%
Interfund In	**90%**	38	53.00%	34	71.10%	40	72.50%
Transfer In	**90%**	21	48.00%	21	61.80%	37	78.38%
Interfund Out	**95%**	26	62.00%	49	75.50%	43	95.35%
Transfer out	**95%**	39	56.00%	44	77.30%	48	93.75%
Member Estimate	**90%**	41	38.00%	108	68.50%	92	92.39%
HR Estimate	**90%**	4	75.00%	8	75.00%	12	91.67%
Refunds	**95%**	107	51.00%	127	88.20%	74	94.59%
Leavers*	**90%**	505	38.00%	447	43.53%	421	50.35%
Re-employments**	**90%**	190	42.00%	223	30.30%	260	52.53%
Totals / Average		1148	57.92%	1231	69.04%	1275	81.67%

* Frozen, Deferred, Concurrent

** Elect to Separate, Re-emp quote, Re-emp Actual,

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Subject	SLA Target	Jan-19 to Mar-19	
		Total Number Completed	% Achieved in SLA Deadline
Deaths	**95%**	3	100.00%
Retirements	**95%**	9	81.00%
Divorce	**95%**		
Interfund In	**90%**		
Transfer In	**90%**		
Interfund Out	**95%**		
Transfer out	**95%**		
Member Estimate	**90%**	4	66.00%
HR Estimate	**90%**		
Refunds	**95%**		
Leavers*	**90%**	4	15.00%
Re-employments**	**90%**		
Totals / Average		20	

* Frozen, Deferred, Concurrent

** Elect to Separate, Re-emp quote, Re-emp Actual,

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Pension Services - Customer Service Charter

When you phone us:

- We will answer our main contact numbers within 3 to 5 rings
- The office is open between 09:00 – 17:00 Monday to Thursday
  09:00 – 16:00 on Friday
- We will ensure your call is directed to the person or team with the best skills to help you
- Staff will greet you giving
  - The name of our department
  - Their name
- If we pass your enquiry to another department, we will pass on your details and the nature of your query, so you do not have to repeat this to another person
- If we transfer your call we will, wherever possible, transfer you to a person not voicemail
- We aim to answer telephones and avoid use of voicemail. Where voicemail is used staff will respond to messages by the next working day. Staff will leave a greeting and alternative contact if away from the office

When you write to us:

- A full response will usually be given within ten working days. If this is not possible we will let you know when you may expect a reply
- Receipt of emails will be automatically acknowledged. Please use the appropriate team email inbox. A full response will usually be given within ten working days. If this is not possible we will keep you updated and let you know when you may expect a reply
- When we contact or reply to you we will include contact information and a named member of staff

When you use our website:

- We will have an accessible and usable website, with up to date information. We will make it easy for you to find what you need.

If we fail to meet your expectations:

- We will acknowledge receipt of your complaint within five working days and say how we propose to resolve this. After investigation we will normally give you a full response within ten working days of our acknowledgement
- Complaints about a decision affecting your pension should be made using the formal Adjudication of Disputes Procedure. Details can be found at www.oxfordshire.gov.uk/pensions

Feedback:

- We welcome your feedback about the service we have provided – what has gone well and how we could improve.
- Please send your feedback to pension.services@oxfordshire.gov.uk marked for the attention of Communications

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Division(s): N/A

PENSION FUND COMMITTEE – 7 JUNE 2019

ANNUAL REVIEW OF PENSION FUND POLICIES

Report by the Director of Finance

Introduction

1. Under the Local Government Pension Scheme Regulations, the Pension Fund Committee, acting as the Administering Authority of the Oxfordshire Pension Scheme, is required to produce and maintain a number of key policy documents. These policies are subject to an annual review, which is scheduled for the June meeting of the Committee cycle. This report presents the latest version of these policies for them to be formally endorsed by the Committee.

2. Whilst not a formally required policy under the LGPS Regulations, this report also presents a formal Scheme of Delegation to be endorsed by the Committee. This Scheme of Delegation brings together those areas previously agreed by this Committee where decisions have been delegated to officers of the Council.

Policies for Endorsement

3. The key policies to be reviewed and endorsed are set out as Annexes to this report. The key issues with each policy, including any changes to the Policy is set out below.

<u>Annex 1 – The Funding Strategy Statement.</u>

4. The Funding Strategy Statement sets out the Fund's approach to managing the solvency of the Fund and is the framework which guides the work of the Fund Actuary in completing the Triennial Valuation of the Pension Fund.

5. The initial Funding Strategy Statement was prepared in 2005 with considerable support from the Fund's then Actuary. The Committee carried out a consultation exercise as part of a fundamental review of the Statement in 2009/10 and agreed a number of changes to the Statement to increase flexibility around recovery periods, stepping arrangements and the treatment of admitted bodies. In March 2013 the Committee determined changes in respect of the pooling arrangement for academy schools.

6. There have been no significant changes to the Funding Strategy Statement since the 2013 review. We are currently reviewing the Statement with our new Actuaries, Hymans Robertson, in preparation for the 2019 Triennial Valuation of the Pension Fund. At this stage, there are no proposed amendments to the

Statement. Included in the key areas for reviewed is the potential introduction of a second or multiple investment strategies to take into account different employer covenants or risk appetites. This was previously considered and rejected as there was no clear demand from scheme employers.

7. Other key areas will need to be reviewed in light of the current Government Consultations. These include the issues around cessation valuations and exit credits, the circumstances where an interim valuation may be carried out and the circumstances where the Administering Authority could agree a change to an individual scheme employer's contribution rate between Valuations.

8. Given the current position, it is likely that the Funding Strategy Statement will need to be reviewed again in either September or December 2019.

Annex 2 – The Investment Strategy Statement

9. The Investment Strategy Statement replaced the Statement of Investment Principles and sets out the Committee's approach to the investment of the Fund's resources.

10. Under the new Regulations the prescriptive nature under the old Regulations was replaced by a more prudential framework, whereby the Committee is not constrained by any specific restrictions on asset allocations but needs to provide the rationale for all decisions within the Investment Strategy Statement.

11. The initial Investment Strategy Statement was agreed by the Committee at its March 2017 meeting, and no changes were proposed by the subsequent meeting of the Pension Board. The 2018 version was updated to reflect progress on implementing the pooling arrangements, with an acknowledgement that further changes will have to be made as assets transition from existing mandates to the new Brunel portfolios.

12. For the current version, the overall asset allocation table has been updated to reflect the allocation to Secured Income, with the more detailed asset allocation table updated to reflect where assets have transitioned to the Brunel portfolios. Further reviews will be required as the transition programme continues.

13. The document has also been amended under the Investment Implementation, Pooling and Policy on Exercise of Rights to reflect the changes in responsibility to Brunel for the appointment and monitoring of individual fund managers, including the engagement work undertaken with individual companies and the exercise of our voting rights.

14. It is intended that there is a fundamental review of this document every three years, as part of the Triennial Valuation and Strategic Asset Allocation review. As part of the next review, it is intended to work with the Scheme Member Representatives on the Local Pension Board to undertake a consultation with scheme members, so their views can be fed in as appropriate.

15. It is recognised that the Environmental, Social and Governance Policy contained within the Investment Strategy Statement is subject to a number of requests to address and/or petition the Pension Fund Committee. The County Council recently received a petition signed by 179 scheme members employed by the Council stating that the undersigned do not want their pensions to be invested in the fossil fuel industry and as beneficiaries of the pension scheme, instructed the Committee to divest.

16. The issue of divestment has long been discussed within this Committee, having taken significant advice from the Chief Responsible Investment Officer at Brunel, who is internally recognised as a leading expert in this area. It remains the view of Officers, and of Brunel, that a blanket divestment policy is not an appropriate strategy for the Oxfordshire Pension Fund.

17. The full position statement produced by Brunel is included as Annex 2B to this report. This sets out the current position of Brunel, including the steps already taken to address the risks and opportunities arising from climate change and sets out their approach for developing a full Climate Change Policy for publication by the end of 2019.

18. It should be noted that under the Government's pooling guidance, any decision to implement a blanket divestment policy will require the support of Brunel to develop appropriate portfolios into which the Oxfordshire Pension Fund can invest. The petition referred to above, wrongly states that Brunel already offer two portfolios (the passive Low Carbon Equity Fund and the active Sustainable Global Equity Fund) exclude investments in fossil fuels. Whilst both target companies with lower carbon emissions, and/or a broader ser of environmental and social sustainability factors, neither operate a strict screening criteria to exclude all investments in fossil fuels.

19. There are other challenges in operating a blanket divestment policy, starting with how you define a fossil fuel company. For some it means those companies responsible for the extraction and production of fossil fuels. For others it is those companies heavily dependent on fossil fuels for the operation of their business, including the big energy and transportation companies.

20. Even determining your definition does not lead to a clean solution. Many of the biggest investors in renewable energy for example are also the biggest investors in the extraction and production of fossil fuels. For some of the traditional major energy companies such as Total, whilst they express a strong commitment to a sustainable future and the development of renewable alternatives to the current fossil fuel sources of coal, the percentage of their revenue from renewable energy is low despite being one of the major developers of solar panels. Orsted, much quoted as a green energy company, still rely on coal for some of their energy production and do not target to totally phase out coal until 2023. Their own website shows 75% of their energy was from green sources in 2018 and 25% remained from what they referred to as black sources. The recent petition without a clearer definition of what constitutes the fossil fuel industry could therefore prohibit

investments in both Total and Orsted and a number of other companies leading the way to deliver a renewable energy future.

21. Another major question is what lies behind the requests for divestment. In the latest petition, it is clear that the request is in response to the Climate Change Emergency. This though then questions whether a blanket divestment policy is the right way to achieve the desired objectives, and whether any blanket divestment policy should be across all companies with high levels of carbon emissions. Previously the Committee has strongly argued that a blanket divestment policy simply changes the ownership of the companies and does nothing to deliver real change to the risks facing us associated with climate change. This is particularly true when addressing who would the Pension Fund divest to. If all responsible investors are challenged to bring in blanket divestment policies, then those investing in the companies will be those with a short-term profit motive, or indeed those who deny that climate change poses any risk at all. As such, a blanket divestment policy potentially increases the likelihood of many of the risks associated with climate change.

22. A blanket divestment policy means giving up your shareholders voice and your chance to make a difference and demand the changes require in any company whose current practices are contributing significantly to the climate change risks. Individual divestments where the shares are purchased by new investors will not send any clear message to company boards. Co-ordinated action by investors, who have the ultimate power to sack the board of directors, is a much stronger instrument to deliver real and sustainable change. The Oxfordshire Pension Fund has joined the Local Authority Pension Fund Forum (LAPFF) so its voice can be joined with like-minded investors. (The briefing elsewhere on this agenda demonstrates some of the impact achieved through LAPFF, including the linking of Executive pay at Shell to carbon reduction metrics). Similarly, we work with our Fund Managers, Brunel and the various partnerships to which Brunel has developed, to bring scale to the clear messages given to company boards regarding ESG issues.

23. A valid challenge made to the Committee in the past has been a failure to demonstrate the impact of any engagements in bringing about meaningful change. We have been working hard with Brunel and others to address this issue. Elsewhere on today's agenda can be found the first draft ESG monitoring report produced by Brunel which provide a benchmark against which future engagements can begin to be assessed. Officers are keen to work with the Responsible Investment Team at Brunel to understand how this report can be further developed and how it can be used to further support the engagement with individual companies and with Fund Managers, and to demonstrate the impact of our joint actions.

24. It is the Officers view therefore that the Committee should continue to endorse the current ESG Policy as contained in the attached Investment Strategy Statement, and continue to hold the line that a blanket divestment policy fails to address the risks associated with climate change, and indeed removes the major tools which will enable the Committee to continue to engage in

delivering a long term sustainable future, as well as the investment returns to meet the future pension liabilities.

25. We would also recommend the Committee endorse the direction of travel set out in the Addressing Climate Change Position Statement issued by Brunel, and ask Officers to fully engage with Brunel in the development of the Climate Change Policy. This will include the development of more tangible measures of reporting on the impact of the current policies across all sectors contributing to the current level of carbon emissions and the climate change risks.

Annex 3 - Governance Policy and Governance Compliance Statement

26. The Governance Policy sets out the arrangements for the management of the Pension Fund, and the Governance Compliance Statement sets out the extent that this policy complies with best practice.

27. The Governance Policy Statement was amended to reflect changes arising from the new division of responsibilities under the Brunel Pension Partnership. In particular, the Terms of Reference for this Committee were redrafted to remove the responsibility for the appointment of Fund Managers, and the monitoring of their performance. In addition, the operational procedures were amended to remove the references to Fund Managers being invited to attend Committee and present information of the performance of their portfolio and replaced by an invitation to the Brunel company. At present the Governance arrangements are transitioning from the old model to the new model, with individual Fund Managers still invited until such time as their contract ends and the assets are transitioned to a Brunel portfolio.

28. Last year, the Governance Policy Statement also included draft changes to require all members appointed to serve on the Pension Fund Committee, to participate in a training programme, to ensure that the Committee as a whole has the appropriate skills and knowledge to fully discharge their statutory responsibilities. This in turn was linked to a new provision to remove the right for substitutes to be selected to sit on the Committee in the absence of an appointed member. This change would have brought the Oxfordshire Pension Fund Committee into line with the majority of other Pension Fund Committee's within the Brunel partnership. Whilst agreed in principle last year by the Committee, the proposal was not considered by full Council and the changes were not made to the Council's Constitution. The Committee are therefore invited to review the position and confirm their support for the change or otherwise.

29. A draft change was also made to the Governance Compliance Statement to reflect the removal of the right to select a substitute member. The section on Selection of Members (Principle C) was been amended from Partially Compliant to Compliant to reflect the fact that in future under the proposed new arrangements, all members serving on the Committee would receive a briefing to ensure they were aware of their status, role and function when siting as a member of the Pension Fund Committee.

30. The Compliance Statement continues to identify two areas where we remain only partially complaint with best practice, a position the Committee has been happy to accept in the past. These areas cover representation of all key stakeholders, and the agreement of a formal annual training plan for Committee Members.

Annex 4 – Communication Policy

31. The policy provides a framework for planning and delivering communications to recognised stakeholders. Within ‘communication’ training and scheme promotion is included.

32. The number of fund employers continues to increase as larger employers break into smaller units, through service outsourcing or through the conversion from maintained schools to independent Academies. Each move creates a new fund employer, with statutory roles under the LGPS regulations.

33. This is further complicated by the need for support during the extended period while the LGPS presents itself as two concurrent schemes.

34. Our continuing challenge therefore, remains to keep communication and guidance appropriate for employers at all stages of their membership. Maintaining this supportive role to cover all the eventualities for all types of employers requires frequent refreshing of website and guidance pages and keeping training sessions up to date. Local fund information is in addition to the support provided by the national Local Government Association supported websites.

35. Employer engagement for Pensions remains a challenge, as a ‘discipline’ pensions falls between HR and payroll, partly decision making and mostly transactional and a costly commitment for finance. While new systems, being introduced over the forthcoming year, will assist data submission, communications will continue to support transition, helping with accessible training and guides.

36. The Fund must also communicate with and support our members as the scheme becomes more complex and membership groups more fragmented. The challenge remains to engage and interest members in their pension provision and for them to understand the benefits of the Scheme. This year, as the team reviews its processes, letters and forms for each function must be included, aiming to reduce jargon that will help understanding.

37. Since our last report to the Committee, further embedding of the on-line offering, My Oxfordshire Pension, continues. No further changes to the structure of the outward facing policy are proposed this year, while internally improving communications within all aspects of the work continues.

Annex 5 – Early Release of Benefits Policy

38. The Early Release of Pension Benefits Policy covers the Administering Authorities approach to dealing with cases for early release of pension benefits where the last employer of the scheme member is no longer in

existence. This Policy was initially approved by the Pension Fund Committee at its meeting in December 2012.

39. This policy has been updated to reflect the recent regulatory changes to allow pensions to be taken from age 55 without employer consent.

Annex 6 - Scheme of Delegation

40. The Scheme of Delegation was introduced in June 2012 to bring together all areas where the Pension Fund Committee has previously delegated decisions to Officers of the Council. The Scheme was last updated in December 2018, with changes to the scheme of financial delegation to improve the operational efficiency of the Pension Services Team. No further changes are proposed at this time.

Annex 7 – Administration Strategy

41. The Fund is required to produce an Administration Strategy to set out the various responsibilities of the Administering Authorities, and the Scheme employers, and to establish a charging policy to allow the Administering Authority to recover costs of additional work where scheme employers fail to meet their responsibilities in an accurate and timely manner.

42. This document has been rewritten to give more clarity and detail of the responsibilities of both Scheme Employers and the Fund. The revised document has been sent to all Scheme Employers for consultation and two responses were received.

43. The main concerns raised in the responses were charges which could be applied by the Fund for late or incorrect information when there was no corresponding option for scheme employers to charge the Fund and the escalation process. In response it has been noted that many of the changes have been driven by discussions with the Pension Regulator stating that the Fund needed to set out and operate a clear process where information was not forthcoming, and discretion would be applied to making any charges particularly where the employer was engaging with the Fund.

44. Whilst scheme employers are unable to charge the Fund there is a clear escalation process for them which has been included in the administration strategy. Most of the responsibilities of the Administering Authority are set out in Regulation or accompanying guidance, and therefore scheme employers have recourse to the Pension Regulator, and scheme employees to the Pensions Ombudsman for breaches of responsibilities by the Administering Authority.

Annex 8 – Procedure for Reporting Breaches of Law to the Pension Regulator

45. We were required to develop a Procedure for the Reporting of Breaches of Law to the Pension Regulator during 2015/16. This procedure was agreed by

the Committee at its meeting in September 2015. No further changes have been proposed at this time.

Annex 9 – Administering Authority Discretions

46. There are a number of areas under the LGPS Regulations where the Administering Authority is required to publish a discretionary policy. These are included in Annex 9.

47. This document has been reviewed and updated in line with recent regulatory changes. These changes introduce some new discretionary decisions for this committee:

- Whether to terminate an admission agreement in the event of:
  - insolvency, winding up or liquidation of the body.
  - breach by that body of its obligations under the admission agreement.
  - failure by that body to pay over sums due to the Fund within a reasonable period of being requested to do so.
- Whether to extend the period beyond 3 months from the date an Employer ceases to be a Scheme Employer, by which to pay an exit credit.
- Whether to suspend (by way of issuing a suspension notice), for up to 3 years, an employer's obligation to pay an exit payment where the employer is again likely to have active members within the specified period of suspension.

48. For all the above instances it is recommended that the decision making is delegated to the Service Manager (Pensions) who will report back any decision made.

RECOMMENDATION

49. **The Committee is RECOMMENDED to:**

(a) approve the revised policy documents as set out in Annexes 1, 4, 5 and 7, noting the changes in the documents as discussed above;

(b) approve the revised Investment Strategy Statement as set out in Annex 2, noting the changes as discussed in the report and

i. re-confirm its position that a blanket divestment policy is not an appropriate approach for the Pension Fund, nor to address the risks associated with climate change; and

ii. endorse the current approach and direction of travel set out in the Addressing Climate Change Position Statement, and ask Officers to fully engage in the

process for developing the full Climate Change Policy document and to report back to the Committee on a timely basis;

(c) **re-state its approval in principle to the changes set out in Annex 3 to the Governance Policy and Governance Compliance Statement and RECOMMEND to Council via the Audit and Governance Committee the corresponding changes to the Terms of Reference and Constitution of the Pension Fund Committee;**

(d) **agree the delegation to the Services Manager (Pensions) the responsibility for exercising the new discretionary decisions as set out in paragraph 47 above, and the subsequent changes in the scheme of delegation to ensure it is consistent with the schedule of Administering Authority Discretions; and**

(e) **note that no new changes have been made to the Scheme of Delegation and the Procedure for Reporting Breaches of Law to the Pension Regulator.**

LORNA BAXTER
Director of Finance

Background papers: None
Contact Officer: Sean Collins, Service Manager (Pensions) – 07554 103465

June 2019

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Oxfordshire Pension Fund

Funding Strategy Statement

Introduction

1. The Oxfordshire Pension Fund is administered by Oxfordshire County Council under the relevant Local Government Pension Scheme Regulations. Under regulation 58 of the Local Government Pension Scheme Regulations 2013, the Administering Authority must publish and keep under a review a Funding Strategy Statement. The Regulations further stipulate that this statement must be prepared with due reference to the relevant CIPFA guidance as published in 2004 (as revised in 2012).

2. This current version of the Funding Strategy Statement for the Oxfordshire Pension Fund was approved by the Pension Fund Committee at its meeting on 7 June 2019. This statement replaces all previous versions of the Funding Strategy Statement, and is based on the initial version agreed in 2005, plus the changes agreed at the Pension Fund Committee meetings on 19 March 2010 and 8 March 2013 following a full consultation exercise with the scheme employers.

3. The Funding Strategy Statement will be subject to further review to allow for the impact of changes to the Local Government Pension Scheme itself, as well as the changing nature of membership of the Fund and the growing maturity of the Fund. Any material change will only be made after full consultation with all scheme employers.

Purpose of the Funding Strategy Statement

4. The three main purposes of this Funding Strategy Statement are to:

   - Establish a clear and transparent strategy, specific to the Fund, which will identify how employer pension liabilities are best met going forward.
   - Support the regulatory requirement in relation to the desirability of maintaining as nearly constant employer contribution rates as possible.
   - Take a prudent longer-term view of the funding of the Fund's liabilities.

Aims and Purpose of the Pension Fund

5. The aims of the Pension Fund are to:
   - Enable employer contribution rates to be kept as near stable as possible, at a reasonable cost to the scheme employers and taxpayers, whilst ensuring the overall solvency of the Fund. The Administering Authority recognises a number of conflicting aspects within this aim, and is responsible for managing the balance between such conflicts. Balance needs to be struck between investing in higher risk assets which over the long term reduce the cost to scheme employers and the tax-payer, against investing in low risk assets which will reduce short term fluctuations in contribution levels required. Similarly a balance

needs to be struck between maintaining stable contribution rates and raising rates to ensure solvency.

- Ensure there are sufficient resources available to meet all pension liabilities as they fall due. This includes ensuring sufficient liquid resources to meet regular pension payments, transfer payments out of the Fund, lump sum payments on retirement etc. as well as meeting any drawdown calls on the Fund's investments. It is the Administering Authority's policy that all payments are met in the first instance from incoming employer and employee contributions to avoid the expense of dis-investing assets. At the present time the annual contributions to the Fund significantly exceed the payments out, so facilitating this aim. The Fund also retains a working balance of cash to ensure sufficient resources are available to manage the irregular nature of the payments out of the Fund.
- Manage the individual employer liabilities effectively. This is undertaken by receiving regular advice from the actuary, and ensuring employers are separately billed in respect of ad hoc liabilities outside those taken into account as part of the tri-annual valuation e.g. hidden costs associated with early retirements.
- Maximise the income from investments within reasonable risk parameters. As noted above, the achievement of this aim needs to be balanced against the need to maintain as near stable employer contribution rates. To minimise risk, the Fund looks to ensure a diversification of investment classes, and individual assets. The Fund cannot restrict investments solely on social or ethical grounds. The Fund's principal concern is to invest in the best financial interests of its employing bodies and beneficiaries. Investment Managers should monitor and assess the social, environmental and ethical considerations which may impact on the long term financial performance of a company, and/or its reputation. Investment Managers should engage with companies on these issues where appropriate. Such a policy should ensure the sustainability of a company's earnings, and hence its merits as an investment.

6. The purpose of the Fund is to:
    - Pay out monies in respect of pension benefits, transfer values and the costs of scheme administration and investments; and
    - Receive monies in respect of contributions, transfer values and investment income.

Responsibilities of Key Parties

7. The effective management of the Pension Fund relies on all interested parties fully exercising their duties and responsibilities. The key parties involved are the Administering Authority, the individual employers within the Fund, and the Fund's Actuary.

8. The key responsibilities of the Administering Authority are to:

- Collect all contributions due to the Fund. This includes making sure all employers within the Fund are aware of the requirement under the Pensions Act that all contributions are paid over by the 19th of each month following the month the member was paid, and escalating matters of non-compliance to the Pension Fund Committee. The Administering Authority is also responsible for the collection of final contributions once an employer ceases membership of the Fund.
- Invest all surplus monies within the Fund in accordance with the relevant Regulations, and the Fund's Investment Strategy Statement.
- Ensure there is sufficient cash available to meet all liabilities as they fall due.
- Maintain adequate records for each individual scheme member.
- Pay all benefits and transfer payments in accordance with the Regulations.
- Manage the Valuation process in consultation with the Fund's Actuary, providing all membership and financial information as requested by the Actuary, and managing all necessary communication between the Actuary and the individual Scheme Employers.
- Prepare and maintain all policy documents as required under the Regulations including the Funding Strategy Statement, the Investment Strategy Statement, the Communication Policy, and Governance Compliance Statement, consulting scheme employers and other stakeholders as required.
- Monitor all aspects of the performance of the Fund, and in particular the funding level of the Fund.

9. The key responsibilities of individual employers are to:
    - Correctly deduct contributions from employee pay.
    - Pay all contributions due to the Fund, including both employee and employer contributions, and additional contributions in respect of the hidden costs of early retirements, promptly by their due date.
    - Exercise their discretion in line with the Regulatory Framework, including maintaining policies for early retirement, ill-health retirement, awarding of additional benefits etc.
    - Provide adequate membership records to the Administering Authority as required.
    - Notify the Administering Authority of all changes in membership details.
    - Notify the Administering Authority of all issues which may impact on future funding, or future membership of the scheme at the earliest possible date.

10. The key responsibilities of the Fund Actuary are to:
    - Prepare triennial valuations including setting employer contribution rates, after agreeing assumptions with the Administering Authority and having regard to the Funding Strategy Statement.
    - Prepare advice and calculations in connection with bulk transfers and individual benefit-related matters.

Solvency and Target Funding Levels

11. The Fund must determine the level at which the Fund will be deemed solvent, and should then aim for a target funding level whereby the assets of the Fund, and anticipated future income streams (by way of investment income and contributions) meet this solvency level in respect of the anticipated liabilities of the Fund.

12. The Funding Strategy Statement must set out how solvency and target funding issues will be addressed across different classes of scheme employer, and the timescales against which any deficit recovery plan must be delivered.

13. Solvency Level – The Pension Fund Committee has determined that the solvency level should be set such that the value of current assets, and anticipated income streams is equal to 100% of the anticipated value of future liabilities. Any lower figure cannot be sustained in the longer term, and therefore would introduce an unacceptable level of risk into the management of the Fund and the delivery of the Funds aims.

14. Funding Level – The funding level is the percentage the current assets and future income streams form of the anticipated liabilities at any given time. The Actuary will calculate the current funding level based on a series of financial assumptions to be agreed with the Administering Authority. In particular the Actuary will seek to smooth short term variations in asset values rather than taking the strict market value at the point of valuation.

15. In discounting the value of the liabilities back to the point of the valuation, the Actuary will in general allow for an assumed premium investment return from equity and other higher risk assets held in the Fund. Where the future participation within the Fund is not assured, or at the point a cessation valuation is required, the Administering Authority retains the right to instruct the Actuary to complete a valuation on a low risk basis, such that the future liabilities are discounted by reference to current gilt yields, with no allowance for the premium investment return from higher risk assets. Where an employer is pooled, or where another scheme employer is prepared to underwrite the financial risks, valuations can still be undertaken on an on-going/higher risk basis, even where there is a question about the long term participation of an employer within the Fund.

16. The funding level of individual employers will in general be based on a shared investment experience (i.e. it is assumed that the total assets allocated to each employer have an identical proportion of each asset class), but the individual membership experience of each employer's individual scheme members (i.e. liabilities will reflect the individual retirement decisions of scheme employers/members, patterns of ill-health retirements etc, so that no one employer is required to subsidise the decisions of another – although see pooling arrangements below).

17. Deficit Recovery Plans – Where the triennial valuation identifies the funding level of any given employer has fallen below the target funding level a deficit recovery plan must be agreed. The Committee has agreed that in normal circumstances any deficit recovery plan must aim to restore the funding level to the 100% target within a maximum of 25 years.

18. The Administering Authority retains the right to require a shorter recovery period where it has concerns about the financial standing of the employer, or where it has concerns regarding the level of an employer's participation in the Fund going forward (e.g. significant decline in membership numbers, admission is linked to a short term service contract etc). Individual employers have the right to negotiate a lower recovery period than the standard period if they so wish.

19. In cases of exceptional financial hardship, and where the fall in funding level is seen to have been heavily influenced by short term factors which will not remain in the longer term, the Administering Authority does have the discretion to agree a longer recovery period than the standard 25 years, to maintain a more stable employer contribution rate, and maintain the solvency of the scheme employer. It should be noted that this discretion will not be exercised where the Administering Authority believes the nature of the pressure on the funding level is long term in nature, and the extension of the recovery period is simply going to shift the increase in contribution rates to a later period.

20. The Actuary, in consultation with the Administering Authority may choose to vary the recovery period downwards for any individual employer in order to maintain as near stable contribution rate as possible.

21. The Administering Authority also has the discretion to agree stepping arrangements with individual employers, to enable them to manage an increase in their contribution rate over a number of years. The standard stepping period will be a period of 3 years, but in exceptional circumstances the Administering Authority has the discretion to increase this to 6 years. This again should be seen as a mechanism for maintaining as near stable contribution rates as possible, rather than a means for delaying an inevitable increase in contribution rates, so ensuring the long term solvency of the Fund.

22. The Administering Authority has the discretion to instruct the Actuary to set a contribution rate that recovers the deficit to the target funding level by way of a cash figure, rather than the traditional percentage of pensionable pay. This protects the Fund from the risk of under-recovery where the pensionable pay of the employer falls during the recovery period. Since the 2010 Valuation, the Administering Authority agreed that the deficit payments for all smaller employers, unless grouped or pooled, must be made by way of a cash amount, whilst allowing the larger employers, pools and groups to determine between a cash amount and a percentage of pensionable pay.

23. Grouping/Pooling – Whilst in general the funding level of each individual employer will be based on its own membership experience, it is recognised

that this can create high volatility in an employer's contribution rate, and therefore their financial standing and/or their continued participation in the Fund.

24. Some of the most vulnerable employers within the Fund are the small transferee admission bodies, who have been admitted to the Fund following the successful bid for an outsourcing contract from one of the scheduled scheme employers. Not only are such employers exposed to the risks associated with their size, but because of the fixed term nature of their participation in the Fund (in line with the length of their service contract) they are less able to benefit from the discretions available in managing any subsequent deficit recovery plan.

25. The Administering Authority therefore has the discretion, following consultation with the sponsoring scheme employer, to allow such transferee admission bodies to be grouped with their sponsoring employer. As transferee admission agreements require the sponsoring employer to under-write any future pension costs associated with the transferee admission body, such grouping arrangements involve no greater risk whilst maintaining more stable contribution rates in regards to the delivery of the outsourced service. At the end of any such admission agreement, any cessation valuation can be under-taken on the standard high risk basis, or the assets and liabilities can be retained within the group and the deficit carried forward and allocated as part of the re-tendering of the service.

26. The Fund has also pooled together the smaller scheduled/designated employers, and separately the remaining smaller admitted bodies. Each employer within the pool shares the same membership experience, so for example the costs of a single expensive ill-health retirement are shared across all employers in the pool rather than falling to the employer who employed the scheme member at the point of their retirement.

27. Following a consultation exercise at the beginning of 2013, the Administering Authority determined that all Academy Schools with 50 or less LGPS members should be required to pool as a standalone group. A small Academy School can seek the approval of the Administering Authority to permanently opt out of the pool where the Administering Authority is satisfied there is a suitable financial case, with all future pension liabilities underwritten by the Academy Trust. Any Academy School with over 50 LGPS members has the right to opt to join the pool on a permanent basis.

28. The Administering Authority will also consider applications from individual academy schools under a single Umbrella Trust to operate a single pool for all academies within the Umbrella Trust. (The Administering Authority will treat a Multi-Academy Trust as a single employer and therefore with its own individual employer contribution which applies to all schools within the Trust – subject to total members exceeding 50).

29. If an employer ceases to be a member of the Fund (whether through choice, the ending of a service contract, or the departure of their last active member),

the Administering Authority will instruct the Actuary to carry out a cessation valuation, unless the deficit is held as part of a grouped arrangement for a transferee admission body. As noted above, the cessation valuation will be undertaken on a low risk basis, unless another scheme employer has under-written the financial risk, or the employer is a member of a pool. The Administering Authority will explore payment plan proposals to meet the cessation cost over an agreed period of time, to reduce the risk of non-payment and ensure the Fund maximises the receipt of money due.

30. Where a scheme employer fails to meet the cessation valuation, the cost will fall to the sponsoring employer in the case of a transferee admission body, the other members of the pool for a pooled body, and the Fund as a whole in all other cases. Similarly, where liabilities accrue in respect of scheme members where their former employer is no longer a scheme employer (orphan liabilities), these liabilities will fall to be met by a sponsoring employer, specific pool or Fund as a whole in line with unmet cessation costs.

Links to Investment Policy as set out in the Investment Strategy Statement

31. This Funding Strategy Statement has been prepared in light of the Fund's Investment Strategy Statement (ISS). This document sets out the strategic allocation of the Fund's investments, the restrictions on investment, and the benchmarks against which Fund Management performance will be measured. A target outperformance of 1.0% above these benchmarks has been set for the Fund as a whole (N.B. The Secured Income, Diversified Growth Fund and Infrastructure portfolios do not have a benchmark as such, but target cash plus a given percentage, so do not contribute to the outperformance target).

32. As noted above, the Actuary takes note of the actual investment allocation and the split between high and low risk assets in determining the discount factor to be applied to scheme liabilities. This allocation is in turn determined by the Investment Strategy Statement. As the Fund becomes more mature (i.e. the ratio of pensioners/deferred members to active members increases), the investment approach as set out in the Investment Strategy Statement will move to reduce the overall level of risk. This in turn may worsen the funding level, and require an increase in contribution rates to ensure solvency of the Fund as a whole.

33. The Fund has previously consulted on changing the Funding Strategy Statement to allow multiple investment approaches to reflect the different levels of maturity of individual scheme employers. The consultation identified no real appetite for such a change, nor a current need, and as such, the Fund maintains a single investment strategy for the whole Fund.

Identification of Risks and Counter-Measures

34. The Administering Authority recognises a number of risk areas in the establishment of its funding strategy. These risks fall broadly under the headings of financial, demographic, regulatory and governance.

35. The key financial risks are around the variations to the main financial assumptions used by the actuary in completing their valuation. This includes the financial markets not achieving the expected rate of return, and/or individual Fund Managers failing to meet their performance targets. The main approach to counter this risk is to ensure diversification of the investment portfolio, and the employment of specialist Fund Managers. The Pension Fund Committee with advice from their officers, and their Independent Financial Advisor monitor performance on a quarterly basis.

36. In completing their valuation, the Actuary does provide a sensitivity analysis around the key financial assumptions, including future inflation forecasts. The Actuary also produces a quarterly monitoring report to consider movements in the Funding Level since the last valuation.

37. The demographic risks largely relate to changing retirement patterns and longevity. The Actuary reviews past patterns at each Valuation and adjusts their future forecasts accordingly. Where possible, employers are charged with the cost of retirement decisions made outside the valuation assumptions and in particular, are required to meet the hidden costs of early retirements.

38. The regulatory risks are in respect of changes to the LGPS Regulations themselves, as well as the impact of changes in taxation and national insurance rules, and national pension issues (e.g. the cost cap mechanism). The Administering Authority monitors all consultation documents which impact on the Fund, and responds directly to the Government where appropriate. The Administering Authority will seek advice from the Actuary on the potential impact of regulatory changes.

39. The main governance risks arise through unexpected structural changes in the Fund membership through large scale out-sourcings, redundancy programmes or closure of admission agreements. The main measures to counter such risks are regular communications between the Administering Authority and scheme employers, as well as monitoring of the monthly contribution returns to indicate changing trends in membership.

40. The main governance risks can be mitigated to an extent, by the ability to set shorter recovery periods where there are doubts about an employer's future participation in the Fund, as well as the requirement to pay all deficit contributions by way of a cash figure rather than as a percentage of the pensionable pay bill.

Monitoring and Review

41. The Administering Authority has undertaken to review this Funding Strategy Statement at least once every three years, in advance of the formal valuation of the Fund.

42. The Administering Authority will also monitor key events and consider an interim review of the Funding Strategy Statement where deemed necessary. Such key events include:

- a significant change in market conditions,
- a significant change in Fund membership,
- a significant change in Scheme benefits, and
- a significant change to the circumstances of one or more scheme employers.

June 2019

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Investment Strategy Statement

Introduction

The Pension Fund Committee has drawn up this Investment Strategy Statement (ISS) to comply with the requirements of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 and the accompanying Guidance on Preparing and Maintaining an Investment Strategy Statement. The Authority has consulted its Actuary and Independent Financial Adviser in preparing this statement.

The ISS is subject to periodic review at least every three years and more frequently if there are any developments that impact significantly on the suitability of the ISS currently in place. Investment performance is monitored by the Committee on a quarterly basis and may be used to check whether actual results are in-line with those expected under the ISS.

The Committee will invest any Fund money not immediately required to make payments from the Fund in accordance with the ISS. The ISS should be read in conjunction with the Fund's Funding Strategy Statement.

Governance Overview

Oxfordshire County Council is the designated statutory body responsible for administering the Oxfordshire Pension Fund. The Pension Fund Committee acts on the delegated authority of the Administering Authority and is responsible for setting investment policy, appointing suitable persons to implement that policy and carrying out regular reviews and monitoring of investments.

The Director of Finance has delegated powers for investing the Oxfordshire Pension Fund in accordance with the policies determined by the Pension Fund Committee. The Committee is comprised of nine County Councillors plus two District Council representatives. A beneficiaries' representative attends Committee meetings as a non-voting member.

The Committee meets quarterly and is advised by the Director of Finance and the Fund's Independent Financial Adviser. The Committee members are not trustees, although they have similar responsibilities.

Investment Objectives

The Fund's primary objective is to ensure that over the life of the Fund it has sufficient funds to meet all pension liabilities as they fall due. In seeking to achieve this aim, the investment objectives of the Fund are:

1. to achieve and maintain a 100% funding level;
2. to ensure there are sufficient liquid resources available to meet the Fund's current liabilities and investment commitments;

3. for the overall Fund to outperform the benchmark, set out in the next section, by 1.0% per annum over a rolling three-year period (N.B. The Secured Income, Diversified Growth Fund and Infrastructure portfolios do not have a benchmark as such, but target cash returns plus a given percentage. They do not therefore contribute to the outperformance target).

Asset Allocation

The decision on asset allocation determines the allocation of the Fund's assets between different asset classes. The Committee believes that this is the single most important factor in the determination of the Fund's investment outcomes. In setting the asset allocation the Fund has considered advice from its Independent Financial Adviser and has used long-term cashflow modelling provided by the Fund's Actuary.

Every three years, following the actuarial valuation, there is a fundamental review of how the assets are managed. This review considers the most appropriate asset allocation for the Fund in order to achieve its investment objectives and considers advice from the Fund's Independent Financial Adviser. A balance is sought between risk, return and liquidity. The most recent review was undertaken in March 2017.

Diversification is the Fund's primary tool for managing investment risk. Diversification can improve returns and reduce portfolio volatility by ensuring that investment risk is not concentrated in a particular asset class or investment style and by reducing exposure to losses through poor performance of an individual asset class. In considering asset class correlations it is acknowledged that these vary over time and as such, are not indicators of how assets will behave relative to each other in the future. Taking this into account, the Committee believes that spreading investments over a wide range of asset classes is the most appropriate way to benefit from diversification having considered the factors that may cause values for various asset classes to move in the future.

The Committee has developed the following guidelines to assist in ensuring appropriate diversification is maintained:

1. Exposure to a single security will be limited to 10% of the total portfolio.
2. No single investment shall exceed 35% of the Fund's total portfolio.
3. Not more than 10% of the Fund may be held as a deposit in any single bank, institution or person.

In considering the asset classes used to build the Fund's overall portfolio, consideration has been given to the suitability of those investments given the Fund's investment objectives and advice has been taken from the Fund's Independent Financial Adviser. The fund broadly defines assets as either return-seeking or liability-matching assets and seeks to develop an appropriate balance between these categories. Each asset class should be understood by the Committee, be consistent with the Fund's risk/return objectives, and provide the most effective solution for delivering a target outcome.

The Fund currently constructs its investment portfolio using twelve distinct asset classes. A target allocation and range is set for each asset class as shown in the table below.

Asset Class	Target Allocation (%)	Range (%)
UK Equities	26	24 - 28
Overseas Equities	28	26 – 30
Total Equities	**54**	**50 - 58**
UK Gilts	3	2 – 4
Corporate Bonds	6	4 – 8
Index-Linked Bonds	5	4 – 6
Overseas Bonds	2	1 - 3
Total Bonds	**16**	**14 - 18**
Property	8	6 - 10
Private Equity	9	7 - 11
Multi-Asset	5	4 - 6
Infrastructure	3	2 - 4
Cash	0	0 – 5
Total Other Assets	**25**	19 – 36

Investment Implementation

To implement its asset allocation the Fund has traditional had a range of options available to access the different asset classes, ranging from undertaking investments in-house to using external Fund Managers or selecting externally managed pooled funds. Going forward, other than in exceptional circumstances, the Fund will be required to implement its asset allocation through the Brunel Pension Partnership (see section on pooling below).

Whether in selecting Fund Managers directly, or in overseeing the selection processes of the Brunel Company, the Pension Fund has looked at the most cost-effective way of delivering the required investment outperformance rather than have a narrow focus on cost. Ultimately, it is the investment performance net of costs achieved by the Fund Managers which determines the success of the Fund in meeting its objectives.

When making asset allocation decisions for some asset classes there is a choice available between active and passive management. The Fund believes that active management can provide benefits above passive management in some situations. Active management gives the potential for outperformance relative to the passive benchmark through the selection of holdings expected to outperform the general market and through the use of cash to protect against downside risk. In considering the most appropriate type of mandate the Fund will consider the potential for outperformance, fees and risk. For some investment classes there are not passive investment solutions currently available but the Fund will monitor the market to identify any new products that are developed in the passive arena.

Where directly appointed, the individual managers' performance, current activity and transactions are monitored quarterly by the Pension Fund Committee. Where the portfolios are now managed by the Brunel Company, it is their responsibility to monitor individual Fund Manager performance, with the Pension Fund Committee responsible for monitoring the performance of the Brunel Company, and getting assurance that they are monitoring the underlying Fund Managers appropriately.

The assets are currently managed as set out in the following table.

Directly Appointed Fund Managers			
Asset Class	**Investment Manager**	**Benchmark**	**Annual Target**
Global Equities	Wellington UBS	MSCI All Countries World Index MSCI All Countries World Index	+ 2.0% + 3.0%
Bonds & Index Linked - UK Gilts - Index Linked - Corporate bonds - Overseas bonds	Legal & General	 FTSE A All Gilts Stocks FTSE A Over 5 year IBoxx Sterling Non-Gilts JPMorgan Global Govt (ex UK) traded bond	+ 0.6%
Property	UBS Global Asset Management	IPD UK All Balanced Funds Index	+1.0%
Private Equity - Quoted Inv. Trusts - Limited Partnerships	Director of Finance Adams Street Partners Group	FTSE Smaller Companies (Including Investment Trusts)	+ 1.0%
Diversified Growth Fund	Insight	3 month Libor	+ 3.0 – 5.0%
Cash	Internal	3 month Libor	-

Brunel Managed Portfolios			
Asset Class	**Investment Manager**	**Benchmark**	**Annual Target**
UK Equities	Baillie Gifford, Invesco, Aberdeen Standard Investments	FTSE All-Share	+2.0%
	Legal & General Investment Management	FTSE All-Share	Passive
Developed Market Equities	Legal & General Investment Management	MSCI World Index TR GD	Passive
Infrastructure	Mirova, NTR	Cash	4.5% real terms
Private Equity	Capital Dynamics, Neuberger Berman	TBC	TBC
Secured Income	Aberdeen Standard, M & G	Cash	3% real terms

Target performance is based on minimum 3-year rolling periods

Rebalancing

The primary goal of the rebalancing strategy is to minimize risk relative to a target asset allocation, rather than to maximize returns. Asset allocation is the major determinant of the portfolio's risk-and-return characteristics. Over time, asset classes produce different returns, so the portfolio's asset allocation changes. Therefore, to recapture the portfolio's original risk-and-return characteristics, the portfolio needs to be rebalanced.

The Fund has set ranges for the different assets included in the asset allocation, these are not hard limits but there would need to be a clear rationale for maintaining an allocation outside the ranges for any significant length of time. The fund takes a pragmatic approach to rebalancing and is cognisant that rebalancing latitude is important and can significantly affect the performance of the portfolio. Blind adherence to narrow ranges increases transaction costs without a documented increase in performance. While a rebalancing range that is too wide may cause undesired changes in the asset allocation fundamentally altering its risk/return characteristics.

Rebalancing meetings take place on a quarterly basis where the most recent asset allocation is reviewed against the target allocations and the ranges in place. A number of factors are taken into account in the decision on whether to rebalance which includes, but is not limited to; current and forecast market dynamics, and known future investment activity at the Fund level.

Where a decision is made to undertake rebalancing the Fund aims to use cash to rebalance as far as possible, as this will minimise transaction costs and keep the cash holding closer to target avoiding the need for future transactions with associated costs. The rebalancing action will not necessarily take place immediately after a decision has been made as consideration is given to market opportunities and transaction costs.

Restrictions on Investments

The Regulations have removed the previous restrictions that applied under the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009. These restrictions set limits for types of investment vehicles but not for asset classes. The Committee’s approach to setting its investment strategy and assessing the suitability of different types of investment takes into account the various risks involved and rebalancing is undertaken as described above to ensure asset allocations are kept at appropriate levels. When making investment decisions the suitability of the proposed investment structure is considered to ensure that it is the most efficient in meeting the Fund’s objectives. Therefore, it is not felt necessary to set any additional restrictions on investments.

In accordance with the regulations the Fund is not permitted to invest more than 5% of the total value of all investments of fund money in entities which are connected with the Administering Authority within the meaning of section 212 of the Local Government and Public Involvement in Health Act 2007(d).

Risk

The overall risk for the Fund is that its assets will be insufficient to meet its liabilities. The Funding Strategy Statement, which is drawn up following the triennial actuarial valuation of the Fund, sets out how any deficit in assets compared with liabilities is to be addressed.

Underlying the overall risk, the Fund is exposed to demographic risks, regulatory risks, governance risks and financial risks (including investment risk). The measures taken by the Fund to control these risks are included in the Funding Strategy Statement and are reviewed periodically by the Committee via the Fund’s risk register. Further details on the risk management process and risks faced by the Pension Fund are also included in the Annual Report and Accounts document produced by the Fund. The primary investment risk is that the Fund fails to deliver the returns anticipated in the actuarial valuation over the long term. The Committee anticipates expected market returns on a prudent basis to reduce the risk of underperforming expectations.

It is important to note that the Fund is exposed to external, market driven, fluctuations in asset prices which affect the liabilities (liabilities are estimated with reference to government bond yields) as well as the valuation of the Fund's assets. Holding a proportion of the assets in government bonds helps to mitigate the effect of falling bond yields on the liabilities to a certain extent. Further measures taken to control/mitigate investment risks are set out in more detail below:

Concentration
The Committee manages the risk of exposure to a single asset class by holding different categories of investments (e.g. equities, bonds, property, alternatives and cash) and by holding a diversified portfolio spread by geography, currency, investment style and market sectors. Each asset class is managed within an agreed permitted range to ensure that the Fund does not deviate too far away from the Benchmark, which has been designed to meet the required level of return with an appropriate level of exposure to risk, taking into consideration the level of correlation between the asset classes.

Volatility
The Benchmark contains a high proportion of equities with a commensurate high degree of volatility. The strong covenant of the major employing bodies and the current forecast cashflow position enables the Committee to take a long term perspective and to access the forecast inflation plus returns from equities.

Performance
Directly appointed Investment managers are expected to outperform the individual asset class benchmarks detailed in the overall Strategic Asset Allocation Benchmark. The Committee takes a long term approach to the evaluation of investment performance but will take steps to address persistent underperformance. Investment managers are required to implement appropriate risk management measures and to operate in such a way that the possibility of undershooting the performance target is kept within acceptable limits. The Fund Managers report on portfolio risk each quarter and are required to provide internal control reports to the Fund for review on an annual basis. Similar arrangements are in place at the Brunel Company for Investment Managers they appoint. A proportion of assets are invested passively to reduce the risks from manager underperformance.

Illiquidity
Close attention is paid to the Fund's projected cash flows; the Fund is currently cash flow positive, in that annually there is an excess of cash paid into the Fund from contributions and investment income after pension benefits are paid out. The Fund expects to be cash flow positive for the short to medium term. Despite the significant proportion of illiquid investments in the Fund, a large proportion of the assets are held in liquid assets and can be realised quickly, in normal circumstances, in order for the Fund to pay its immediate liabilities.

Currency
The Fund's liabilities are denominated in sterling which means that investing in overseas assets exposes the Fund to a degree of currency risk. The Committee regards the currency exposure associated with investing in overseas equities as part

of the return on the overseas equities; the currency exposure on overseas bonds is hedged back to sterling.

Custody
The risk of losing economic rights to the Fund's assets is managed by the use of a global custodian for custody of the assets. Custodian services are provided by State Street. In accordance with normal practice, the Scheme's share certificates are registered in the name of the custodian's own nominee company with designation for the Scheme. Officers receive and review internal control reports produced by the custodian. The custodian regularly reconciles their records with the investment manager records, providing a regular report to officers which they in turn review.

Stock Lending
The Council allows the Custodian to lend stock and share the proceeds with the Council. This is done to generate income for the Fund and to minimise the cost of custody. To minimise risk of loss the counterparty is required to provide suitable collateral to the Custodian. The levels of collateral and the list of eligible counterparties have been agreed by the Fund. The Committee will ensure that robust controls are in place to protect the security of the Fund's assets before entering into any stock lending arrangements.

Pooling

The Oxfordshire Pension Fund is working with nine other administering authorities to pool investment assets through the Brunel Pension Partnership Ltd. (BPP Ltd).

The Oxfordshire Pension Fund, through the Pension Committee, will retain the responsibility for setting the detailed Strategic Asset Allocation for the Fund and allocating investment assets to the portfolios provided by BPP Ltd.

The Brunel Pension Partnership Ltd was established in 2017 and became operational in 2018 after receiving authorisation from the Financial Conduct Authority (FCA) to act as the operator of an unregulated Collective Investment Scheme. It is owned jointly by the 10 Administering Authorities. It is responsible for implementing the detailed Strategic Asset Allocations of the participating funds by investing Funds' assets within defined outcome focused investment portfolios. In particular it will research and select the Fund Managers needed to meet the requirements of the detailed Strategic Asset Allocations. The Oxfordshire Pension Fund will be a client of BPP Ltd and as a client will have the right to expect certain standards and quality of service. A detailed service agreement has been agreed which sets out the duties and responsibilities of BPP Ltd, and the rights of the Oxfordshire Pension Fund as a client. It includes a duty of care of BPP to act in its clients' interests.

An Oversight Board has been established, which comprises of representatives from each of the Administering Authorities. It was set up by them according to an agreed constitution and terms of reference. Acting for the Administering Authorities, it will have ultimate responsibility for ensuring that BPP Ltd delivers the services required to achieve investment pooling. It will therefore have a monitoring and oversight function. Subject to its terms of reference it will be able to consider relevant matters on behalf of the Administering Authorities, but will not have delegated powers to take decisions requiring shareholder approval. These will be remitted back to each Administering Authority individually.

The Oversight Board is supported by the Client Group, comprised primarily of pension investment officers drawn from each of the Administering Authorities but will also draw on Administering Authorities finance and legal officers from time to time. It will have a primary role in reviewing the implementation of pooling by BPP Ltd, and provide a forum for discussing technical and practical matters, confirming priorities, and resolving differences. It will be responsible for providing practical support to enable the Oversight Board to fulfil its monitoring and oversight function.

The proposed arrangements for asset pooling for the Brunel pool have been formulated to meet the requirements of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 and Government guidance.

Oxfordshire County Council approved the full business case for the Brunel Pension Partnership. Currently investment assets are being transitioned across from the Oxfordshire Pension Fund's existing investment managers to the portfolios managed by BPP Ltd with the final transition due by August 2020 in accordance with a timetable agreed by all parties. Until transitions take place, the Oxfordshire Pension Fund will continue to maintain the relationship with its current investment managers and oversee their investment performance, working in partnership with BPP Ltd. where appropriate.

Following the completion of the transition plan outlined above, it is envisaged that all of the Oxfordshire Pension Fund's assets will be invested through BPP Ltd. However, the Fund has certain commitments to long term illiquid investment funds which will take longer to transition across to the new portfolios to be set up by BPP Ltd. These assets will be managed in partnership with BPP Ltd. until such time as they are liquidated, and capital is returned.

ESG Policy

The Committee recognises that environmental, social and corporate governance (ESG) issues, including climate change, can have materially significant investment implications. The Fund therefore seeks to be a responsible investor and to consider ESG risks as part of the investment process across all investments. The objective of responsible investment is to decrease investor risk and improve risk-adjusted returns. Responsible investment principles are at the foundation of the Fund's approach to stewardship and underpin the Fund's fulfilment of its fiduciary duty to scheme beneficiaries.

The Committee's principal concern is to invest in the best financial interests of the Fund's employing bodies and beneficiaries. Its Investment Managers are given performance objectives accordingly. The Council requires its Investment Managers to monitor and assess the environmental, social and governance considerations, which may impact on financial performance when selecting and retaining investments, and to engage with companies on these issues where appropriate. The

Council believes that the operation of such a policy will ensure the sustainability of a company's earnings and hence its merits as an investment.

The directly appointed Investment Managers report at quarterly intervals on the selection, retention and realisation of investments on the Council's behalf and on any engagement activities undertaken. These Reports/Review Meetings provide an opportunity for the Council to influence the Investment Manager's choice of investments and to review/challenge their stewardship activities but the Council is careful to preserve the Investment Manager's autonomy in pursuit of their given performance. Brunel will provide a quarterly report covering ESG scores and commentary for those portfolios they manage directly.

Just because concerns have been registered about a company's performance on ESG issues, doesn't mean our fund managers will be instructed not to invest in that company. It is then through active ownership we aim to drive change. Where engagement is not seen to be resulting in sufficient progress, and so the risk associated with a holding is increasing or not reducing sufficiently, the Fund will consider divesting.

As a passive investor, the Fund accepts that it will hold companies of varying ESG quality due to the requirement to hold all securities in the target index. The committee believes that passive investing offers a number of benefits that need to be weighed against this and requires passive managers to demonstrate effective engagement, as is the case for active managers. It is important to note that ownership of a security in a company does not signify that the Oxfordshire Pension Fund approves of all of the company's practices or its products

The Committee is open to investing in Social Investments; investments where social impact is delivered alongside financial return. The Committee further believes that the goal of social impact is inherently compatible with generating sustainable financial returns by meeting societal needs. The Fund has made investments in this area and will continue to review whether further opportunities are available that offer an appropriate risk/return profile. Stakeholders' views are taken into account through the representation of different parties on the Pension Fund Committee, which includes a beneficiaries' representative, and the Local Pension Board, which consists of equal numbers of employer and member representatives.

The Fund will not use pension policies to pursue boycotts, divestment and sanctions against foreign nations and UK defence industries, other than where formal legal sanctions, embargoes and restrictions have been put in place by the Government.

One of the principal benefits, outlined in the Brunel Pension Partnership business case, achieved through the enhanced scale and resources as a result of pooling is the improved implementation of responsible investment and stewardship. Once established and fully operational the Brunel Company will deliver best practice standards in responsible investment and stewardship as outlined in the BPP Investment Principles.

Every portfolio under the Brunel Pension Partnership explicitly includes responsible investment and an assessment of how social, environment and corporate governance considerations may present financial risks to the delivery of the portfolio objectives. These considerations will therefore be taken into account in the selection, non-selection, retention and realisation of assets. The approach undertaken will vary in order to be the most effective in mitigating risks and enhancing investor value in relation to each portfolio and its objectives.

Policy on Exercise of Rights

As an investor with a very long-term investment horizon and expected life, the success of the Oxfordshire Pension Fund is linked to long term global economic growth and prosperity. Actions and activities that detract from the likelihood and potential of global growth are not in the long-term interests of the Fund. Since the Fund is a long-term investor, short-term gains at the expense of long-term gains are not in the best interest of the Fund. Sustainable returns over long periods are in the economic interest of the Fund.

The Fund recognises that encouraging the highest standards of corporate governance and promoting corporate responsibility by investee companies protects the financial interests of pension fund members over the long term. Stewardship activities include monitoring and engaging with companies on matters such as strategy, performance, risk, capital structure and corporate governance, including culture and remuneration.

The Fund's commitment to actively exercising the ownership rights attached to its investments reflects the Fund's conviction that responsible asset owners should maintain oversight of the way in which the enterprises they invest in are managed and how their activities impact upon customers, clients, employees, stakeholders, and wider society.

The routes for exercising ownership influence vary across asset types and a range of activities are undertaken on the Fund's behalf by Fund Managers including engagement with senior management of companies, voting of shares, direct representation on company boards, presence on investor & advisory committees and participation in partnerships and collaborations with other investors. Where the Pension Fund invests in pooled vehicles it will seek to gain representation on investor committees if considered appropriate.

In practice the Fund’s Investment Managers are delegated authority to exercise voting rights in respect of the Council’s holdings. Voting decisions are fully delegated to fund managers, while recognising that the Fund maintains ultimate responsibility for ensuring that voting is undertaken in the best interests of the Fund.

The Fund will exercise its voting rights in all markets and its investment managers are required to vote at all company meetings where practicable. Market conventions in some countries may mean voting shares is not in the best interests of the Fund, for example where share-blocking is in operation.

The Fund has appointed an external company to monitor the Fund’s proxy voting at the whole fund level. The Fund receives reports detailing where votes cast by Fund Managers differ to the template vote recommended by the provider. The monitoring service also includes the production of an annual report for the Fund summarising and analysing the voting activity for the Fund including at Fund Manager level. These reports are used to inform the Fund and to enable discussion with Fund Managers where appropriate.

Our approach to Stewardship, including the exercising of rights attached to investments is outlined above and is consistent with the requirements of the UK Stewardship Code.

Similarly, Brunel has developed a Stewardship Policy consistent with the requirements of the UK Stewardship Code and publishes an annual report covering their voting practices and their engagement work. Brunel has entered partnerships with a number of other like-minded investors to strengthen their voice in all stewardship activities.

June 2019

BRUNEL
Pension Partnership

Addressing Climate Change Position Statement

Brunel Pension Partnership Limited (Brunel) believes climate change poses significant risks to global financial stability and could thereby create climate-related financial risks to our own business operations, portfolios and client partner funds, unless action is taken to mitigate these risks.

The purpose of the position statement is to present the steps already taken by Brunel to address risks and opportunities arising from climate change and to articulate our approach in developing a full Climate Change Policy, for publication by end of 2019.

Brunel was formed in July 2017 and will manage the investment of the pension assets (around £30bn/$40bn) of ten Local Government Pension Scheme funds in the UK. We use the name 'Brunel' to refer to the FCA-authorised and regulated company.

Client partner funds (as administering authorities) retain responsibility for Strategic Asset Allocation (SAA) and setting their investment strategies.

Brunel is set up with a wide range of portfolios, which allows clients flexibility to decide their SAA and reflect market developments. We offer a suite of portfolios specifically selected to provide a reasonable level of consolidation, while at the same time giving our clients the freedom to choose how they allocate their assets.

Brunel's investment team takes a long-term view on investment decisions. This view is aligned to our clients' liability profiles and investment objectives. As such, environmental and social risk considerations, along with good governance and stewardship, are integrated into our decision-making processes.

Investment Principles

Brunel aims to deliver stronger investment returns over the long term, protecting our clients' interests through contributing to a more sustainable and resilient financial system, which supports sustainable economic growth and a thriving society.

The Brunel Pension Partnership Investment Principles clearly articulate the commitment of each Fund in the Partnership and the pool company Brunel Pension Partnership Ltd to be responsible investors. As such, the Partnership recognises that social, environment and corporate governance (ESG) considerations, including climate change, are part of the processes in the selection, non-selection, retention and realisation of assets.

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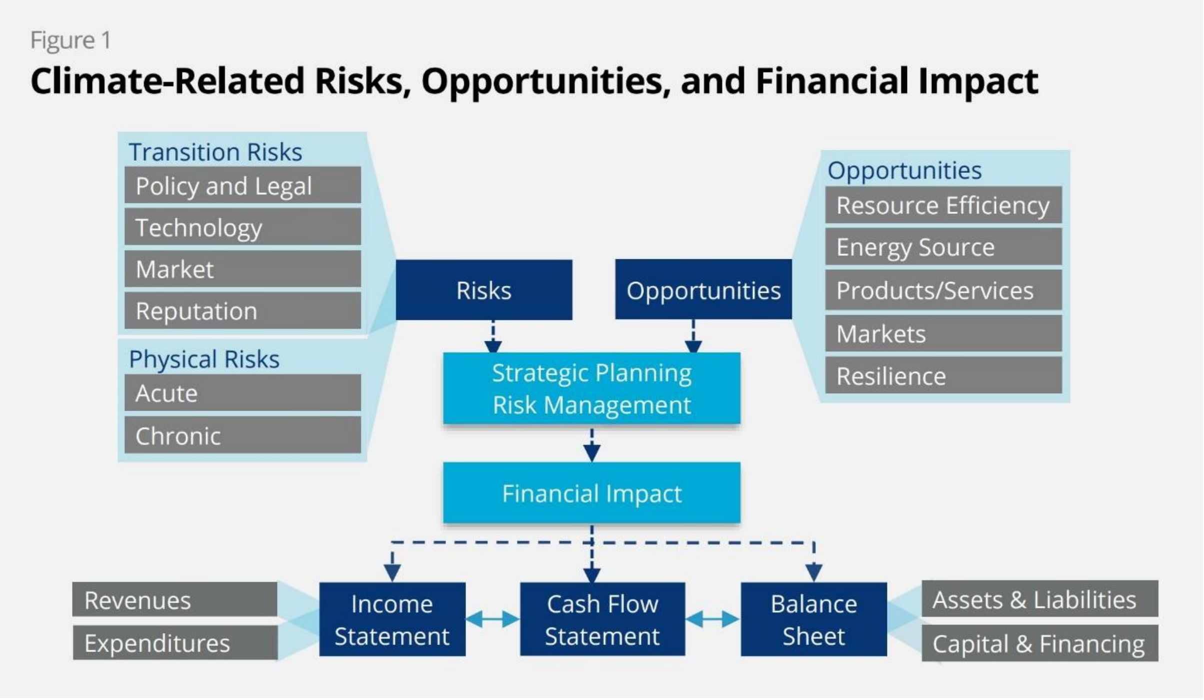
To integrate

Our framework for assessing the impacts of climate change encompasses **adaptation** and **physical risks** (the risks posed by the consequences of climatic change) as well as those risks and opportunities arising from the **transition to a low carbon economy** (risks from addressing the root causes of climate change).

Climate-related risks and opportunities



Reproduced with permission from the TCFD Final Report, Figure 1, page 8, 2017.

As with our approach to responsible investment (RI) more broadly, we recognise that climate change will have impacts across our portfolios and is fully embedded into our manager selection process. **100% of our portfolios, across all asset classes, are carbon and climate aware.** This means we look to all our asset managers to identify and manage climate-related financial risks as part of the day-to-day fund management. The way those risks and opportunities present themselves varies, particularly in evaluating what a portfolio aligned to the Paris Agreement looks like.

We have already taken steps to address climate risk and opportunities in our governance, strategy, portfolio construction and monitoring but recognise there are gaps, particularly in asset classes where data is not widely available or where tools are still being developed.

Brunel does not consider a top-down approach to disinvestment to be an appropriate strategy for its clients. By integrating climate change into our risk management process, using carbon footprinting, assessing fossil fuel exposure and challenging managers on physical risks, we seek to reduce unrewarded climate and carbon risk. This results in

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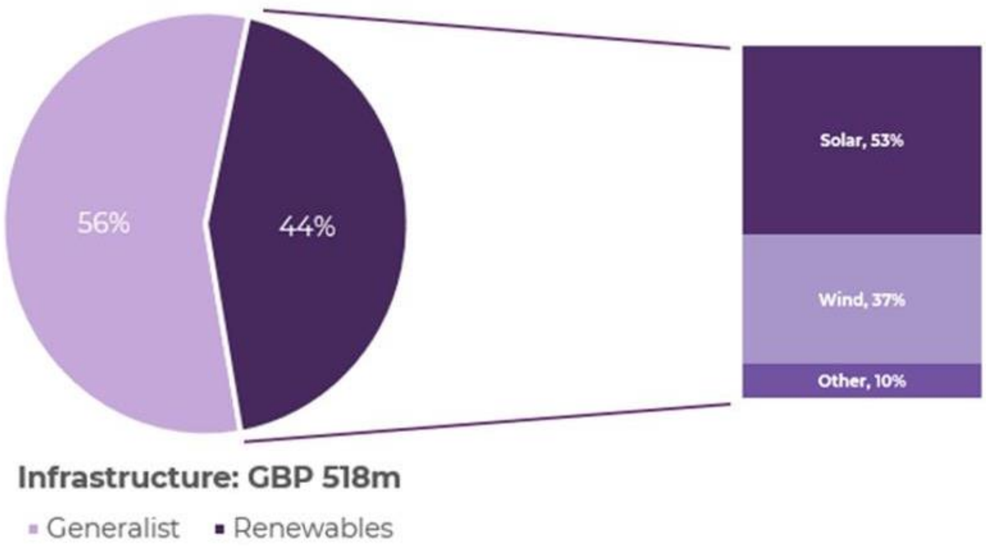
selective disinvestment based on investment risk, supporting our commitment to **decarbonising our listed portfolios**.

Decarbonisation is achieved by being selective in the allocation of capital, particularly to carbon intense companies. This process is informed by using the tools identified above in combination with industry and corporate engagement. For example, engagement with electric utility companies about their future strategy on energy sources informs the investment decisions relating to those companies and indeed the relative attractiveness of the sector over time. We are committed to being transparent about the carbon intensity of Brunel Portfolios through the publication of annual carbon footprints and fossil fuel exposure, alongside the development of other carbon metrics.

Climate risks are thoroughly embedded into our fund selection and due diligence process for our private markets' portfolios. We use tools such as the Global Real Estate Sustainability Benchmark to assist in monitoring real estate managers. Sustainable and clean technologies are core themes of our infrastructure investment (see charts below) and are one way that Brunel is providing clients with access to positive climate impact investment opportunities.

Brunel Infrastructure Portfolio



Brunel private markets strategy is to commit 35% of the Infrastructure portfolio to renewable energy funds. Given that some clients have expressed a desire to commit a larger portion, the effective allocation to renewables is c44% of the total commitments. The chart is based on expected technology mix within renewables funds that Brunel has committed to as at April 2019.

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We are currently rolling out explicit **integration of climate risk assessment into the roles and responsibilities** of our Board, executives and other key personnel. This will form part of our implementation of our Senior Managers and Certification Regime (SM&CR).

A core component of our approach is active engagement with underlying companies through our asset managers, engagement and voting specialist, and collaborative forums with other investors. Brunel will undertake some direct engagement, but this is expected to be limited during the transition of assets to Brunel. Our specialist engagement provider tracks and reports their engagement activity each quarter. We are establishing wider tracking and reporting to provide more comprehensive coverage.

To collaborate

Collaboration is core to how Brunel looks to deliver its approach. We are members of the **Institutional Investors Group on Climate Change (IIGCC)**, **Climate Action 100+**, Principles for Responsible Investment (**PRI)** and the **Transition Pathway Initiative (TPI),** amongst others. These partnerships contribute to our ability to:

- Identify strategies, tools and techniques to identify and evaluate climate-related financial risks across asset classes
- Engage with policy makers globally
- Integrate best practice guidance into investment decision-making
- Provide expertise and advice to our clients on how climate risk could impact their investment strategies and individual portfolios.
- Identify what actions the underlying companies have disclosed they have undertaken
- Recognise how the company is positioned in relation to policy commitments, such as 2 Degrees and National Determined Contributions (future pathways)
- Collaborate in a forum to engage with the companies
- Collaborate in a forum to exercise voting rights in an effective manner

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To be transparent

The **Transition Pathway Initiative (TPI)** distils the disclosures made by the most carbon intense companies. Transparency is central to our ability to evaluate companies' approaches to managing the low carbon transition risks. We use this framework to prioritise engagement activities and inform our voting policy (see Stewardship policy extract below).

Brunel advocates strongly for improved transparency and will disclose in line with the recommendations of the **Task Force on Climate-related Financial Disclosure (TCFD).** Our tender process includes asking about capacity and intention to report in line with the Task Force on Climate-related Financial Disclosures (TCFD) requirements. We published our first TCFD report in our **2018 Annual Report and Financial Statements.**

We require all listed equity asset managers to undertake their own fossil fuel exposure and carbon footprinting. **We currently undertake carbon footprints and fossil fuel exposure for each listed equity portfolio and will publish aggregated carbon metrics in our Annual Responsible Investment and Stewardship Report**. We are developing capability to provide client-specific carbon footprints and fossil fuel exposure and are working toward carbon positive metrics e.g. green revenues.

We are looking to develop a range of disclosures to demonstrate that we are delivering on our commitments. These will support client beneficiary and stakeholder communication.

Stewardship Policy Extract

Climate Change

We expect companies to effectively identify and manage the financial material physical, adaptation and mitigation risks and opportunities arising from climate change as it relates to entire business model.

We expect each company to put in place specific policies and actions, both in its own operations and across its supply chain, to mitigate the risks of transition to a low carbon economy and to contribute to limiting climate change to below 2°C. We expect disclosure of climate-related risks and actions to mitigate these in line with latest best practice guidelines, such as those of the Financial Stability Board's Taskforce on Climate-related Financial Disclosures (TCFD). This should include an assessment and scenario analysis of possible future climate change risks in addition to those that have already emerged. Companies will be measured against the Transition Pathway Initiative (TPI).

We engage actively on the identification and management of physical and adaption risks, with a focus on specific companies/ sectors who are most financially exposed. We will use our vote to reinforce this engagement.

We will vote against the re-election of the company chair where a company has not at least reached Level 2 of the TPI framework.

We may use our vote to reinforce engagement with specific companies in relation to climate disclosure with reference to TCFD.

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Moving forward

We are participating in projects with the **Institutional Investors Group on Climate Change (IIGCC),** which will enable us to progress the practical implications of integrating climate risk assessment across asset classes and evaluate what a 'Paris Aligned' portfolio looks like. In other words, it will identify what portfolio changes would need to happen to align with those goals, but in the context of other financial risks. We plan to develop scenario analysis that will help us identify portfolio impacts from other less optimistic climate change scenarios. This will also support the development of carbon and climate change-related metrics.

We will also be conducting internal analysis to inform a risk-based decarbonisation strategy for listed markets with measurable objectives and targets.

We will have completed our roll out of explicit integration of climate risk assessments into the roles and responsibilities of our Board, executives and other key personnel.

We plan to publish our Climate Change Policy by December 2019.

Getting in touch

If you have any questions or comments about this policy, please email Faith Ward, Chief Responsible Investment Officer at RI.Brunel@brunelpp.org.

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Oxfordshire Pension Fund

Governance Policy Statement

Introduction

1. This is the Governance Policy Statement of the Oxfordshire Local Government Pension Scheme (LGPS) Pension Fund, as required under Section 55 of the Local Government Pension Scheme Regulations 2013.

2. As required by the Regulations, the Statement covers:

   - Whether the Administering Authority delegates its functions in relation to maintaining a pension fund to a committee, sub-committee or officer of the Authority;
   - The frequency of any committee/sub-committee meetings;
   - The terms of reference, structure and operational procedures in relation to the use of the delegated powers; and
   - Whether the Committee includes representatives of scheme employers, and scheme members, and if so, whether they have voting rights.

Governance of the Oxfordshire Pension Fund

3. Under the Government requirements for a Cabinet structure in local government, the management of the pension fund is seen as a non-executive function i.e. the Cabinet or equivalent body should not carry it out.

4. Oxfordshire County Council, acting as Administering Authority for the Fund, has determined to delegate all functions relating to the maintenance of a pension fund to the Pension Fund Committee.

Oxfordshire Pension Fund Committee – Terms of Reference

5. Under the terms of the County Council's constitution, the terms of reference for the Pension Fund Committee are:

- The functions relating to local government pensions etc specified in Paragraph 1 in Schedule H of Schedule 1 to the Functions Regulations, together with functions under Section 21 of the Oxfordshire Act 1985 (division of county superannuation fund).
- The functions under the Fireman's Pension Scheme specified in Paragraph 2 in Section H of Schedule 1 to the Functions Regulations.

6. A more detailed interpretation of these terms of reference includes the following:

a) respond as appropriate to the Government on all proposed changes to the Local Government Pension Scheme
b) regularly review and approve the asset allocation for the pension fund's investment
c) approve and maintain the fund's Investment Strategy Statement
d) approve and maintain the fund's Funding Strategy Statement
e) approve and maintain the fund's Governance Policy Statement
f) approve and maintain the fund's Communications Policy Statement
g) review the performance of the fund,
h) appoint an actuary, and independent financial advisor(s), for the fund
i) approve an annual report and statement of accounts for the fund
j) approve an annual budget and business plan for the investment and administration of the fund
k) consider, and if appropriate, approve applications of employers to become admitted bodies to the fund
l) consider all other relevant matters to the investment and administration of the fund.

Membership of the Committee

7. The Committee's members shall be appointed by full Council and shall comprise

- 9 County Councillors
- 2 Representatives of the City and District Councils of Oxfordshire.

These 11 members of the Committee shall have full voting rights. The County Councillors will be appointed such that the majority party on the Council has a majority of seats on the Committee before taking into account the political party of the City/District representatives.

8. All members appointed to the Committee shall participate in a training programme to ensure that the Committee as a whole has the appropriate skills and knowledge to fully undertake its statutory responsibilities. No substitute members can sit on the Committee in the event of the absence of one of the duly appointed Committee members.

9. The beneficiaries of the Fund will also have the right to be represented by an observer to the Committee. As employees of the County Council are prohibited from having voting rights on Council Committees, and as active employees of the County Council are the single largest group of stakeholders within the Fund, providing voting rights to the Observer could prejudice the appointment against the largest stakeholder group. Therefore the Observer will not have any voting rights, but has the right to speak on any issue, subject to the approval of the Chairman of the Committee. The Beneficiaries Observer will be appointed through the appropriate trade union(s).

Operational Procedures

10. The Committee will operate under the terms of conduct set out for all Committees of the County Council. The Committee will meet quarterly, with formal agendas published in advance according to the requirements on all County Council Committees. The Committee will meet in public, unless required to go into exempt session in accordance with Part 1 of Schedule 12A of the Local Government Act 1972.

11. At each meeting, the Committee will receive reports on the investment performance of the Fund. The Brunel Company will be invited to attend meetings as appropriate, and answer questions from the Committee on the performance of the various portfolios relative to their specifications, and on the underlying performance of the Fund Managers.

12. Each meeting of the Committee will be attended by the appointed independent financial advisor(s) who will provide advice on all investment matters. This advice will include drawing to the committee's

attention, all appropriate matters associated with the performance of the Brunel company.

13. Any member of the public has the right to seek to address the Committee by making a formal request in advance of the meeting.

14. The Committee will consult formally with all employers on issues where it has a statutory duty to do so, before it undertakes the responsibilities set out above. This includes the formal consultation with all employers before agreeing the Investment Strategy Statement, and the Funding Strategy Statement, and any significant subsequent changes.

Local Pension Board

15. Under the Local Government Pension Scheme (Amendment) (Governance) Regulations 2015, the Committee have established a Local Pension Board. The role of the Board is to assist the Pension Committee (in its role as Scheme Manager), to secure compliance with the Regulations and all associated legislation, and to ensure the efficient and effective governance and administration of the scheme.

16. The Board has been established with 3 employer representatives, 3 scheme member representatives and a non-voting independent chairman.

17. The Board will meet on a quarterly basis, or more frequently as required. The full constitution of the Board is available on the Pension Fund's website.

Informal Governance Arrangements

18. As well as the formal governance arrangements as set out above, the Pension Fund Committee will hold an Annual Forum to which all scheme employers are invited. This Forum will cover a review of investment performance, as well as any other items relevant at that time.

19. The Committee will also hold ad hoc communication and consultation meetings to which all employers will be invited, and issue ad hoc communication and consultation documents to all employers, where it is deemed appropriate to obtain the views of all employers, before undertaking the responsibilities as set out above.

June 2019

Oxfordshire Pension Fund

Governance Compliance Statement

Principle A – Structure

a.	The management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing council.	Compliant
b.	That representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee.	Compliant
c.	That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.	Not Applicable
d.	That where a secondary committee or panel has been established, at least one seat on the main committee is allocated for a member from the secondary committee or panel.	Not Applicable

Please use this space to explain reasons for non-compliance

Please use this space if you wish to add anything to explain or expand on the ratings given above: Oxfordshire County Council acting as Administering Authority has determined to delegate all functions relating to the management of the Pension Fund to the Pension Fund Committee.

Principle B – Representation

a.	That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include: • Employing authorities (including non-scheme employers e.g. admitted bodies) • Scheme members (including deferred and pensioner scheme members) • Where appropriate, Independent professional observers, and • Expert advisors (on an ad hoc basis)	Partly compliant
b.	That where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers and meetings, training and are given full opportunity to contribute to the decision making process, with or without voting rights.	Compliant

Please use this space to explain reasons for non-compliance The Pension Fund Committee contains representatives of the County Council (9 Members) and the 5 City and District Councils (2 Members). The Committee is also attended by a Beneficiaries Observer, appointed by the Unions to represent all scheme members (including deferred and pensioners). The Committee though does not include any representation from other key stakeholders, including Brookes University, the colleges, the Housing Associations, the small scheduled bodies and small admitted bodies, and the Academy schools. It has been determined that given the decision to manage all functions through a single Committee, increasing representation to cover these other key stakeholder groups would make the Committee unworkable. These stakeholders are afforded the opportunity to contribute to significant decisions through consultation exercises, and the annual Forum for all employers.

Please use this space if you wish to add anything to explain or expand on the ratings given above:

Principle C – Selection and Role of Lay Members

a.	That committee or panel members are made fully aware of the status role and function they are required to perform on either a main or secondary committee.	Compliant
b.	That at the start of any meeting, Committee members are invited to declare any financial or pecuniary interest related to specific matters on the agenda.	Compliant

Please use this space to explain reasons for non-compliance

Please use this space if you wish to add anything to explain or expand on the ratings given above:

Principle D – Voting

a.	The policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.	Compliant

Please use this space to explain reasons for non-compliance

Please use this space if you wish to add anything to explain or expand on the ratings given above: Voting rights have been extended to the two District Council representatives on the Pension Fund Committee. As current employees of the County Council cannot have voting rights on a Council Committee, and as this group forms the largest single stakeholder group within the Fund, it has been determined that the Beneficiaries Observer does not have voting rights, to avoid any perverse incentive to appointing a current employee of the County Council to the position. This decision is clearly stated in the Fund's Governance Policy.

Principle E – Training/Facility Time/Expenses

a.	That in relation to the way in which statutory and	Compliant

	related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision making process.	
b.	That where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form of secondary forum.	Compliant
c.	That the Administering Authority considers the adoption of annual training plans for Committee members and maintains a log of all such training undertaken.	Partly Compliant

Please use this space to explain reasons for non-compliance

The Committee considers each year the allocation to be provided as part of the annual budget to be spent on Committee member training, but it does not adopt a specific training programme.

Please use this space if you wish to add anything to explain or expand on the ratings given above:

The Committee approve a training budget each year as a specific part of the business planning purpose. Training sessions are arranged to take place before all Committee meetings. External training courses are brought to the attention of Committee members. Training is provided free of charge, with all legitimate expenses reimbursed.

Principle F – Meetings (frequency/quorum)

a.	That an administering authority's main committee or committee meet at least quarterly	Compliant
b.	That an administering authority's secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committee sits.	Non Applicable
c.	That administering authorities who do not include lay members in their formal governance arrangements, provide a forum outside of those arrangements by which the interests of key stakeholders can be represented.	Compliant

Please use this space to explain reasons for non-compliance

Please use this space if you wish to add anything to explain or expand on the ratings given above: In addition to the quarterly meetings of the main Pension Fund Committee, the Fund arranges an annual Pension Fund Forum, attended by Committee Members, to which all employers are invited.

Principle G – Access

a.	That subject to any rules in the council's constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee.	Compliant

Please use this space to explain reasons for non-compliance

Please use this space if you wish to add anything to explain or expand on the ratings given above: All information on which decisions at the main Committee are based is equally available to all Members. Under the Council's Constitution, the Chairman, Deputy Chairman and Opposition Spokesperson are invited to a briefing meeting in advance of each Committee meeting, and as such receive a briefing not available to other members, including representatives of the third political party.

Principle H – Scope

a.	That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.	Compliant

Please use this space to explain reasons for non-compliance

Please use this space if you wish to add anything to explain or expand on the ratings given above: The Pension Fund Committee is responsible for all aspects of managing the pension fund, and receives reports on both investment and scheme administration issues. The terms of reference include the wide power to consider all relevant investment and administration issues.

Principle I – Publicity

a.	That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed can express an interest in wanting to be part of those arrangements.	Compliant

Please use this space to explain reasons for non-compliance

Please use this space if you wish to add anything to explain or expand on the ratings given above:

Oxfordshire
Pension Fund
www.oxfordshire.gov.uk/pensions

Oxfordshire Pension Fund

Communication Policy Statement

Version: May 2019

Introduction

1. This is the Communication Policy Statement of the Oxfordshire Local Government Pension Scheme Pension Fund ('the Fund'), established within the 1995 Regulations and now prepared under Regulation 61 of the Local Government Pension Scheme Regulations 2013 ('the regulations').

Purpose

2. This policy sets out the Oxfordshire Pension Fund's strategy for its communications with members and Scheme Employers.

3. The policy applies, in the context of LGPS administration, to members as defined in Schedule 1 of the principal regulations and, in turn, by section 124(1) of the Pensions Act 1995 to include:

    - Active members
    - Deferred members, and
    - Pensioner members
    - Pensioner credit members

4. Scheme Employers, as defined within the regulations, including Teckal companies:

    - Statutory Scheduled Bodies such as the County and District Councils, Colleges of Further Education and Oxford Brookes University; Academies
    - Designating Bodies, including the Town and Parish Councils
    - Admission Bodies, where the Pension Fund Committee have granted scheme admission within the terms of Part 3 Schedule 2 of the Regulations

5. The regulations require the policy statement is prepared, written and published, and for these purposes publish means being accessible on the publically available pensions website.

Aim

6. To assist all individual employers to fulfil their statutory role in the Oxfordshire Fund by providing regular current information and access to alternative resources

7. To ensure that members have access to scheme information, notice about proposed and actual changes and are aware of the process to lodge questions and appeals.

8. To enable the Scheme Manager / Administering Authority to discharge their respective responsibilities in accordance with the Local Government Pension Scheme Regulations 2013 (as amended); The Occupational and Personal Pension Schemes (Disclosure of Information Regulations 2013 (as amended) and The Pension Regulator Guidance.

Communication Policy

9. The development and introduction of the 2013 scheme was supported nationally by websites and guidance for both employers and scheme members. Our Fund communications will continue to reference these national resources as well as material provided by the Fund's advisors.

10. Local communications, intended audience, publication media and frequency are explained in the annex to this policy, which should be read in conjunction with the Administration Strategy.

11. The continuing encouragement to use the national resources will avoid duplication. Oxfordshire Pension Fund supports those national developments financially and by active engagement with the working group, which concentrates on member communications. The Fund will continue to support collaboration and development of communication media with other administering authorities.

12. The Fund maintains a website which provides access to member guides, forms and information. The Fund requests that employers provide a copy of the member Brief Guide or the link to the website to all new employees on commencing employment, helping to ensure that scheme information is available within disclosure timetable to members and those eligible to join.

13. The Fund maintains a dedicated area of the website to provide resources and information for employers.

14. Member Self Service (My Oxfordshire Pension) using a secure online web portal hosted by Aquila Heywood, is available for the whole membership. Registered members can a) look at generic scheme information b) view personal correspondence such as letters and annual benefit statements and c) keep their personal details up to date.

15. The team focus is now integrating My Oxfordshire Pension with standard work processes. Increasing take up across all membership groups is a continuous project

16. The Fund has not created a profile on any social media such as Twitter or Facebook; no requests for such access have been received and there is currently no perceived benefit for these to be created.

Review of the Policy

17. We will undertake annual reviews of the Communications Policy considering feedback invited at meetings, training and monthly newsletters.

Annex A

Fund Publications

	Available to:	Media	Frequency
Pension Fund Report & Accounts	Scheme employers Pension Fund Committee MHCLG Scheme members	Website Paper on request Email 'My Oxfordshire Pension'	Annual
Annual Benefit Statement	Scheme members	Paper on request 'My Oxfordshire Pension'	Annual
Newsletter – Members	Active Scheme members,	Website Paper on request Email (assisted by employers) 'My Oxfordshire Pension'	Quarterly
	Deferred	Website Paper on request 'My Oxfordshire Pension'	Annual
	Pensioner members	Website Paper on request 'My Oxfordshire Pension'	Annual to tie in with pensions increase notification
Newsletter - Employers	Scheme employers	Website Email	Monthly
P60	Pensioner members	Paper on request 'My Oxfordshire Pension'	'My Oxfordshire Pension' available to view on demand
Payslip	Pensioner members	Paper on request 'My Oxfordshire Pension'	Posted where variance is >£1 'My Oxfordshire Pension' available to view on demand

	Available to:	Media	Frequency
Guides for New Employers	Scheme employers	On line employer toolkit, includes essential guidance for new employers Paper on request Email	As required

Meetings and forums

Meeting Type	Available to:	Purpose of meeting	Frequency
Employer Forum	Scheme employers	Review of topical issues in fund investment and scheme administration affecting fund employers and members benefits	Annual
Employer User Group	Scheme employers	Review administration, regulation changes, share experience with peer group	Quarterly
Intro to LGPS Training	Scheme employers	Brief course to cover the statutory employer role and regular returns	4 per year or as required
Ad hoc training	Scheme employers	Cover specific subjects for either single employer or a group of employers	By appointment
Presentations	Scheme members Scheme employers		By appointment
Attendance at employer pre-retirement seminars or new member/ employee inductions	Scheme members		By appointment
One to one meeting	Scheme members		By appointment

Other Services

Telephone helpline to Pension Services (Low call rate) Pensioner payroll enquiry help line Employer helpline
Dedicated email addresses to Pension Services Member and employer enquiries Dedicated email address for employer monthly returns
‘My Oxfordshire Pension’ web portal dedicated telephone help line
Oxfordshire Pension Fund website (promoted in our publications above)
National websites (promoted in our publications above)

*”Scheme members” unless otherwise described includes prospective members, active members, deferred members, pensioners and members’ representatives.

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Oxfordshire Pension Fund
www.oxfordshire.gov.uk/pensions

Oxfordshire County Council Pension Fund

Early Release of Benefits Policy Statement

Introduction

1. This Early Release of Benefits Policy Statement of the Oxfordshire County Council Local Government Pension Scheme Pension Fund is published under Regulation 30(8) of the Local Government Pension Scheme Regulations 2013. SI 2013 No. 2356 (as last amended by SI 2019 No 383)

2. The Local Government Pension Scheme Regulations 2013 refers only to members with a deferred benefit due under the LGPS Regulations 2013. However, to ensure consistency the Oxfordshire County Council Pension Fund will also apply this policy to deferred and pensioner members to whom the 1995, 1997 and 2007 Regulations apply.

Purpose

3. This policy sets out the Oxfordshire County Council Pension Fund's strategy to deal with request for the early release of member benefits in cases where the former employer no longer exists, and there is no successor body, within the Oxfordshire County Council Pension Fund.
4. The policy applies, in the context of LGPS administration, to members as defined in Schedule 1 of the principal regulations to include:

- Deferred members
- Pensioner members with deferred benefits
- Credit members

5. Employing authorities, as defined within the regulations: -

- Statutory Scheduled Bodies such as the County and District Councils, Colleges of Further Education and Oxford Brookes University; Academies
- Designating Bodies being the Town and Parish Councils, or Teckal Bodies
- Admission Bodies, where the Pension Fund Committee have granted scheme admission

Aim

6. To ensure that any scheme member, leaving after 01 April 2014, whose former employer is no longer an active scheme employer, has access to a procedure to request early payment of their benefits on grounds of ill-health; release of deferred benefit, or waiving of the 85 year rule reduction.

7. To ensure that all scheme members, who left before 01 April 2014, whose former employer is no longer an active scheme employer, have access to a

procedure to request early payment of their benefits, in the following circumstances: -

a. Where a scheme member applies for early payment of benefits on, or after age 55 but prior to age 60, which requires the consent of their former employer for payment to be made.

b. Where a scheme member applies for early payment of benefits on the grounds of ill-health.

c. Whether any actuarial deduction will be waived

8. Note: Where a scheme member has deferred benefits under the 1995, 1997 or 2007 regulations, the provision of those regulations will apply to any application

Decision Making

9. In making any decision the Oxfordshire County Council Pension Fund will take account of:

- Employing authorities' policy statements relating to the exercise of discretion, where available.
- The cost of making any such decision (if these costs are not justifiable Oxfordshire County Council Pension Fund can refuse the request for early release of benefits)
- How the costs will be met, doubtless by all current fund employers.
- Waiving, on compassionate grounds, of any actuarial reduction to be applied on the payment of deferred benefits before Normal Retirement Age under the LGPS Regulations 1997, or
- The early release of (unreduced) deferred benefits on compassionate grounds under the LGPS Regulations 1995.

Review of this Policy

10. This policy will be reviewed if there is a material change as a result of changes to the Regulations.

Pension Fund Scheme of Delegation

Introduction

1. In addition to the responsibilities listed in the Council's schemes of delegation, some additional responsibilities for functions specifically related to pension fund activities have been delegated to officers by the Pension Fund Committee.

Adjudication of Disagreements

2. Under the Local Government Pension Scheme Regulations 2013, a member of the Pension Scheme has a right to raise a complaint in respect of their pension entitlement with their employer (or previous employer where they have left the employment to which the dispute relates).

3. The complaints procedure has 3 stages. Stage 1 will be determined by the relevant scheme employer or the Administering Authority depending on the nature of the complaint. Stage 2 is an independent review of the complaint by a person with delegated authority from the Administering Authority. Stage 3 is determined by the Pensions Ombudsman.

4. At their meeting in December 2012, the Pension Fund Committee delegated authority to the Pensions Services Manager to determine cases on behalf of the Administering Authority at Stage 1, and the Service Manager - Pensions to determine all cases at stage 2. In both cases, the Committee determined that the relevant officer can agree an award of compensation up to £5,000 subject to a report back to the next meeting of the Pension Fund Committee. Any award of compensation above £5,000 must be determined by the full Pension Fund Committee.

Death Benefits

5. The Local Government Pension Scheme Regulations 2013 state that if a scheme member dies before his 75th birthday, the administering authority at their absolute discretion may make payment, in respect of the death grant to or for the benefit of the member's nominee or personal representatives or any person appearing to the authority to have been his relative or dependant at any time.

6. Death grant decisions can be made by the Chief Executive in consultation with the Chairman of the Pension Fund Committee.

7. At their meeting in June 2012, the Pension Fund Committee delegated authority to the Team Leaders in the Pension Services Team to determine all non-contentious cases. (N.B. Delegation was made to this level to avoid potential conflict in the case of complaint which would be heard by the Pension Services Manager at Stage 1 – see complaints delegation above).

Power of Attorney – Custody Accounts

8. The Pension Fund Committee has delegated the decision to authorise POA's on behalf of the Pension Fund to Officers, after consultation with the Chairman of the Committee.

Fund Management and Custody Agreements

9. Two signatories are required from the following:
   - Service Manager – Pensions
   - Financial Manager – Pension Fund Investments
   - Authorisers listed in the approved Treasury Management Responsible Officers List.

10. The following are authorised to approve invoices relating to agreed fund management and custody arrangements:
    - Service Manager – Pensions
    - Financial Manager – Pension Fund Investments

Pension Fund Cash Management Strategy

11. The Oxfordshire Pension Fund maintains a balance of cash arising from the receipt of employer and employee contributions exceeding the amount of payments made on behalf of the Fund. The cash balances held by the administering authority are managed by the Council's Treasury Management team and the Pension Fund Investments team. The Pension Fund Committee has delegated authority to the Director of Finance to make changes necessary to the Pension Fund Cash Management Strategy.

12. The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009, state that the Administering Authority must hold in a separate bank account all monies held on behalf of the Pension Fund and formulate an investment policy to govern how the authority invests any Pension Fund cash.

13. Day to day management of the Oxfordshire Pension Fund cash balances is delegated to the Treasury Management team. The Treasury Management team responsible officers list is authorised by the Director of Finance.

14. Officers authorised to enter into Money Market arrangements are listed as Dealers on the Treasury Management Responsible Officers List.

15. To avoid cashflow deficits or the excessive build-up of cash over the strategic asset allocation, the level of cash balances is reviewed as part of a quarterly asset allocation review by the Independent Financial Adviser and the Pension Fund Investments officers.

Strategic Asset Allocation

16. The Pension Fund strategic asset allocation is approved by the Pension Fund Committee and is periodically reviewed by the Independent Financial Adviser. Due to market volatility and the varying performance levels of fund managers, the actual asset allocation fluctuates on a daily basis.

17. The Independent Financial Adviser and officers review the actual asset allocation on a quarterly basis and make arrangements to transfer assets or cash to/from fund managers, to rebalance the fund.

18. Decisions to rebalance the fund within approved strategic asset allocation ranges are delegated to officers. Arrangements to rebalance the fund outside the strategic asset allocation ranges, are taken after consultation with the Chairman of the Pension Fund Committee, and reported to the next Committee.

Voting rights

19. Investment Managers are delegated authority to exercise voting rights in respect of the Pension Fund's holdings they manage.

Private Equity

20. In February 2011, the Pension Fund Committee resolved to transfer the responsibility for private equity fund management decisions to the lead officer for Pension Investments. The Fund's Independent Financial Adviser is responsible for advising officers on the management of the private equity portfolio. Officers consider the advice and decide whether or not to act on the recommendations. In practice, private equity decisions are delegated to the Service Manager – Pensions, or in his absence the Financial Manager – Pension Fund Investments.

In-House Property Investments

21. Internal property fund decisions are delegated to the lead officer for Pension Fund investments or in their absence to the Financial Manager – Pension Fund Investments. Responsibility for placing internally managed property trades is delegated to the Pension Fund Investments team.

Early Release of Benefits

22. At its meeting in June 2014, the Pension Fund Committee delegated decision making to the Director of Finance to determine cases under the Early Release of Benefits Policy where the scheme member's previous employer no longer existed.

Admission of new Admitted Bodies

23. At its meeting in June 2014, the Committee delegated the authority to agree admission of new admitted bodies to the Oxfordshire County Council Pension Fund to the Service Manager – Pensions.

Payment of Benefits to an Authorised Person

24. At its meeting in September 2012, the Pension Fund Committee delegated to the Director of Finance, following consultation with the Chairman, Deputy Chairman and Opposition Group Spokesperson, the authority to determine payments to an authorised person in instances where the scheme member is incapable of managing their own affairs.

Reports back to the Committee

25. In all cases where a decision has been delegated to Officers, decisions made will be reported back to the Committee at the next meeting for information only.

Scheme of Financial Delegation

Authority to Sign Purchase Orders, Invoices and Contracts for the Oxfordshire County Council Pension Fund

Sole signatories for Pension Fund Goods and Services

Up to £500,000 for Goods and Services,

Chief Executive
Director of Finance
Service Manager – Pensions (solely for the approval of fund management invoices)
Financial Manager – Pension Fund Investments (solely for the approval of fund management invoices)
Pensions Services Manager (solely for the approval of transfer or retirement grant payments)

Up to £200,000 for Goods and Services

Service Manager – Pensions
Financial Manager – Pension Fund Investments
Pension Services Manager
Systems Manager
Communications Manager

Up to £25,000

Team Leaders x 4 – Pensions Services

Joint signatories for Pension Fund Goods and Services

With the Chief Executive for Goods and Services over £500,000:

- Director of Finance
- Service Manager – Pensions

Income (Debt) Write Offs

Write off of outstanding debts to the Local Government Pension Scheme above £10,000 need the approval of the Pension Fund Committee.
The authorisation of debt write offs from £500 up to and including £10,000 is delegated to:

Debts below £500 - Pension Services Manager

Debts up to £7,500 - Service Manager – Pensions

Debts between £7,500 and £10,000 - Service Manager – Pensions, in conjunction with the Director of Finance.

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Oxfordshire Pension Fund Administration Strategy Statement

Version: April 2019

Oxfordshire Pension Fund
www.oxfordshire.gov.uk/pensions

Contents

1. Introduction

Oxfordshire County Council (the administering authority) as the scheme manager for the Oxfordshire Pension Fund (the 'Fund') has prepared this administration strategy ('the Strategy') in line with the Local Government Pension Scheme Regulations (LGPS) and the Code of Practice No 14 issued by the Pension Regulator (TPR)

This strategy prepared within the statutory framework covers

- the information which the Fund must provide,
- outlines where the Fund can recover costs following unsatisfactory employer performance, and
- outlines where the fund may make additional charges for work carried out beyond the general requirements included in the employer contribution rate.

The Fund is revising the Strategy to promote and ensure adoption of best practice and compliance with standards set by the Pensions Regulator regarding data quality, completeness and timeliness. This revised Strategy builds in more detail to incorporate the changed benefit structure of the 2013 regulations, changes to working practices, statutory time limits and the requirement for public service pension schemes to deliver efficiencies.

This version also introduces a wider schedule of charges for non-statutory administrative services and the ability to recover costs incurred by the Fund as a result of an employer not meeting the required pension performance standards.

This document follows consultation with employers and the Local Pension Board setting out a framework outlining the policies, statutory requirements and performance standards for the fund and fund employers to achieve a cost-effective and high-quality pension administration service. These standards apply to all scheme employers.

This document will be reviewed annually following consultation with Scheme Employers and Local Pension Board, if there are any changes.

A copy of the Strategy will be circulated to all employers, available on the fund website and sent to the Secretary of State.

2. Legislative background

LGPS Regulations 2013

The Fund and its Employers must have regard to this Strategy when carrying out their Scheme functions, and Regulation 59 sets out requirements to facilitate best practice and efficient customer service in respect of the following:

- The levels of performance which the administering authority and its Employers are expected to achieve in carrying out their Scheme functions

- Ensuring the Fund and its Employers comply with statutory requirements in respect of those functions

- Improving the communication between the administering authority and its employers of information relating to those functions

The Strategy includes a schedule of additional administration charges, in Section 9, Regulation 4(5) of the LGPS (Management and Investment of Funds) Regulations 2016 which provides scope for Funds to levy charges where disproportionate costs are being incurred for additional administration tasks relating to individual members or specific employers.

The Strategy outlines the circumstances where financial penalties will be incurred. Written notice will be provided to employers in accordance with Regulation 70 for recovery of Fund costs and the Fund's 'escalation process'.

Levels of performance achieved, by both Fund and Scheme Employer, are reported as part of the Pension Administration Report at each Pension Fund Committee and Local Pension Board meeting and documented in the Fund's Annual Report and Accounts.

Oxfordshire Pension Fund
www.oxfordshire.gov.uk/pensions

3. Purpose of this Strategy

The purpose of the Strategy is to ensure the fund and employers understand their respective roles and responsibilities under the LGPS Regulations to deliver the administrative functions.

These responsibilities include, but are not limited to:

- Operating the Fund in accordance with LGPS regulations and the Pension Regulator Code of Practice in demonstrating compliance and scheme governance;
- Implementing communication processes to enable both the Fund and Scheme Employers to proactively and responsively engage with each other and partners;
- Maintaining accurate records for calculating pension entitlements and employer liabilities;
- Ensuring all information and data is communicated accurately, on a timely basis and is secure and compliant;
- Ensuring the Fund and Scheme Employers have appropriate skills and that training is in place to deliver the required service;
- Setting and monitoring standards to comply with the relevant regulations;
- Developing of digital administrative services to promote and streamline processes and minimise service costs.

Oxfordshire Pension Fund
www.oxfordshire.gov.uk/pensions

4. Constituent Documents of the Strategy

With an increasing number of fund employers, the supply and exchange of accurate and timely information is vitally important, to ensure effective management of liabilities. In addition, the Fund must demonstrate heightened governance and administrative efficiency to comply with the Pensions Regulator's Code of Practice.

The following documents support the Strategy in meeting the governance and administrative objectives:

Performance framework (see section 7)

- Incorporates service level agreements
- Outlines roles and responsibilities of the Fund, the Scheme Manager and Fund Employers
- Development of new technologies to build effective working of the Fund and enables both the Fund and Employers to deliver continuous improvement and move to a higher standard of service

Scale of charges (see section 9)

- Sets out the charges for non-statutory and additional work and part of escalation policy following the failing performance.

Communications policy (see section 10)

- Ensures members have accessible and timely information on all aspects of their pension benefits and informs them of decisions in respect of entitlements
- Enables employers to make effective decisions in the management of risks and liabilities, and encourage engagement in the wider pension debate
- Encourages engagement in the wider pension debate through regular meetings and training to support Scheme employers and continue to enhance staff knowledge and skills.

Escalation process (see section 11)

- Provides a clear guide to the process the Fund will adopt following a failure to resolve issues or to comply with legislation, from first reminders to invoicing for fines.

5. Development areas

The Fund's administration processes are undergoing major changes led by automatic data transfer and member on-line access.

Member online access

The Fund is actively promoting ***My Oxfordshire Pension,*** the secure on-line portal which allows members, (active, deferred or pensioner) to view pension records and scheme documents.

The expectation is that ***My Oxfordshire Pension*** will become the default method of fund communication with members and improvement in customer service and information exchange is expected. Employers are asked to encourage their employees to register for this service.

Automatic data transfer (i-Connect)

The Pension Fund Committee has set a deadline, of August 2020, for digital transfer of data from all fund employers. The Fund performance schedule will reflect this in a later review. We are building training and assistance for employers in to this development process.

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www.oxfordshire.gov.uk/pensions

6. Supporting information for employers

Fund Employers should nominate a pension liaison contact who will be the primary contact for the Fund on pension issues. The Fund should be advised of any changes to the nominated personnel as they occur.

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.

The full Communication Policy can be found in Section 10.

Information for employers is also available online:

- at https://www.oxfordshire.gov.uk/business/pensions/employer-toolkit
- on the national website www.lgpsregs.org for:
    - Detailed HR and Payroll guides
    - Automatic enrolment guide

7. Performance framework

7A. Performance Standards - Scheme Employer

The following tables set out the Scheme Employers' Duties and Responsibilities:

Function/Task	Performance Target
Governance	
Designate a named individual to act as the main contact for any aspect of administering the LGPS.	Within 30 days of becoming a scheme employer or within one month of the change in officer role
Complete and return an "Employers Contact Form" detailing Authorised Signatories. Form available at: www.oxfordshire.gov.uk/employerforms	Within 30 days of becoming a scheme employer or within one month of the change in officer role
Confirm designated contact information for officers authorised to perform key policy decisions and administrative roles in the organisation	Within 30 days of becoming a scheme employer or within one month of the change in officer role
Appoint person for stage 1 of the Adjudication of Dispute process (AoD) and provide full up to date contact details to the Fund	Within 30 days of becoming a scheme employer or within one month of the change in officer role
Notify the Fund of the receipt of a complaint under the AoD process	Within 7 days of receiving the complaint
Notify the fund when the stage1 decision has been issued	Within 7 days of making the determination
Appoint an Independent Registered Medical Practitioner (IRMP) qualified in Occupational Health Medicine or arrange to contract to a third party to consider all ill health retirement applications and agree appointment with the Scheme Manager. www.oxfordshire.gov.uk/employerforms	Within 30 days of becoming a scheme employer or within one month of the change in officer role
Formulate, publish and keep under review policies in relation to all areas where the scheme employer may	A copy of the policy document is to be submitted to the Fund within 30 days of becoming a scheme employer or within

Function/Task	Performance Target
exercise discretion within the LGPS	one month of a change in policy.
Distribute any information the Fund provides for scheme members / potential scheme members	In a timely manner as required
Financial Administration	
Ensure correct employee contribution rate is determined each scheme year in line with the appropriate contribution banding	Prepare policy within 30 days of becoming a scheme employer setting out how and when employee contribution rates will be adjusted. Advise scheme members of the policy
Submit employer and employee contributions and the monthly contribution return to the Fund Investment Team	All payments to reconcile with monthly contribution return and monies cleared in bank by 19th of month following deduction (earlier date when 19th falls on weekend or bank holiday) Under the Pensions Act 2004 and the Public Service Pensions (Record keeping and Miscellaneous Amendments) Regulations 2014, the Pension Regulator may be notified if the above measurement is not met
Implement changes to employer contribution rates as instructed by the Fund at the date specified by the Fund Actuary	In line with the Rates and Adjustment Certificate / Contributions Report issued by the Fund's Actuary
Ensure and arrange for the correct deduction of employee contributions from a member's pensionable pay including any period of child related leave, trade dispute or other forms of leave of absence from duty	As per your payroll cycle
Manage the deduction of all additional contributions or amend such deductions, as appropriate	As required
Arrange for the deduction of AVC's and payment over of contributions to the Prudential and inform the Fund as required.	All payments to reconcile with the provider's monthly contribution return and monies cleared in bank no later than 19th of month following deduction (earlier date when 19th falls on weekend or bank holiday)

Function/Task	Performance Target
Advise Fund of any opt outs within first three months (when contributions are refunded through payroll)	By 19th of the month following payroll
Remit additional fund payments in relation to early payment of benefits from flexible retirement, redundancy or business efficiency retirement or where a member retires early with employer's consent and a funding strain cost arises	As per invoice issued by the Fund
Remit recharge payments in respect of pension members e.g. Compensatory Added Years	As per schedule sent at start of year. We will send separate letters for any variation
Make payments in respect of FRS102 and IAS19 work carried out on behalf of Scheme employers by the Fund's Actuary and Investment Team	As per invoice issued by the Fund
Make payments in respect of all other work carried out on behalf of Scheme Employers by the Fund's Actuary and connected data quality assurance undertaken by the Fund's Administration Team	As per invoice issued by the Fund
Alternative Service Delivery Models / TUPE Transfer – New Employer	
Notify the Fund of contracting out services which will involve a TUPE transfer of staff to another organisation so that information can be provided to assist in the decision	As soon as possible ahead of any tender process
Notify Fund of lead decision making and operational officers in circumstances where a prospective new scheme employer or admitted body may request to join the Fund following re-organisation or TUPE transfer	At commencement of business review / ahead of any tender process
Work with Fund Officers to arrange for the admission agreement to be put in place	A minimum of 90 days in advance of the date of the contract
Notify the Fund if the employer ceases to admit new scheme members or is considering terminating membership of the Fund	As soon as the decision is agreed

Function/Task	Performance Target
Member Information / Data Quality and General Administration	
Provide information requested on monthly data return (MARS / i-Connect) including starters, leavers, CARE pay and changes in employees' circumstances	By 19th month following payroll
Maintain records of final pay details in line with 2007 Regulations definition of final pay	To be maintained for all members with pre-2014 membership
Keep pay information to comply with any Regulation 10 decisions	To be maintained for all members until after benefits have been brought in to payment in line with prevailing data protection regulation
Provide new joiners / prospective members with information about LGPS; how contributions are assessed by employer, who to contact, in their organisation. www.lgpsmember.org/ www.oxfordshire.gov.uk/pensions	At date of appointment
Submit an annual end of year return in specified format including breakdown, per employee, of contributions deducted; FTE pay and service related data to feed in to the valuation; GAD cost sharing mechanism; annual benefit and pension saving statements for members. This data should be provided for each scheme member for each employment they hold	By 30th April following end of year, subject to i-Connect
Scheme employers are responsible for the completeness and accuracy of the data submitted to the Fund. Any queries will be referred back to the scheme employer	To fully answer all queries from the Fund within 10 working days Note: if returns are not received at right time then timescales for queries may be shorter than 10 days.
Keep the Fund up to date with member events which may affect their pension entitlement such as child related leave, death or divorce	Within a reasonable timescale

Function/Task	Performance Target
Auto-enrolment – ensure that any staff who are not scheme members are auto-enrolled	within statutory deadline

7B. Performance Standards – Scheme Manager (Administering Authority)

The following table sets out the Scheme Manager's Duties and Responsibilities:

Function/Task	Performance Target
Governance	
Regularly review the Funds' Pension Administration Strategy and consult with all scheme employers	Annual review and revise following any material changes in policies relating to the strategy
Review the Fund's Funding Strategy Statement at each valuation, following consultation with scheme employers and the Fund's Actuary	Publish by 31 March following the valuation date, or as required
Review the Fund's Communication Policy	Annual review and publish within 30 days of any revision to the policy being agreed by the Pension Fund Committee
Review the Fund's Governance and Compliance Statement	Annual review and publish within 30 days of any revision to the policy being agreed by the Pension Fund Committee
Formulate and publish policies in relation to all areas where the Scheme manager may exercise a discretion within the scheme	Annual review and publish within 30 days of any revision to the policy being agreed by the Pension Fund Committee
Publish the fund's Annual Report & Accounts	By 30 September following the year end or following the issue of the Auditor's opinion
Notify the Scheme Employer of issues relating to the Scheme Employer's unsatisfactory performance	If no response to request for information received in 10 days; second request marked "escalation" to be issued; if no response within 10 days third request issued and matter referred for fine / reporting to Pension Regulator

Function/Task	Performance Target
Financial Administration	
Consult with Scheme Employers on the outcome of the valuation	60 – 90 days in advance of signing the final Rates and Adjustment Certificate
Notify Scheme Employers of contribution requirements for 3 years effective from April following the actuarial valuation date	At least 30 days before signing final Rates and Adjustment Certificate
Notify new Scheme Employers of their contribution requirements	Within 60 days of receipt of data profile for submission to the Fund Actuary
Carry out termination valuations on admitted bodies / Scheme Employers ceasing participation in the Fund	Within 60 days of receipt of termination from exiting Scheme Employer
Notify Scheme Employer of decision to recover additional costs associated with the Scheme Employer's unsatisfactory performance	Within 10 working days of Scheme Employer failure to improve performance as agreed
Alternative Service Delivery Models / TUPE Transfer - New Employers	
Arrange for the setting up of separate admission agreement / new Scheme Employers including the allocation of assets and notification to the Secretary of State	Within 90 days of all necessary information being received
Arrange for all new prospective admitted bodies / new Scheme Employers to undertake, to the satisfaction of the Fund, a risk assessment of the level of bond or guarantee required to protect other Scheme Employers participating in the Fund	To be completed prior to the body being admitted. Timings predicated on timely submission of staff profile information for submission to the Fund Actuary
Undertake a review of the level of bond/guarantee to protect other Scheme Employers	Annual review or upon material change in a Scheme Employer's structure
Member Information/Data Quality and General Administration	
Provide support for Scheme Employers through a dedicated page on website; monthly newsletter; forums; quarterly meetings; quarterly training sessions and ad hoc bulletins and alerts	Dates published in monthly newsletter

Function/Task	Performance Target
Organise quarterly training sessions on Scheme Employer's roles and responsibilities	Provide quarterly
Notify Scheme Employers and Scheme Members of changes to the scheme regulations	Within 60 days of a regulatory change
Produce Annual Benefit Statements (ABS) to active and deferred Scheme Members as at 31 March each year	By 31 August following end of year
Produce and issue Pension Saving Statements (PSS) to Scheme Members who have exceeded their annual allowance	By 6 October following end of year (subject to receipt of all relevant information from the Scheme Employer)
Publish and keep up to date all forms required for completion by Scheme Employers or Scheme Members	Within 30 days of having all information of the revision
Issue and keep up to date links to web-based Scheme Employer guides	Within 30 days of any revision
Set up new scheme joiners and issue PPF	Within 40 working days of receipt of all information
Process changes in Scheme Member's circumstances which may impact on pension benefits	Within 10 working days of receipt of all information
Process transfer in quotations	Within 10 working days of receipt of all information
Transfer notification of credited membership / accrued pension account to be notified to the Scheme Member	Within 10 working days of receipt of all information
Process transfer out quotations	Within 10 working days of receipt of all information
Process transfer out payments	Within 10 working days of receipt of all information
Determine necessary category in relation to aggregation/interfund cases and issue notification to member of service credit and accrued pension account	Within 40 working days of receipt of all information
Process divorce quotation	Within 10 working days of receipt of all

Function/Task	Performance Target
	information
Member Information/Data Quality and General Administration	
Notify the Scheme Employer of any Scheme Member's election to pay additional pension contributions (APC) including all information to enable deductions to be made	We ask members to return their application to their employer for assessment of any shared costs. We notify employer within 10 working days of receipt of all information
Process Scheme Member requests to pay, amend or cease additional voluntary contributions (AVC)	Within 10 working days of receipt of all information
Process deferred benefits for payment	Within 40 working days of receipt of all information
Process refund of contributions	Within 10 working days of receipt of all information
Provide member estimate of benefits	Within 10 working days of receipt of all information
Provide retirement options to Scheme Member	Within 10 working days of receipt of all information
Process payment of retirement benefits	Within 10 working days of receipt of all information
Acknowledgement of death	Within 5 working days
Process payment of death grant	Within 10 working days of receipt of all information
Notify dependents of benefits due	Within 10 working days of receipt of all information
Reply to general enquiries – Scheme Member	Within 10 working days of receipt of all information
Produce and send end of year queries to Scheme Employers	Within 30 days of receipt of all information
Provide bulk estimate data to Scheme Employers	As agreed at time of request

*All performance targets relating to payments exclude BACS processing period

8. How is Administration Performance Monitored?

- The Fund will work collaboratively with Scheme Employers towards
    - meeting the TPR's code of practice,
    - complying with the regulations and
    - delivering quality benefits paid accurately and on time to Scheme Members.

- This cannot override the statutory responsibility all employers accept as Scheme Employers, who must ensure adequate resources to enable them to fulfil these duties.

- The performance indicators set out in this document are monitored internally and reported to the Pension Fund Committee and the Local Pension Board on a quarterly basis. Copies of these reports are available online at www.oxfordshire.gov.uk

- Both the Pension Fund Committee and the Local Pension Board, which has both Scheme Employer and Scheme Member representation, will scrutinise and challenge performance in meeting these standards.

- Scheme Employers can either contact an employer representative on the Local Pension Board or the Pension Services Manager should they wish to raise any comment regarding the Fund's performance as set out in this document.

9. Scale of Charges

Event	Charge levied
Making payment to Oxfordshire County Council bank account rather than Oxfordshire Pension Fund bank account	£75 per return
Late receipt of contributions	Interest at 1% above bank rate as per regulation 71
Failure to provide contribution return by 19th of month following deduction	£150 per return
Failure to provide MARS / i-Connect return by 19th of following month	£150 per return
Failure to provide End of Year return by 30th April	£150 per return
Failure to provide information requested within 10 working days.	£75 per request
Re-do of work due to incorrect information supplied by scheme employer	£75 per return
Where a retirement payment is paid late due to scheme employer providing information	The interest payable will be recharged to the scheme employer
Bespoke administration work	£35 per hour

10. Communications Policy

The Communications Policy is undergoing its annual review and will be inserted here once it is complete.

11. Escalation Process

1st request for information

- E-mail to the scheme employer, with a copy to the 3rd party provider.
- Individual requests to be saved to member's Altair record.
- Bulk requests to be saved in employer e-mails folder. Please number accordingly.

10 Working Days

2nd Request for information

- This e-mail must show **'Escalation'** in the subject line.
- Include link to administration strategy.
- Be reasonable with time scales, but mindful of statutory deadlines.
- Individual chases to be saved to member's Altair record.
- Bulk chases to be saved in employer e-mails folder. Please number accordingly.

10 Working Days

3rd Request for information

- Label the e-mail as '**Escalation**' in the subject line.
- Send to senior escalation point and copy to any previous contacts.
- Copy to employer team / instruct to raise invoice

- For bulk requests also escalate to senior pensions management.
- For individual chases; escalate to your line manager after 5 days.
- Include link to administration strategy.
- Do not stop chasing information.
- Individual chases to be saved to member's Altair record.
- Bulk chases to be saved in employer e-mails folder. Please number accordingly.
- Senior Management to make decision on reporting a breach to the Pensions Regulator where required.

Scheme Employers can escalate issues to the Fund by raising the matter with:

- The appropriate Team Leader
- The Pension Services Manager – Sally Fox
- The Head of Pensions – Sean Collins

If there are continuing concerns or failure to resolve the issues then a breach report can be made to The Pension Regulator

A Procedure for Reporting Breaches of the Law to the Pensions Regulator

Oxfordshire Pension Fund

Version 1 - September 2015 – reviewed June 2019

Oxfordshire Pension Fund
www.oxfordshire.gov.uk/pensions

Introduction

1 In April 2015 the Pensions Regulator (the Regulator) published its Code of Practice no 14 (the Code) *Governance and administration of public service pension schemes*. This is not a statement of law of itself, but nonetheless it carries great weight. In some respects it is like the Highway Code, in that some of its contents refer to statutory items, whilst others are advisory. The Courts may however also rely on the latter. In the same way, if determining whether any pensions related legal requirements have been met, a court or tribunal must take into account the Code.

2 There are many and various laws relating to the Local Government Pension Scheme, with many and various people having a statutory duty to report material breaches of the law to the Regulator. To assist, the Code states that a procedure should be established to ensure that those with a responsibility to make reports are able to meet their legal obligations. This document is that procedure, which relates to all of the Fund's areas of operation.

3 Much of the text herein is drawn from the Code itself. Where it has been, the Regulator's copyright applies.

4 If you have any questions about this procedure and:

- You are a member of the Pension Fund Committee, Local Pension Board or you are an external adviser, please contact the Head of Pensions

- You are an actuary, auditor or other external agent; please contact the Head of Pensions

- You represent an employer; please contact the Pensions Services Manager;

- You are an officer of the Fund, and you work in Administration, please contact Pension Services Manager or Head of Pensions

Legal requirements

5 Certain people are required to report breaches of the law to the Regulator where they have reasonable cause to believe that:

- A legal duty which is relevant to the administration of the scheme has not been, or is not being, complied with;

- The failure to comply is likely to be of material significance to the Regulator in the exercise of any of its functions.

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6 People who are subject to the reporting requirement ('reporters') for public service pension schemes are:

- Scheme managers (meaning, in the case of the OPF the Pension Fund Committee)

- Members of the pension board - any person who is otherwise involved in the administration of the Fund (all of the Fund's officers);

- Employers, and any participating employer who becomes aware of a breach should consider their statutory duty to report, regardless of whether the breach relates to, or affects, members who are its employees or those of other employers;

- Professional advisers including auditors, actuaries, legal advisers and fund managers; and

- Any person who is otherwise involved in advising the managers of the scheme in relation to the scheme (and thus the Fund's External advisers).

Reasonable cause

7 Having 'reasonable cause' to believe that a breach has occurred means more than merely having a suspicion that cannot be substantiated.

8 Reporters should ensure that where a breach is suspected, they carry out checks to establish whether or not a breach has in fact occurred. For example, a member of a funded pension scheme may allege that there has been a misappropriation of scheme assets where they have seen in the annual accounts that the scheme's assets have fallen. However, the real reason for the apparent loss in value of scheme assets may be due to the behaviour of the stock market over the period. This would mean that there is not reasonable cause to believe that a breach has occurred.

9 Where the reporter does not know the facts or events around the suspected breach, it will usually be appropriate to consult the Head of Pensions or Pension Services Manager, regarding what has happened. It would not be appropriate to check in cases of theft, suspected fraud or other serious offences where discussions might alert those implicated or impede the actions of the police or a regulatory authority. Under these circumstances the reporter should alert the Regulator without delay.

10 If the reporter is unclear about the relevant legal provision, they should clarify their understanding of the law to the extent necessary to form a view.

11 In establishing whether there is reasonable cause to believe that a breach has occurred, it is not necessary for a reporter to gather all the evidence which the Regulator may require before taking legal action. A delay in reporting may exacerbate or increase the risk of the breach.

Material significance

12 In deciding whether a breach is likely to be of material significance to the Regulator, it would be advisable for the reporter to consider the:

- Cause of the breach;

- Effect of the breach;

- Reaction to the breach; and

- The wider implications of the breach.

13 When deciding whether to report, those responsible should consider these points together. Reporters should take into account expert or professional advice, where appropriate, when deciding whether the breach is likely to be of material significance to the Regulator.

14 The breach is likely to be of material significance to the Regulator where it was caused by:

- Dishonesty;

- Poor governance or administration;

- Slow or inappropriate decision making practices;

- Incomplete or inaccurate advice; or

- Acting (or failing to act) in deliberate contravention of the law.

15 When deciding whether a breach is of material significance, those responsible should consider other reported and unreported breaches of which they are aware. However, historical information should be considered with care, particularly if changes have been made to address previously identified problems.

16 A breach will not normally be materially significant if it has arisen from an isolated incident, for example resulting from teething problems with a new system or procedure, or from an unusual or unpredictable combination of circumstances. But in such a situation, it is also important to consider other aspects of the breach such as the effect it has had and to be aware that persistent isolated breaches could be indicative of wider scheme issues.

Effect of the breach

17 Reporters need to consider the effects of any breach, but with the Regulator's role in relation to public service pension schemes and its statutory objectives in mind, the following matters in particular should be considered likely to be of material significance to the Regulator:

- Local Board members not having the appropriate degree of knowledge and understanding, which may result in the Board not fulfilling its role, the Fund not being properly governed and administered and/or the Pension Fund Committee breaching other legal requirements;

- Local Board members having a conflict of interest, which may result in them, being prejudiced in the way that they carry out their role, ineffective governance and administration of the scheme and/or the Pension Fund Management Panel breaching legal requirements;

- Adequate internal controls not being established and operated, which may lead to the Fund not being run in accordance with the Scheme's Regulations and other legal requirements, risks not being properly identified and managed and/or the right money not being paid to or by the Fund at the right time;

- Accurate information about benefits and Scheme administration not being provided to Scheme members and others, which may result in members not being able to effectively plan or make decisions about their retirement;

- Appropriate records not being maintained, which may result in member benefits being calculated incorrectly and/or not being paid to the right person at the right time;

- Anyone involved with the administration or management of the Fund misappropriating any of its assets, or being likely to do so, which may result in assets not being safeguarded; and

- Any other breach which may result in the Fund being poorly governed managed or administered.

18 Reporters need to take care to consider the effects of the breach, including any other breaches occurring as a result of the initial breach and the effects of those resulting breaches.

Reaction to the breach

19 Where prompt and effective action is taken to investigate and correct the breach and its causes and, where appropriate, notify any affected members, the Regulator will not normally consider this to be materially significant.

20 A breach is likely to be of concern and material significance to the Regulator where a breach has been identified and those involved:

- Do not take prompt and effective action to remedy the breach and identify and tackle its cause in order to minimise risk of recurrence;

- Are not pursuing corrective action to a proper conclusion;

- Fail to notify affected scheme members where it would have been appropriate to do so.

Wider implications of the breach

21 Reporters should consider the wider implications of a breach when they assess which breaches are likely to be materially significant to the Regulator. For example, a breach is likely to be of material significance where the fact that the breach has occurred makes it appear more likely that other breaches will emerge in the future. This may be due to the scheme manager or pension board members having a lack of appropriate knowledge and understanding to fulfil their responsibilities or where other pension schemes may be affected. For instance, public service pension schemes administered by the same organisation may be detrimentally affected where a system failure has caused the breach to occur.

Examples of breaches

Example 1

22 An employer is late in paying over employee and employer contributions, and so late that it is in breach of the statutory period for making such payments. It is contacted by officers from the administering authority, it immediately pays the moneys that are overdue, and it improves its procedures so that in future contributions are paid over on time. In this instance there has been a breach but members have not been adversely affected and the employer has put its

house in order regarding future payments. The breach is therefore not material to the Regulator and need not be reported.

Example 2

23 An employer is late in paying over employee and employer contributions, and so late that it is in breach of the statutory period for making such payments. It is also late in paying AVCs to the Prudential. It is contacted by officers from the administering authority, and it eventually pays the moneys that are overdue, including AVCs to the Prudential. This has happened before, with there being no evidence that the employer is putting its house in order. In this instance there has been a breach that ***is*** relevant to the Regulator, in part because of the employer's repeated failures, and also because those members paying AVCs will typically be adversely affected by the delay in the investing of their AVCs.

Example 3

24 An employer is late in submitting its statutory year-end return of pay and contributions in respect of each of its active members and as such it is in breach. Despite repeated reminders it still does not supply its year-end return. Because the administering authority does not have the year-end data it is unable to supply, by 31 August, annual benefit statements to the employer's members. In this instance there has been a breach which ***is*** relevant to the Regulator, in part because of the employer's failures, in part because of the enforced breach by the administering authority, and also because members are being denied their annual benefits statements.

Example 4

25 A member of the Pension Fund Committee, who is also on the Property Working Group, owns a property. A report is made to the Property Working Group about a possible investment by the Fund, in the same area in which the member's property is situated. The member supports the investment but does not declare an interest and is later found to have materially benefitted when the Fund's investment proceeds. In this case a material breach ***has*** arisen, not because of the conflict of interest, but rather because the conflict was not reported.

Example 5

26 A pension overpayment is discovered and thus the administering authority has failed to pay the right amounts to the right person at the right time. A breach ***has*** therefore occurred. The overpayment is however for a modest amount and the pensioner could not have known that (s) he was being overpaid. The overpayment is therefore waived. In this case there is no need to report the breach as it is not material.

Submitting a report to the Regulator

27 Before you submit a report you should obtain clarification of the law around the suspected breach. If:

- You are a member of the Pension Fund Management Panel, Advisory Panel, Local Board or you are an external adviser, please contact the Head of Pensions

- You are an actuary, auditor or other external agent; please contact the Head of Pensions

- You represent an employer; please contact the Pensions Services Manager;

- You are an officer of the Fund and you work in Administration, please contact your Pension Services Manager or Head of Pensions.

28 The person you contact will consider in the round whether the Regulator would regard the breach as being material. (S) he will also clarifying any facts, if required. If the case is a difficult one (s) he will seek advice, as required.

29 Some matters could be urgent, if for example a fraud is imminent, whilst others will be less so. Non-urgent but material breaches should be reported to the Regulator within 30 working days of them being confirmed, and in the same time breaches that are not material should be recorded (see later).

30 Some breaches could be so serious that they must always be reported, for example a theft of funds by anyone involved with the administration or management of the Fund. It is difficult to be definitive about what constitutes a breach that must always be reported, but one test is: might it reasonably lead to a criminal prosecution or a serious loss in public confidence?

31 Any report that is made (which must be in writing and made as soon as reasonable practicable) should be dated and include as a minimum:

- Full name of the Fund;

- Description of the breach or breaches;

- Any relevant dates;

- Name of the employer or scheme manager (where known);

- Name, position and contact details of the reporter; and

- Role of the reporter in relation to the Fund.

32 Additional information that would help the Regulator includes:

- The reason the breach is thought to be of material significance to the Regulator;

- The address of the Fund;

- The pension scheme's registry number (if available); and

- Whether the concern has been reported before.

33 Reporters should mark urgent reports as such and draw attention to matters they consider particularly serious. They can precede a written report with a telephone call, if appropriate.

34 Reporters should ensure they receive an acknowledgement for any report they send to the Regulator. Only when they receive an acknowledgement can the reporter be confident that the Regulator has received their report.

35 The Regulator will acknowledge all reports within five working days of receipt, however it will not generally keep a reporter informed of the steps taken in response to a report of a breach as there are restrictions on the information it can disclose.

36 The reporter should provide further information or reports of further breaches if this may help the Regulator to exercise its functions. The Regulator may make contact to request further information.

37 Breaches should be reported as soon as reasonably practicable, which will depend on the circumstances. In particular, the time taken should reflect the seriousness of the suspected breach.

38 In cases of immediate risk to the Fund, for instance, where there is any indication of dishonesty, the Regulator does not expect reporters to seek an explanation or to assess the effectiveness of proposed remedies. They should only make such immediate checks as are necessary. The more serious the potential breach and its consequences, the more urgently reporters should make these necessary checks. In cases of potential dishonesty the reporter should avoid, where possible, checks which might alert those implicated. In serious cases, reporters should use the quickest means possible to alert the Regulator to the breach.

Recording breaches that have not been reported to the Regulator

39 Breaches that are found not to be material to the Regulator must still be recorded. This is so that if similar breaches continue, then they become material. Recording all breaches also highlights where improvements are required, to try and prevent similar breaches.

40 Breaches that are not being reported should be recorded here: (being a link to an in-house spreadsheet designed to capture all the relevant data).

Whistleblowing protection and confidentiality

41 The Pensions Act 2004 makes clear that the statutory duty to report overrides any other duties a reporter may have such as confidentiality and that any such duty is not breached by making a report. The Regulator understands the potential impact of a report on relationships, for example, between an employee and their employer.

42 The statutory duty to report does not, however, override 'legal privilege. This means that oral and written communications between a professional legal adviser and their client, or a person representing that client, while obtaining legal advice, do not have to be disclosed. Where appropriate a legal adviser will be able to provide further information on this.

43 The Regulator will do its best to protect a reporter's identity (if desired) and will not disclose the information except where lawfully required to do so. It will take all reasonable steps to maintain confidentiality, but it cannot give any categorical assurances as the circumstances may mean that disclosure of the reporter's identity becomes unavoidable in law. This includes circumstances where the regulator is ordered by a court to disclose it.

44 The Employment Rights Act 1996 (ERA) provides protection for employees making a whistleblowing disclosure to the regulator. Consequently, where individuals employed by firms or another organisation having a statutory duty to report disagree with a decision not to report to the regulator, they may have protection under the ERA if they make an individual report in good faith. The Regulator expects such individual reports to be rare and confined to the most serious cases.

Oxfordshire Pension Fund
www.oxfordshire.gov.uk/pensions

Oxfordshire County Council whistleblowing procedure

45 The Council has its own whistleblowing procedure. The person contacted about the potential breach, eg, the Solicitor to the Fund, will take this into account when assessing the case.

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Discretion	Regulation	Exercised By	Decision
The Local Government Pension Scheme Regulations 2013 [SI 2013/2356] [prefix R] **The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 [SI 2014/525] [prefix TP]** **The Local Government Pension Scheme (Administration) Regulations 2008 [SI 2008/239] [prefix A]** **The Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (as amended) [SI 2007/1166] [prefix B]** **The Local Government Pension Scheme (Transitional Provisions) Regulations 2008 [SI 2008/238] [prefix T]** **The Local Government Pension Scheme Regulations 1997 (as amended) [SI 1997/1612] [prefix L]**			
Whether to agree to an admission agreement with a Care Trust, NHS Scheme employing authority or Care Quality Commission.	R4(2)(b)		In cases where a pass through arrangement has been agreed this decision has been delegated to Head of Pensions with details being report to the Pension Fund Committee. In all other cases a report will be submitted to the Pension Fund Committee for decision.
Whether to agree to an admission agreement with a body applying to be an admission body.	R3(1A), R3(5) & RSch2, Part 3. Para 1		In cases where a pass through arrangement has been agreed this decision has been delegated to Head of Pensions with details being report to the Pension Fund Committee. In all other cases a report will be submitted to the Pension Fund Committee for decision.
Whether to agree that an admission agreement may take effect on a date before the date on which it is executed.	RSch2. Part 3, Para 14		In cases where a pass through arrangement has been agreed this decision has been delegated to Head of Pensions with details being report to the Pension Fund Committee. In all other cases a report will be submitted to the Pension Fund Committee for decision.
Whether to terminate an admission agreement in the event of: - insolvency, winding up or liquidation of the body. - breach by that body of its obligations under the admission agreement. - failure by that body to pay over sums due to the Fund within a reasonable period of being requested to do so.	RSch2, Part 3, Para 9(d)		Decision making delegated to Head of Pensions and reported to PFC
Define what is meant by "in connection with"	RSch2, Part 3, Para 12(a)		Previously determined that this would mean that work would be same as prior to any TUPE and relate to Oxfordshire.
Whether to turn down a request to pay an APC/SCAPC over a period of time where it would be impractical to allow such a request (e.g. where the sum being paid is very small and could be paid as a single payment).	R16(1)		Pension Fund Committee has delegated this decision making to officers
Whether to require a satisfactory medical before agreeing to an application to pay an APC / SCAPC.	R16(10)		Pension Fund Committee has determined that in casess where payment is made over a period of 12 months, or less no medical assessment is required. However a medical assessment is required in all other cases
Whether to turn down an application to pay an APC / SCAPC if not satisfied that the member is in reasonably good health.	R16(10)		In cases where a medical assessment causes concern this will be referred to the Pension Fund Committee for decision

Discretion	Regulation	Exercised By	Decision
Decide to whom any AVC/SCAVC monies (including life assurance monies) are to be paid on death of the member.	R17(12)		This links to TP17 (5) to (8) & R40 (2), R43(2) & R46(2). Pension Fund Committee has delegated decision making to Officers unless a contentious case, in which instance the decision would be referred to the Pension Fund Committee
Pension account may be kept in such form as is considered appropriate.	R22(3)©		Pension accounts will kept in line with regulatory and system requirements
Where there are multiple ongoing employments, in the absence of an election from the member within 12 months of ceasing a concurrent employment, decide to which record the benefits from the ceased concurrent employment should be aggregated.	TP10(9)		That all records are merged with next record, as determined by start date of employment
Whether to require any strain on Fund costs to be paid "up front" by employing authority following payment of benefits under R30(6) (flexible retirement), R30(7) (redundancy / business efficiency), or the waiver (in whole or in part) under R30(8) of any actuarial reduction that would otherwise have been applied to benefits which a member voluntarily draws before normal pension age or to benefits drawn on flexible retirement.	R68(2); 80(5)		All strain costs associated with these decisions are paid in a lump sum once payment of benefits is processed
Whether to require any strain on Fund costs to be paid "up front" by employing authority if the employing authority "switches on" the 85 year rule for a member voluntarily retiring (other than flexible retirement) prior to age 60, or waives an actuarial reduction on compassionate grounds under TPSch 2, para 2(1).	TPSch 2, para 2(3)		All strain costs associated with these decisions are paid in a lump sum once payment of benefits is processed
Whether to extend the time limits within which a member must give notice of the wish to draw benefits before normal pension age or upon flexible retirement	R32(7)		The Pension Fund Committee has determined that a period of 3 months' notice should be given in line with the Regulations
Decide whether to trivially commute a member's pension under section 166 of the Finance Act 2004 (includes pension credit members where the effective date of the Pension Sharing Order is after 31 March 2014 and the debited member had some post 31 March 2014 membership of the 2014 Scheme).	R34(1)(a), R39(1)(b), T14(3) & 49(1)		The Pension Fund Committee has determined that small pension values can be commuted, at member request, in line with HMRC rules and limits.
Decide whether to trivially commute a lump sum death benefit under section 168 of the Finance Act 2004.	R34(1)(b), R39(1)(b & 49(1).		The Pension Fund Committee has determined that small pension values can be commuted, at member request, in line with HMRC rules and limits.

Discretion	Regulation	Exercised By	Decision
Decide whether to pay a commutation payment under regulations 6 (payment after relevant accretion, 11 (de minimis rule for pension schemes) or 12 (payments by larger pension scheme of the Registered Pension Schemes (Authorised Payments) Regulations 2009 (excludes survivor pensions and includes pension credit members where the effective date of the Pension Sharing Order is after 31 March 2014 and the debited member had some post 31 March 2014 membership of the 2014 Scheme)	R34(1)©, R39(1)©		The Pension Fund Committee has determined that small pension values can be commuted, at member request, in line with HMRC rules and limits.
Approve medical advisors used by employers (for ill health benefits)	R36(3) & 97(10) A56(2)		The Pension Fund Committee has delegated this approval process to Officers
Whether to use a certificate produced by an IRMP under the 2008 Scheme for the purposes of making an ill health determination under the 2014 Scheme.	TP12(6)	Employer (or Admin. Authority where Employer has become defunct)	The Pension Fund Committee has approved this use of 2008 certificate .
Decide whether deferred beneficiary meets criteria of being permanently incapable of former job because of ill health and is unlikely to be capable of undertaking gainful employment before normal pension age or for at least three years, whichever is the sooner.	R38(3)	Employer (or Admin. Authority where Employer has become defunct)	A report will be submitted to the Pension Fund Committee to advise of issues to be considered and to seek a decision.
Decide whether a suspended ill health tier 3 member is unlikely to be capable of undertaking gainful employment before normal pension age because of ill health.	R38(6) & B31(7)	Employer (or Admin. Authority where Employer has become defunct)	A report will be submitted to the Pension Fund Committee to advise of issues to be considered and to seek a decision.
Decide to whom death grant is paid.	TP17(5) to (8), R40(2), R43(2) & R46(2)B23(2), B32(2), B35(2), TSch1 , L155(4), 38(1) E8		Pension Fund Committee has delegated decision making to Officers unless a contentious case, in which instance the decision would be referred to the Pension Fund Committee
Decide, in the absence of an election from the member, which benefit is to be paid where the member would be entitled to a benefit under 2 or more regulations in respect of the same period of Scheme membership.	R49(1)© & B42(1)©		Pension Fund Committee has delegated decision making to Officers unless a contentious case, in which instance the decision would be referred to the Pension Fund Committee
Whether to set up a separate admission agreement fund.	R54(1)		The Pension Fund Committee determined no such fund should be set up
Whether to have a written pensions administration strategy and, if so, the matters it should include	R59(1) & (2)		An administration strategy is in place

Discretion	Regulation	Exercised By	Decision
Whether to extend the period beyond 3 months from the date an Employer ceases to be a Scheme Employer, by which to pay an exit credit.	R64(2ZA)	Administering Authority with agreement of Employer)	Decision making delegated to Head of Pensions and reported to PFC
Whether to suspend (by way of issuing a suspension notice), for up to 3 years, an employer’s obligation to pay an exit payment where the employer is again likely to have active members within the specified period of suspension.	R64 (2A)		Decision making delegated to Head of Pensions and reported to PFC
Whether to obtain revision of employer’s contribution rate if there are circumstances which make it likely a Scheme employer will become an exiting employer.	R64(4)		Pension Fund Committee has delegated decision making to Officers unless a contentious case, in which instance the decision would be referred to the Pension Fund Committee
Decide frequency of payments to be made over to Fund by employers and whether to make an admin charge.	R69(1)		Payments required to be paid monthly by 19th of month following deduction. Administration charges will be made in line with Administration Strategy
Decide form and frequency of information to accompany payments to the Fund.	R69(4)		Paperwork to be provided detailing monthly payments by 19th of the month following deduction.
Whether to issue employer with notice to recover additional costs incurred as a result of the employer's level of performance	R70 & TP22(2)		Administration charges will be made in line with Administration Strategy.
Whether to charge interest on payments by employers which are overdue	R71(1); 82(1)		Charges will be made in line with Administration Strategy
Decide procedure to be followed by admin authority when exercising its stage two IDRP functions and decide the manner in which those functions are to be exercised.	R76(4) & TP23		Pension Fund Committee has delegated these roles to Officers unless a contentious case, in which instance the decision would be referred to the Pension Fund Committee
Whether administering authority should appeal against employer decision (or lack of a decision).	R79(2) &tp23		Pension Fund Committee has delegated this matter to Officers unless a contentious case, in which instance the decision would be referred to the Pension Fund Committee
Specify information to be supplied by employers to enable administering authority to discharge its functions.	R80(1)(b) & TP22(1) & TP23		Pension Fund Committee has delegated this matter to Officers.
Whether to pay the whole or part of the amount that is due to the personnel representatives (including anything due to the deceased member at the date of death) to: • personal representatives, or • anyone appearing to be beneficially entitled to the estate without need for grant of probate / letters of administration where payment is less than amount specified in s6 of the Administration of Estates (Small Payments) Act 1965.	R82(2) A52(2) & 95		Pension Fund Committee has delegated the decision making to Officers unless a contentious case, in which instance the decision would be referred to the Pension Fund Committee

Discretion	Regulation	Exercised By	Decision
Whether, where a person is incapable of managing their affairs, to pay the whole or part of that person's pension benefits to another person for their benefit.	R83		A report will be submitted to Pension Fund Committee for decision in each case
Agree to bulk transfer payment	R98(1)(b)	Employer / Administering Authority / Trustees of new scheme	Delegated to officers in conjunction with Fund Actuary
Extend normal time limit for acceptance of a transfer value beyond 12 months from joining the LGPS.	R100(6)	Employer and Administering Authority	Pension Fund Committee determined to endorse employing authority decision
Allow transfer of pension rights into the Fund.	R100(7)	Administering Authority	The Pension Fund Committee determined to continue to all transfers in of previous pension rights.
Where member to whom B10 applies (use of average of 3 years pay for initial pay purposes) dies before election, whether to make that election on behalf of the deceased member	TP3(6), TP4(6)(c), TP8(4), TP10(2)(a), TP17(2)(b) & B10(2)		The Pension Fund Committee has determined that officers should use the best option for the member
Make election on behalf of deceased member with a certificate of protection of pension benefits i.e. determine best pay figure to use in the benefit calculations (pay cuts / restrictions occurring pre 1 April 2008).	TP3(6), TP4(6)(c), TP8(4), TP10(2)(a), TP17(2)(b) & TSch 1 & L23(9)		The Pension Fund Committee determined to continue to all transfers in of previous pension rights.
Decide to treat child (who has not reached the age of 23) as being in continuous full-time education or vocational training despite a break.	RSch 1 & TP17(9)(a)		The Pension Fund Committee has determined that a gap year does not constitute a break in continuous education
Decide evidence required to determine financial dependence of cohabiting partner on scheme member or financial interdependence of cohabiting partner and scheme member.	RSch 1 & TP17(9)(b)		Pension Fund Committee has delegated the decision making to Officers unless a contentious case, in which instance the decision would be referred to the Pension Fund Committee. Note: this is now only required in event of member's death
Extend time period for capitalisation of added years contract.	TP15(1)(c) & TSch1 & L83(5)		The Pension Fund Committee confirmed that time periods should not be extended.
Decide whether to delegate any administering authority functions under the Regulations	R105(2)		No decision made
Decide whether to establish a joint local pension board (if approval has been granted by the Secretary of State)	R106(3)		Decision made - Pension Board already in operation
Decide procedures applicable to the local pension board.	R106(6)		Decision made - Pension Board already in operation
Decide appointment procedures, terms of appointment and membership of local pension board.	R107(1)		Decision made - Pension Board already in operation

Discretion	Regulation	Exercised By	Decision
Outstanding employee contributions can be recovered as a simple debt or by deduction from benefits.	A45(3) & 89(3)		Delegated to officers
Specify information to be supplied by employers to enable administering authority to discharge its functions	TP23, TP22(1) & R90(1)(b)		Delegated to officers
Whether to pay the whole or part of a child's pension to another person for the benefit of that child	B27 (5); G11 (2)		Delegated to officers
Whether, where a person (other than an eligible child) is incapable of managing their affairs, to pay the whole or part of that person's pension benefits to another person for their benefit	A52 A; 47(2)		Delegated to officers
Decide whether deferred beneficiary meets permanent ill health and reduced likelihood of gainful employment criteria	B31(4)	Employer (or Admin. Authority where Employer has become defunct)	A report will be submitted to the Pension Fund Committee to advise of issue to be considered and to seek a decision
Make election on behalf of deceased member with a certificate of protection of pension benefits i.e. determine best pay figure to use in the benefit calculations (pay cuts / restrictions occurring pre 1 April 2008).	TSch 1 & L23(9)		Delegated to officers
Apportionment of children's pension amongst eligible children.	47(1)		Delegated to officers
Decide whether to commute benefits due to exceptional ill-health (including Pension Credit members where the effective date of the Pension Sharing Order was pre 1 April 2014 or where the effective date of the Pension Sharing Order is after 31 March 2014 but the debited member had no post 31 March 2014 membership of the 2014 Scheme).	50 and 157		Delegated to officers
Timing of pension increase payments by employers to fund	91(6)		Delegated to officers
Specify information to be supplied by employers to enable administering authority to discharge its functions.	TP23 & TP22(1) & R80(1)(b)		Included in the Administration Strategy / Documentation out to Scheme Employers
Date to which benefits shown on annual deferred benefit statement are calculated	106A(5)		End of Financial Year
Retention of Contributions Equivalent Premium (CEP) where member transfers out.	118		Not held liabilities are transferred
Discharge Pension Credit liability.	147		Delegated to officers
Apportionment of children's pension amongst eligible children.	G11(1)		Delegated to officers
Agree to pay annual compensation on behalf of employer and recharge payments to employer.	31(2)		Delegated to officers

Discretion	Regulation	Exercised By	Decision
To decide whether it is legally able to offer voluntary scheme pays (to determine legality see paragraph 223 onwards of the Annual Allowance Guide) and, if so, to decide the circumstances (if any) upon which it would do so.	2		Voluntary Scheme Pays Scheme put in place following PFC decision December 2017
Discretion below needs review to determine previous decision			
Whether to pay spouse's pensions for life (rather than ceasing during any period of remarriage or co-habitation).	F7		

	Discretion	Regulation	Exercised By	Policy	
	Decide policy on abatement of pre 1 April 2014 element of pensions in payment following re-employment	TP3(13) & A70(1) & A71(4)©		Abatement Policy	PFC at meeting 03.12.2010 determined that there should not be any abatement policy / abatement of pensions in payment
	Abatement of pensions following re-employment	TP3(13), A70(1) & A71(4)©		Abatement Policy	
Mandatory written policy	Communication policy must set out the policy on provision of information and publicity to, and communication with, members, representatives of members, prospective members and Scheme employers; the format, frequency and method of communications; and the promotion of the Scheme to prospective members and their employers	R60		Communication Policy	
Mandatory written policy	Whether to waive, in whole or in part, actuarial reduction on benefits paid on flexible retirement.	R30(8)	Employer, or Administration Authority where Employer has become defunct	Early Release of Benefit Policy	
Mandatory written policy	Whether to waive, in whole or in part, actuarial reduction on benefits which a member voluntarily draws before normal pension age other than on grounds of flexible retirement (where the member only has post 31 March 2014 Membership)	R30(8)	Employer, or Administration Authority where Employer has become defunct	Early Release of Benefit Policy	
Mandatory written policy	Whether to "switch on" the 85year rule for a member voluntarily drawing benefits on or after age 55 and before age 60 (other than on grounds of flexible retirement)	TPSch 2, Para 1(2) and 1(1)©		Early Release of Benefit Policy	
Mandatory written policy	Whether to waive any actuarial reduction for a member voluntarily drawing benefits before normal pension age other than on the grounds of flexible retirement (where the member has both pre 1 April 2014 and post 31 March 2014 membership): a) on compassionate grounds (pre 1 April 2014 membership) and in whole or in part on any grounds (post 31 March 2014 membership) if the member was not in the Scheme before 1 October 2006, b) on compassionate grounds (pre 1 April 2014 membership) and in whole or in part on any grounds (post 31 March 2014 membership) if the member was in the Scheme before 1 October 2006, will not be 60 by 31 March 2016 and will not attain 60 between 1 April 2016 and 31 March 2020 inclusive, c) on compassionate grounds (pre 1 April 2016 membership) and in whole or in part on any grounds (post 31 March 2016 membership) if the member was in the Scheme before 1 October 2016 and will be 60 by 31 March 2016, d) on compassionate grounds (pre1 April 2020 membership) and in whole or in part on any grounds (post 31 March 2020 membership) if the member was in the Scheme before 1 October 20016, will not be 60 by 31 March 2016 and will attain 60 between 1 April 2016 and 31 March 2020 inclusive	TP3(1), TPSch 2, para 2(1), B30(5) & B30A(5)	Employer, or Administration Authority where Employer has become defunct	Early Release of Benefit Policy	
	Whether to “switch on” the 85 year rule for a member voluntarily drawing benefits on or after age 55 and before age 60.	TPSch 2, para 1(2) & 1(1)(c)	Employer (or Admin. Authority where Employer has become defunct)	Early Release of Benefit Policy	
	Whether to waive, on compassionate grounds, the actuarial reduction applied to deferred benefits paid early under B30 (member)	B30(5) TPSch 2, para 2 (1)	Employer (or Admin. Authority where Employer has become defunct)	Early Release of Benefit Policy	

	Whether to "switch on" the 85 year rule for a pensioner member with deferred benefits voluntarily drawing benefits on or after age 55 or before age 60	& 1(1)(c)	Employer (or Admin. Authority where Employer has become defunct)	Early Release of Benefit Policy
	Whether to waive, on compassionate grounds, the actuarial reduction applied to benefits paid early under B30A (pensioner member with deferred benefits).	B30A(5), TPSch 2, para 2(1)	Employer (or Admin. Authority where Employer has become defunct)	Early Release of Benefit Policy
	Whether to "switch on" the 85 year rule for a member with deferred benefits voluntarily drawing benefits on or after age 55 and before age 60. Note: TPSch 2, para 2(2) does not reference para 1(1)(f) so strictly speaking there is no requirement to publish a policy under this regulation or R60. However, we understand that this is simply a regulatory omission and the appropriate party should publish a policy accordingly.	TPSch 2, para 1(2) & 1(1)(f) & R60	Employer (or Admin. Authority where Employer has become defunct)	Early Release of Benefit Policy
	Waive, on compassionate grounds, the actuarial reduction applied to deferred benefits paid early.	31(5) & TPSch 2, para 2(1)	Employer (or Admin. Authority where Employer has become defunct)	Early Release of Benefit Policy
	Grant application for early payment of deferred benefits on or after age 50 on compassionate grounds. Although the common provisions of the 1997 Transitional provisions regulations do not specify regulation D11(2)(c), there intention was that it should apply to this regulation.	TP3(5A)(vi), TL4, L106(1) & D11(2)(c)	Employer (or Admin. Authority where Employer has become defunct)	Early Release of Benefit Policy
Mandatory written policy	Decide on Funding Strategy for inclusion in funding strategy statement	R58		Funding Strategy Statement
Mandatory written policy	Governance Compliance Statement	R55		Governance Compliance Statement

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TABLE 1

OXFORDSHIRE COUNTY COUNCIL PENSION FUND
OVERALL VALUATION OF FUND AS AT 31st MARCH 2019

	COMBINED PORTFOLIO 01.01.19	Brunel Pension Partnership UK Equities		Brunel Pension Partnership Passive Equities		Wellington Global Equities		Legal & General Fixed Interest		UBS Global Equities and Property		Brunel Pension Partnership Other Investments		In House Other Investments		COMBINED PORTFOLIO 31.03.19		
Investment	**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**	**Value £' 000**	**% of Total Value**	**Target %**
EQUITIES																		
UK Equities	**629,699**	**438,172**	**99.8%**	**194,183**	**45.0%**	**19,422**	**7.3%**	**0**	**0.0%**	**36,204**	**7.9%**	**0**	**0.0%**	**0**	**0.0%**	**687,981**	**27.5%**	**26.0%**
Overseas Equities	**687,572**	**0**	**0.0%**	**237,287**	**55.0%**	**243,871**	**91.3%**	**0**	**0.0%**	**282,776**	**61.7%**	**0**	**0.0%**	**0**	**0.0%**	**763,934**	**30.6%**	**28.0%**
BONDS																		
UK Gilts	150,370	0	0.0%	0	**0.0%**	0	0.0%	120,299	24.4%	0	0.0%	0	0.0%	0	0.0%	120,299	4.8%	
Corporate Bonds	107,269	0	0.0%	0	**0.0%**	0	0.0%	138,628	28.1%	0	0.0%	0	0.0%	0	0.0%	138,628	5.5%	
Overseas Bonds	45,423	0	0.0%	0	**0.0%**	0	0.0%	57,855	11.7%	0	0.0%	0	0.0%	0	0.0%	57,855	2.3%	
Index-Linked	153,723	0	0.0%	0	**0.0%**	0	0.0%	157,186	31.9%	0	0.0%	0	0.0%	0	0.0%	157,186	6.3%	
Total Bonds	**456,785**	**0**	**0%**	**0**	**0.0%**	**0**	**0.0%**	**473,968**	**96.0%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**473,968**	**18.9%**	**16.0%**
ALTERNATIVE INVESTMENTS																		
Property	167,101	0	0.0%	0	**0.0%**	0	0.0%	0	0.0%	138,189	30.2%	0	0.0%	31,178	7.7%	169,367	6.8%	8.0%
Private Equity	168,568	0	0.0%	0	**0.0%**	0	0.0%	0	0.0%	0	0.0%	837	10.9%	177,240	44.0%	178,077	7.2%	9.0%
Multi Asset - DGF	110,920	0	0.0%	0	**0.0%**	0	0.0%	0	0.0%	0	0.0%	0	0.0%	115,919	28.8%	115,919	4.6%	5.0%
Infrastructure	9,481	0	0.0%	0	**0.0%**	0	0.0%	0	0.0%	0	0.0%	3,904	50.8%	9,154	2.3%	13,058	0.5%	3.0%
Secured Income	-	0	0.0%	0	**0.0%**	0	0.0%	0	0.0%	0	0.0%	2,939	38.3%	0	0.0%	2,939	0.1%	5.0%
Total Alternative Investments	**456,070**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**138,189**	**30.2%**	**7,680**	**100.0%**	**333,491**	**82.8%**	**479,360**	**19.2%**	**30.0%**
CASH	**104,091**	**871**	**0.2%**	**0**	**0.0%**	**3,901**	**1.5%**	**19,597**	**4.0%**	**1,136**	**0.2%**	**0**	**0.0%**	**69,667**	**17.3%**	**95,172**	**3.8%**	**0.0%**
TOTAL ASSETS	**2,334,217**	**439,043**	**100.0%**	**431,470**	**100.0%**	**267,194**	**100.0%**	**493,565**	**100.0%**	**458,305**	**100.0%**	**7,680**	**100.0%**	**403,158**	**100.0%**	**2,500,415**	**100.0%**	**100.0%**
% of total Fund		17.56%		17.26%		10.69%		19.73%		18.33%		0.31%		16.12%		100.00%		

TABLE 2

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

Asset	Changes in Market Value						
	Brunel Pension Partnership UK Equities	**Brunel Pension Partnership Passive Equities**	**Wellington Global Equities**	**Legal & General Fixed Interest**	**UBS Global Equities and Property**	**Brunel Pension Partnership Other Investments**	**In House Other Investments**
	£000	£000	£000	£000	£000	£000	£000
EQUITIES							
UK Equities	38,623	16,516	1,098	0	4,256	0	0
				0	0	0	0
Overseas Equities	0	21,460	15,419	0	32,499	0	0
	0	0	0	0	0	0	0
BONDS	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
UK Gilts	0	0	0	(18,549)	0	0	0
Corporate Bonds	0	0	0	31,359	0	0	0
Overseas Bonds	0	0	0	990	0	0	0
Index-Linked Bonds	0	0	0	9,389	0	0	0
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
ALTERNATIVE INVESTMENTS	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
Property	0	0	0	0	(729)	0	(397)
Private Equity	0	0	0	0	0	73	8,787
Multi Asset - DGF	0	0	0	0	0	0	4,999
Infrastructure	0	0	0	0	0	(181)	(327)
Secured Income	0	0	0	0	0	36	0
SUB TOTAL	38,623	37,976	16,517	23,189	36,026	(72)	13,062
CASH	0	0	0	0	0	0	0
GRAND TOTAL	**38,623**	**37,976**	**16,517**	**23,189**	**36,026**	**(72)**	**13,062**

TABLE 3

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

PERFORMANCE TO 31st MARCH 2019

COMBINED PORTFOLIO (BY FUND MANAGER)

FUND MANAGER	% Weighting of Fund as at 31st March 2019	QUARTER ENDED 31st March 2019 RETURN %	12 MONTHS ENDED 31st March 2019 RETURN %	THREE YEARS ENDED 31st March 2019 RETURN %	FIVE YEARS ENDED 31st March 2019 RETURN %	TEN YEARS ENDED 31st March 2019 RETURN %
BRUNEL - UK EQUITIES	17.5%	9.7				
BENCHMARK		9.4				
VARIATION		**0.3**				
WELLINGTON GLOBAL EQUITIES	10.7%	7.4	7.9	13.2	10.5	
BENCHMARK		9.8	11.1	14.6	12.0	
VARIATION		**-2.4**	**-3.2**	**-1.4**	**-1.5**	
BRUNEL - L&G UK EQUITIES - PASSIVE	7.8%	9.4				
BENCHMARK		9.4				
VARIATION		**0.0**				
BRUNEL - L&G WORLD DEVELOPED EQUITIES - PASSIVE	9.5%	9.8				
BENCHMARK		9.8				
VARIATION		**0.0**				
L&G FIXED INCOME	19.7%	4.6	4.6	5.5	6.7	7.3
BENCHMARK		4.5	5.0	5.8	6.8	7.2
VARIATION		**0.1**	**-0.4**	**-0.3**	**-0.1**	**0.1**
IN-HOUSE PROPERTY	1.2%	-1.2	6.6	10.2	10.6	
BENCHMARK		0.3	4.8	6.1	9.1	
VARIATION		**-1.5**	**1.8**	**4.1**	**1.5**	
PRIVATE EQUITY	7.1%	5.6	13.1	17.6	15.8	17.3
BENCHMARK		6.2	1.0	7.3	5.8	14.4
VARIATION		**-0.6**	**12.1**	**10.3**	**10.0**	**2.9**

FUND MANAGER	% Weighting of Fund as at 31st March 2019	QUARTER ENDED 31st March 2019 RETURN %	12 MONTHS ENDED 31st March 2019 RETURN %	THREE YEARS ENDED 31st March 2019 RETURN %	FIVE YEARS ENDED 31st March 2019 RETURN %	TEN YEARS ENDED 31st March 2019 RETURN %
INFRASTRUCTURE	0.4%	-3.4	5.5			
BENCHMARK		1.2	4.7			
VARIATION		**-4.6**	**0.8**			
UBS GLOBAL EQUITIES	12.8%	13.0	9.6	15.7	10.9	12.8
BENCHMARK		9.8	11.1	15.0	12.2	13.0
VARIATION		**3.2**	**-1.5**	**0.7**	**-1.3**	**-0.2**
UBS PROPERTY	5.6%	0.8	5.1	6.4	9.6	8.7
BENCHMARK		0.3	4.8	6.1	9.1	8.4
VARIATION		**0.5**	**0.3**	**0.3**	**0.5**	**0.3**
INSIGHT DIVERSIFIED GROWTH FUND	4.6%	4.5	1.9	4.4		
BENCHMARK		1.2	4.7	4.0		
VARIATION		**3.3**	**-2.8**	**0.4**		
IN-HOUSE CASH	2.8%	0.2	0.7	0.4	0.4	0.8
BENCHMARK		0.2	0.8	0.5	0.5	0.4
VARIATION		**0.0**	**-0.1**	**-0.1**	**-0.1**	**0.4**
BRUNEL - INFRASTRUCTURE	0.2%	-9.5				
BENCHMARK		-0.1				
VARIATION		**-9.4**				
BRUNEL - SECURED INCOME	0.1%	1.2				
BENCHMARK		-0.1				
VARIATION		**1.3**				
TOTAL FUND	**100.0%**	**7.2**	**6.8**	**10.8**	**8.8**	**11.1**
BENCHMARK		**6.6**	**6.7**	**9.7**	**8.3**	**11.2**
VARIATION		**0.6**	**0.1**	**1.1**	**0.5**	**-0.1**

TABLE 4

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

TOP 20 HOLDINGS AT 31/03/2019

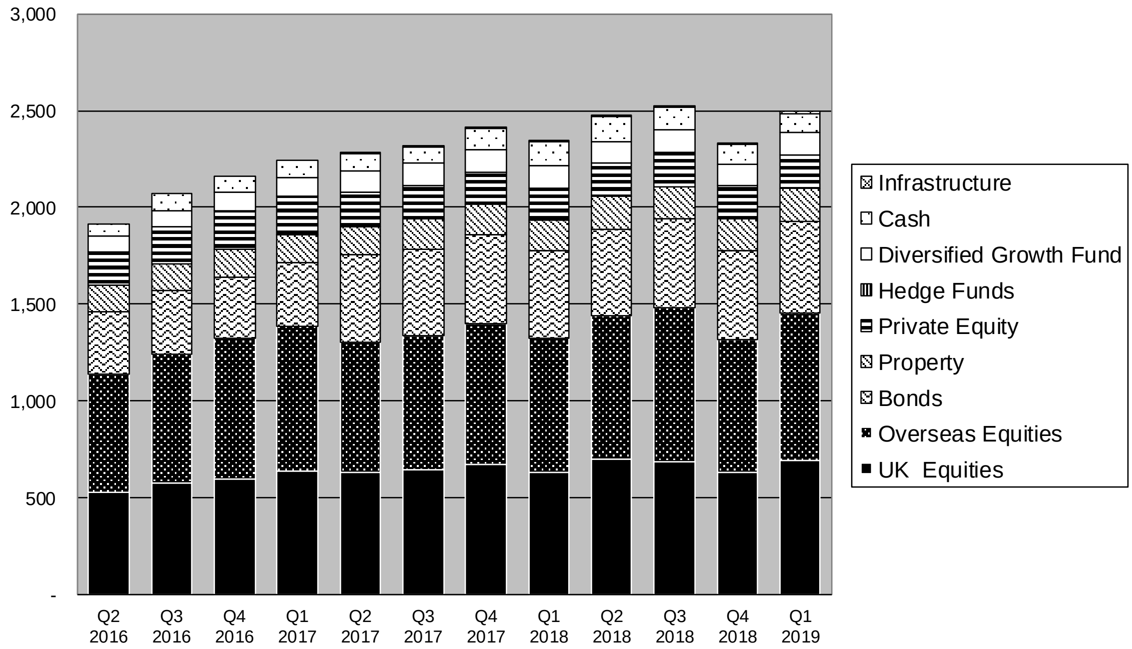
	ASSET DESCRIPTION	MARKET VALUE £	TOTAL FUND %
	DIRECT HOLDINGS		
1	HG CAPITAL TRUST PLC	40,033,800	1.60
2	STANDARD LIFE PRIVATE EQ ORD	16,445,155	0.66
3	BMO PRIVATE EQUITY TRUST PLC	14,144,000	0.57
4	3I GROUP PLC COMMON STOCK GBP.738636	11,277,526	0.45
5	TSY 1 1/4 2055 I/L GILT BONDS REGS 11/55 1.25	9,538,735	0.38
6	TSY 0 1/8 2026 I/L GILT BONDS REGS 03/26 0.125	9,019,844	0.36
7	TSY 0 1/8 2068 I/L GILT BONDS REGS 03/68 0.125	8,984,703	0.36
8	CANADIAN GOVERNMENT SR UNSECURED 06/28 2	8,777,586	0.35
9	TSY 0 3/8 2062 I/L GILT BONDS REGS 03/62 0.375	8,412,302	0.34
10	SWEDISH GOVERNMENT BONDS 05/28 0.75	8,319,984	0.33
11	TSY 0 1/2 2050 I/L GILT BONDS REGS 03/50 0.5	8,193,222	0.33
12	TSY 0 1/8 2044 I/L GILT BONDS REGS 03/44 0.125	7,752,060	0.31
13	UK TSY 1 1/2 2021 BONDS REGS 01/21 1.5	7,360,020	0.29
14	TSY 1 1/8 2037 I/L GILT BONDS REGS 11/37 1.125	7,325,326	0.29
15	TSY 0 5/8 2040 I/L GILT BONDS REGS 03/40 0.625	7,194,354	0.29
16	ICG ENTERPRISE TRUST PLC	7,092,900	0.28
17	TSY 0 1/4 2052 I/L GILT BONDS REGS 03/52 0.25	6,874,719	0.27
18	TSY 0 1/8 2046 I/L GILT BONDS REGS 03/46 0.125	6,688,554	0.27
19	UK TSY 4 2022 BONDS REGS 03/22 4	6,629,498	0.27
20	TSY 0 1/8 2058 I/L GILT BONDS REGS 03/58 0.125	6,343,274	0.25
	TOP 20 HOLDINGS MARKET VALUE *	**206,407,562**	8.25
	* Excludes investments held within Pooled Funds		
	POOLED FUNDS AT 31/03/2019		
1	FP BRUNEL UK EQUITY FUND A ACC MUTUAL FUND	438,172,345	17.52
2	UBS LIFE GLOBAL EQUITY ALL COUNTRY FUND A	318,980,455	12.76
3	L&G WORLD DEVELOPED EQUITY INDEX	252,406,385	10.09
4	LEGAL AND GENERAL TD CORE PLUS	183,472,712	7.34
5	L&G UK EQUITY INDEX	179,064,025	7.16
	TOTAL POOLED FUNDS MARKET VALUE	**1,372,095,922**	54.87
	TOTAL FUND MARKET VALUE	**2,500,415,469**	

GRAPH 1

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

MARKET VALUE OF TOTAL FUND

TOTAL FUND MARKET VALUE BY ASSET CLASS



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MJ HUDSON
Allenbridge

PENSION FUND COMMITTEE – 7 JUNE 2019

OVERVIEW AND OUTLOOK FOR INVESTMENT MARKETS

Report by the Independent Financial Adviser

Economy

1. The US economy grew at an annualised rate of 3.2% in Q1, although growth is expected to moderate during the remainder of the year. In the Spring Statement in March the forecast of UK growth in 2019 was just 1.2%, although the Bank of England has since raised its estimate of 1.5%. Economic indicators in Europe point to weak growth, while China has reduced its official forecast from 6.5% to 6 – 6.5%.

(In the table below the bracketed figures show the forecasts made in February)

Consensus real growth (%)						**Consumer prices latest (%)**
	2015	**2016**	**2017**	**2018**	**2019E**	
UK	+2.3	+2.0	+1.6	+1.4	+1.0(+1.5)	+1.9(CPI)
USA	+2.4	+1.6	+2.3	+2.9	+2.2(+2.6)	+ 1.9
Eurozone	+1.5	+1.6	+2.3	+1.9	+1.3(+1.6)	+ 1.4
Japan	+0.6	+0.9	+1.7	+0.7	+1.0(+1.0)	+ 0.5
China	+6.9	+6.7	+6.8	+6.6	+6.3(+6.2)	+ 2.3

Sources of estimates: Economist Intelligence Unit, May 4th 2019]

2. The US Federal Reserve is not planning to raise interest rates for the rest of the year - in sharp contrast to its intentions last December to make two increases - while the European Central Bank resumed one of its support programmes in response to the weakening Eurozone economies.

3. Domestic news has been dominated by the UK government's so far unsuccessful efforts to gain House of Commons support for its withdrawal agreement to enable the UK to leave the EU. The deadline imposed by the EU has been deferred from March 29th to October 31st, but there appears to be little likelihood of any cross-party compromise which could lead to a Commons majority. With Mrs May's grip on the party leadership becoming

increasingly fragile, and European Elections due on May 23^{rd}, it is impossible to forecast how the Brexit impasse will be resolved.

4. Until early May it appeared that US-China trade talks were proceeding well, and that an agreement would be reached. On May 5^{th}, however, President Trump announced that the US would be increasing the tariff rate on $200bn of Chinese exports from 10% to 25% on May 10^{th}. These duly came into effect, with the Chinese government vowing to retaliate in kind. This development has unsettled equity markets.

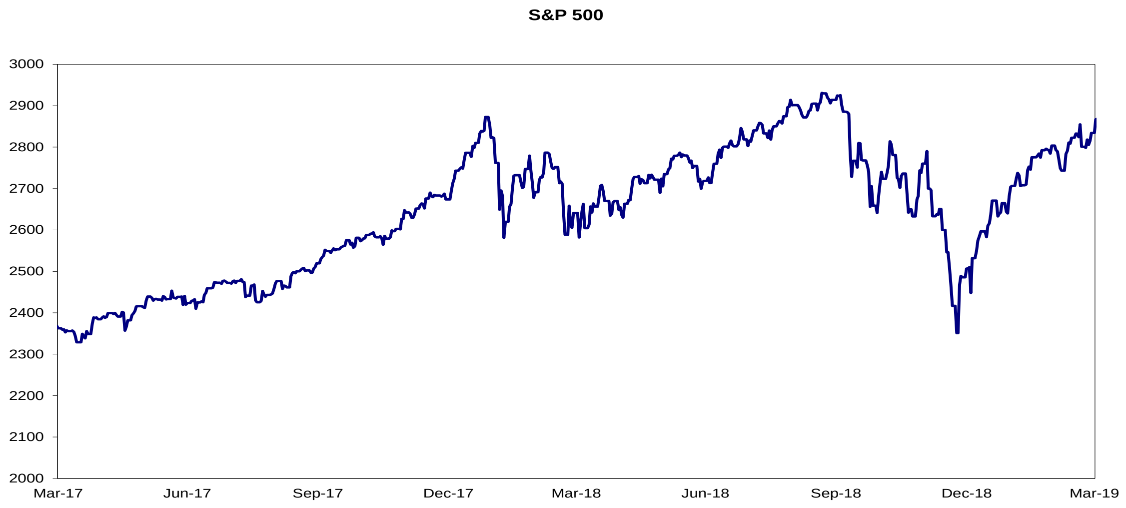
Markets

Equities

5. Equity markets recouped most of the falls experienced in the 4^{th} quarter of 2018, and in April the S&P 500 Index passed its previous peak recorded in September. The 3-year figures show how much UK and Continental European markets have lagged the North American and Asian markets.

	Capital return (in £, %) to 31.3.19			
Weight %	Region	**3 months**	**12 months**	**36 months**
100.0	FTSE All-World Index	**+ 8.9**	**+8.0**	**+40.7**
56.7	FTSE All-World North America	+10.7	+15.1	+51.1
7.9	FTSE All-World Japan	+3.3	-3.1	+32.7
12.7	FTSE All-World Asia Pac ex Japan	+8.1	+0.9	+37.6
14.5	FTSE All-World Europe (ex-UK)	+7.4	-0.5	+25.0
5.4	FTSE All-World UK	+8.4	+2.9	+17.0
10.3	FTSE All-World Emerging Markets	+7.5	-1.0	+37.6

[Source: FTSE All-World Review, March 2019]



6. Sectoral returns in the quarter reversed the picture seen in the previous quarter, with Technology, Industrials and Oil & Gas rebounding sharply, while Utilities and Telecommunications lagged the rest of the market.

	Capital return (in £, %) to 31.3.19		
Weight %	**Industry Group**	**3 months**	**12 months**
11.0	Health Care	+4.6	+18.0
3.3	Utilities	+6.6	+16.8
15.9	Technology	+14.7	+16.0
11.3	Consumer Services	+9.6	+13.7
6.2	Oil & Gas	+10.7	+8.2
100.0	**FTSE All-World**	**+8.9**	**+8.0**
12.8	Industrials	+12.0	+5.8
2.8	Telecommunications	+2.8	+3.9
11.2	Consumer Goods	+7.9	+2.3
4.3	Basic Materials	+7.3	+1.5
21.2	Financials	+6.6	+0.8

[Source: FTSE All-World Review, March 2019]

7. In the UK, the All-Share Index gained 8.3%, after an 11% fall in Q4 2018, while the Small –Caps – which had been the most resilient area during 2018 – lagged the other areas of the market.

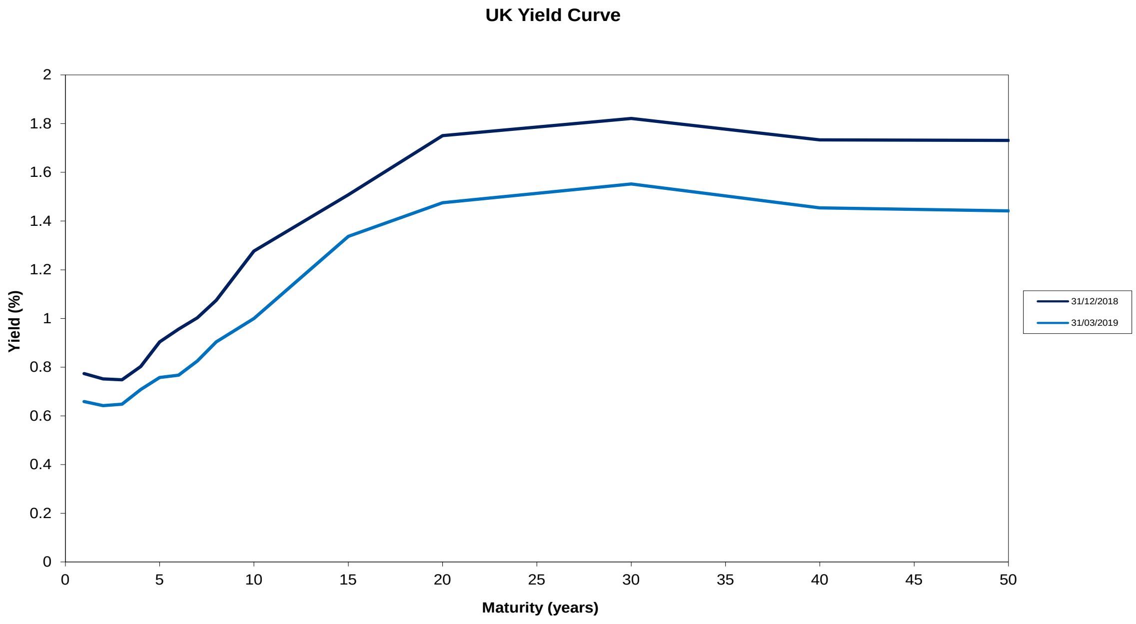
(Capital only%, to 31.3.19)	3 months	12 months	36 months
FTSE 100	+8.2	+3.2	+17.9
FTSE 250	+9.2	-1.8	+12.9
FTSE Small Cap	+5.6	+2.3	+20.3
FTSE All-Share	+8.3	+2.2	+17.2

[Source: Financial Times]

Bonds

8. The Federal Reserve's change of policy on interest rates announced in January and confirmed later caused yields on medium and long-dated US bonds to fall sharply. By late March the yield on 10-year US Treasuries had fallen below the 2.5% short-term interest rate. Yields in the other major government bond markets also declined, although was partly a reaction to the signs of economic slowdown and lack of inflation pressure.

10-year government bond yields (%)					
	Dec 2015	Dec 2016	Dec 2017	Dec 2018	Mar 2019
US	2.27	2.46	2.43	2.68	2.42
UK	1.96	1.24	1.23	1.14	1.00
Germany	0.63	0.11	0.43	0.24	-0.07
Japan	0.27	0.04	0.05	-0.01	-0.10



Internal

Currencies

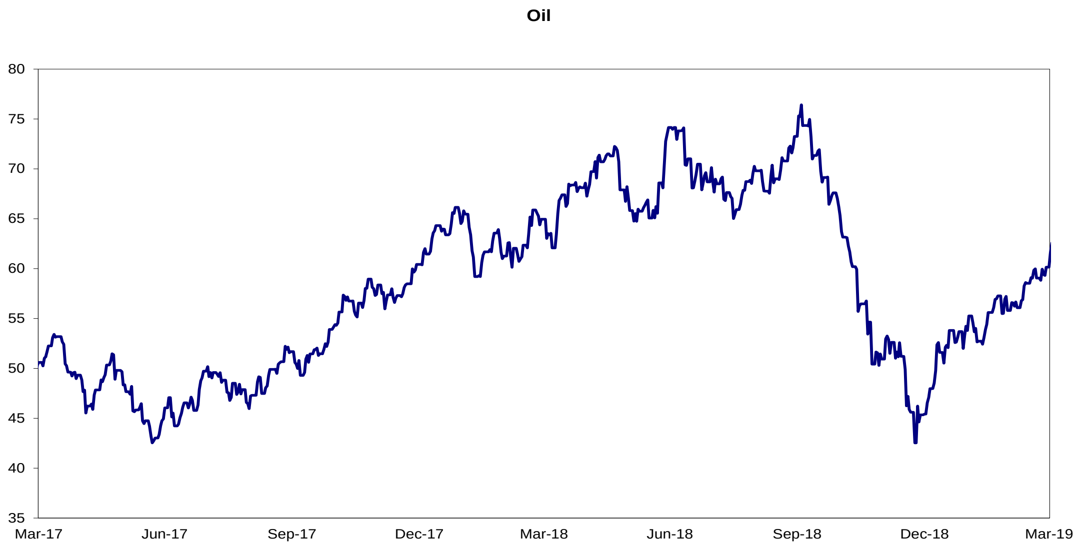
9. Sterling continued to fluctuate as the prospects of Brexit on a 'no deal' basis waxed and waned. The weakness in the Eurozone economies depressed the euro against other major currencies.

				£ move (%)	
	31.3.18	**31.12.18**	**31.3.19**	**3m**	**12m**
$ per £	1.403	1.274	1.303	+2.3	-7.1
€ per £	1.141	1.114	1.161	+4.2	+1.8
Y per £	149.2	139.7	144.2	+3.2	-3.4

Internal

Commodities

10. After its steep fall during the previous quarter, the Oil price rebounded sharply, gaining 25% to reach $68/barrel (Brent crude) at end-March, and to exceed $70 during April. This rally was caused by fears that supplies from Venezuela and Iran would be limited by the imposition of international sanctions, as well as by the reduction in Saudi Arabia's output.



Internal

Property

11. The UK All Property Index showed slowing annual growth for the 4th consecutive quarter, depressed largely by the severe weakness of the Retail

sector, where a number of well-known High Street names have either gone into administration or announced widespread store closures.

	3-month	(%)	12-month
All Property	**+0.5**		**+5.6**
Retail	**-1.3**		**-2.6**
Office	**+1.1**		**+6.5**
Industrial	**+1.7**		**+14.5**

[MSCI UK Monthly Index of total returns, March 2019]

Outlook

12. While the steady raising of US interest rates has come to a halt, and equity markets have responded with a sharp rally, there are still a number of factors which could puncture this market sentiment. The US' recent imposition of higher tariffs on a large volume of Chinese exports threatens to hit world trade and depress growth. Meanwhile, the rebound in oil prices is likely to hit the economies of those countries which are reliant on imports of oil.

13. The extreme uncertainty on the UK political scene caused by stalemate in the Brexit process could be damaging to the UK economy and to the corporate sector, while governments in several European countries are losing ground to populist factions in local and national elections. In summary, it is easier to see negative influences on equity markets than positive ones.

Peter Davies
Senior Adviser – MJ Hudson Investment Advisers

May 13th, 2019

[Graphs supplied by Legal & General Investment Management]

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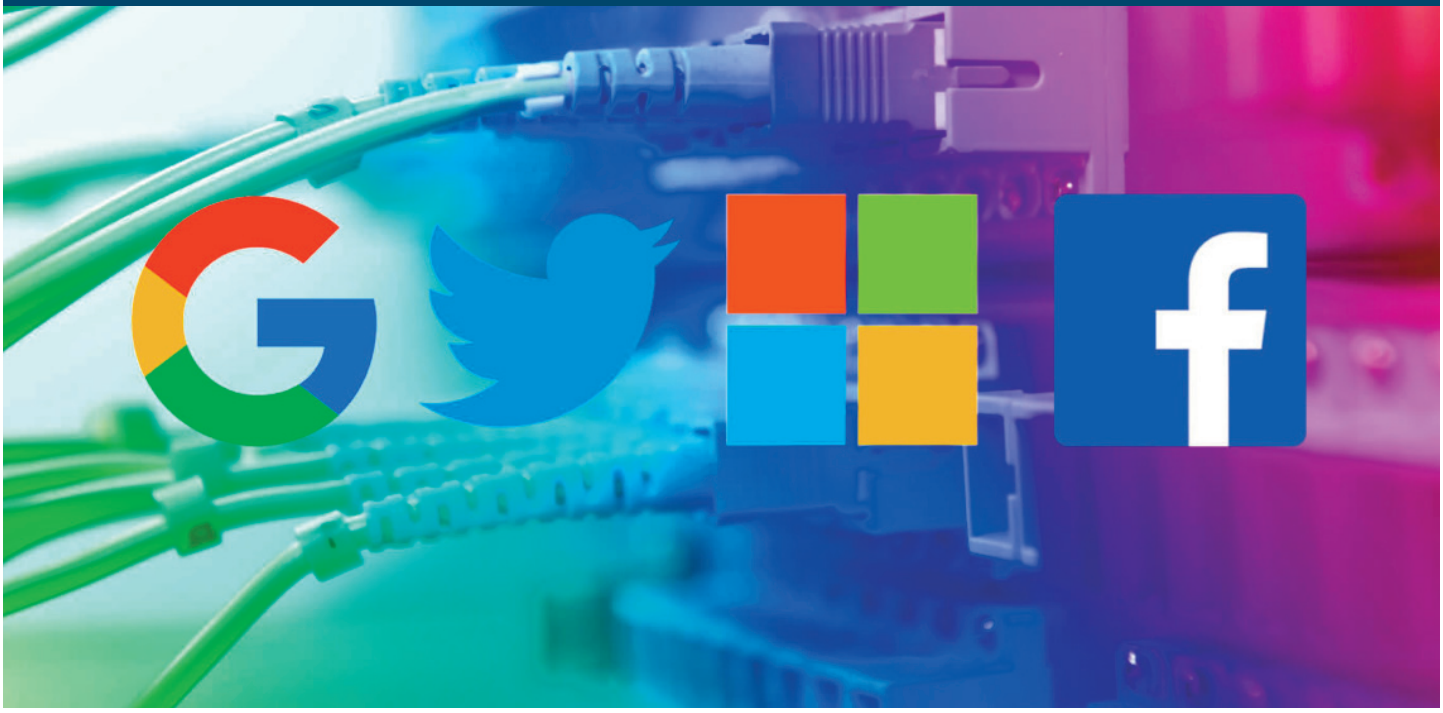
Local Authority Pension Fund Forum

The Local Authority Pension Fund Forum (LAPFF) exists to promote the long-term investment interests of member funds and beneficiaries, and to maximise their influence as shareholders whilst promoting the highest standards of corporate governance and corporate responsibility at investee companies. Formed in 1990, LAPFF brings together a diverse range of 80 public sector pension funds and six Pools in the UK with combined assets of over £230 billion.

QUARTERLY ENGAGEMENT REPORT

JANUARY TO MARCH 2019



Ryanair Chair commits to standing down in 2020 after prospect of shareholder resolution by LAPFF

Auditing, Reporting and Governance Authority (ARGA) to replace FRC after LAPFF consultation contribution acknowledged

LAPFF part of investor group leading to Shell's proposal to include carbon reduction metrics in executive remuneration.

LAPFF joins investors calling on Facebook, Google and Twitter to strengthen controls on streaming of objectionable content following the Christchurch shootings.

LAPFF calls for tech company Initial Public Offerings (IPOs) to adopt the principle of one share, one vote.

The Forum joins investors in calling for the 20 largest carbon emitting utilities companies based in the US to commit to achieving net-zero carbon emissions by 2050.

LAPFF takes on role of liaising with affected communities in investor tailings dam initiative.

This Quarter – At A Glance

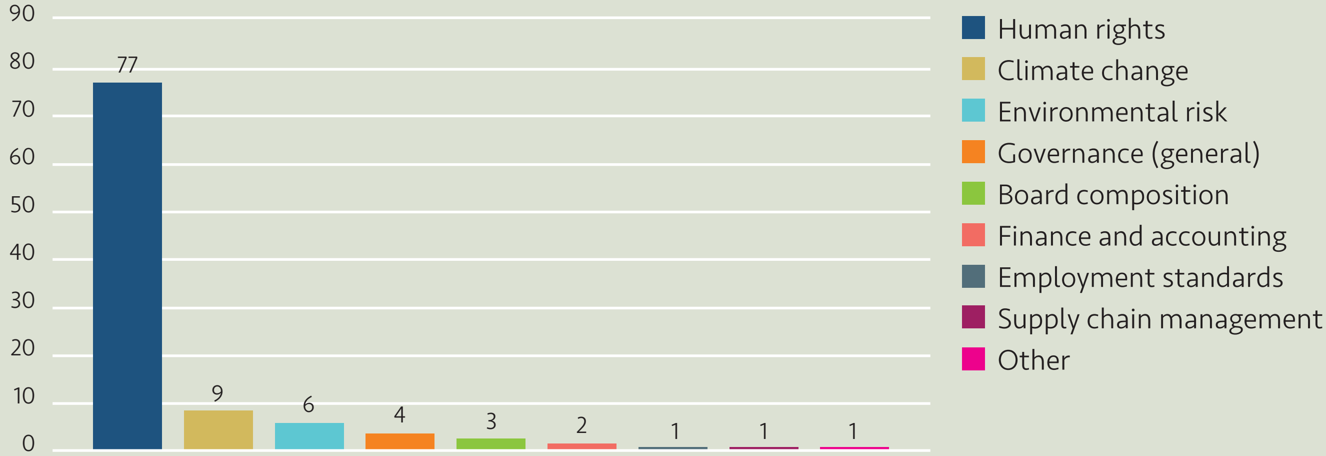
In February Ryanair announced that current Chairman David Bonderman would be replaced during 2020. The statement was made after LAPFF had voiced an intention to requistion the AGM in order to propose a resolution requesting Mr Bonderman resign from the Board.

The Government announced plans to replace the Financial Reporting Council (FRC) with the Auditing, Reporting and Governance Authority (ARGA). This comes in the aftermath of the Kingman Review which recommended the FRC be disbanded, a position promoted by LAPFF after many years of raising concerns over the FRC.

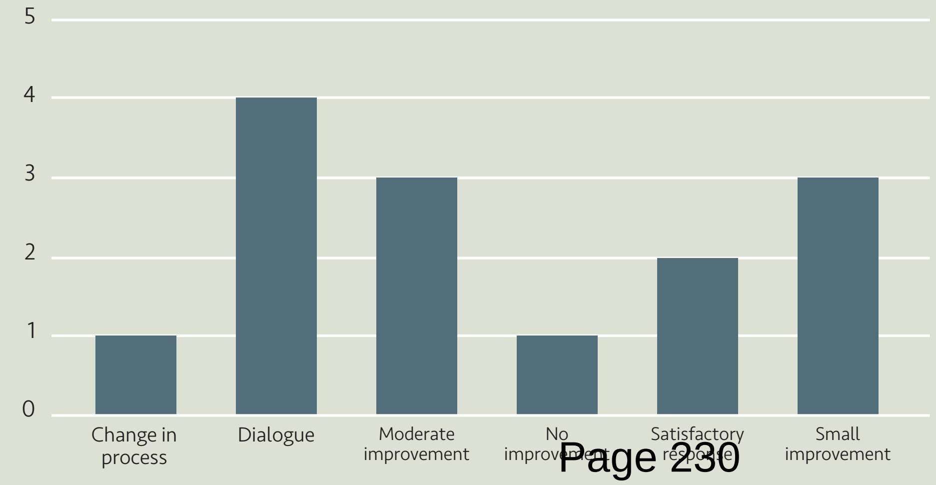
After pledging to include the overall reduction of its net carbon footprint in considering executive remuneration outcomes, Royal Dutch Shell Plc published its remuneration report enacting this commitment. As a member of the Climate Action 100+ investor initiative, LAPFF welcomes Royal Dutch Shell's steps in addressing the need to tackle climate change proactively. This is a small but pioneering step towards enabling companies to prepare for the low carbon transition.

COMPANY ENGAGEMENT ACTIVITIES

Engagement topics



Meeting outcomes



GOVERNANCE RISK

Financial Reporting Council to be Disbanded

The Government has announced plans to replace the Financial Reporting Council (FRC) with the Auditing, Reporting and Governance Authority (ARGA). Both the Kingman Review, which recommended the replacement, and the recent CMA consultation acknowledged LAPFF's contribution to the debate and enacted the Forum's recommendation to disband the FRC. The ARGA will have stronger enforcement powers. LAPFF's position has also been picked up by the BEIS Select Committee Enquiry into audit following the collapse of Carillion. The day after evidence had been taken from the large accounting firms, the first major audit case, AssetCo, to result in a Court judgment since 1968 found against Grant Thornton. The judgment confirms the statutory objective of audited accounts consistent with the position of George Bompas QC. The following week evidence from the CEO of the ICAEW confirmed that there were issues between International Accounting Standards and Company Law, something that had been previously denied. Members of the BEIS Committee have made it clear that the problem is not the law but the standards.

Ryanair

Ryanair Chairman, David Bonderman, will step down from the board by the 2020 AGM, the Company has said. This announcement comes after a lengthy shareholder rights campaign spearheaded by LAPFF. 2018 was a turbulent year including strikes by staff resulting in widespread travel disruption and the issuance of a profit warning. After continued challenge on the long-term tenure of the Chair, the Company announced that he will not seek re-election next summer. LAPFF had drafted a shareholder resolution requesting that Mr Bonderman resign. This draft resolution was conveyed to Ryanair just before the Company's statement about Mr Bonderman's stepping down was released.

Response to EU Consultation on Remuneration Report

LAPFF responded to a targeted consultation on standardising the presentation of remuneration reports under the Shareholders' Rights Directive. The aim of the consultation was to contribute towards the production of non-binding guidelines which help companies disclose clear, understandable, comprehensive and comparable information on individual directors' remuneration. In LAPFF's view, overall, implementation of the proposals will improve the disclosure of matters relating to executive compensation across EU markets. Standardising the reporting format will also help shareholders to assess directors' remuneration, to what extent that remuneration is linked to the performance of the company and how the company implements its remuneration policy in practice. As such, the response is largely supportive of the proposed reporting framework.

Dual-class Shareholdings at Tech Companies

LAPFF joined other investors in writing to Lyft, the US ride-share company, expressing opposition to the dual-class share structure proposed in its IPO. To provide context, a restatement of LAPFF's policy on support for the principle of one share, one vote was re-issued publicly. LAPFF considers that shareholders who have the same financial commitment to the company should have the same rights and that dual share structures with differential voting rights are disadvantageous to many shareholders and should be reformed. In the public statement, investors have called for shareholders' economic exposure and risk be aligned with their influence and voting rights post IPO.

Social Media Companies

LAPFF has joined a group of investors calling for social media companies to strengthen controls on objectionable content and live streaming following the Christchurch shootings in March. The Forum's involvement came about due to increasing concerns about the social and financial damage that could be caused by inappropriate or illegal content on social media even before Christchurch, with members considering engagement in 2017 and having made contact with New Zealand Super in February of this year.

ENVIRONMENTAL AND CARBON RISK

Along with other investor participants in the 'Climate Action 100+' initiative, Cllr Robert Chapman met with executives from steel manufacturing giant, **ArcelorMittal**. The meeting focused on the Company's progress towards decarbonising operations and planning for the transition to a low carbon economy. As part of the discussion, Cllr Chapman pressed on whether the company would be setting science-based targets in line with the Paris Accord, and if ArcelorMittal would consider linking carbon reduction performance with executive remuneration.

A range of issues were discussed at a Climate Action 100+ meeting with Simon Thompson, chair of **Rio Tinto** and the corporate head of strategy. The Company had just issued its first report aligned with the Taskforce on Climate Related Financial disclosure. Having disposed of its last coal assets in 2018, the Company sets out the impact of the low-carbon transition on its other commodities. As with many companies, the greatest challenges come with scope 3 emissions - the use of products down the supply chain - and for Rio Tinto, the supply of iron-ore to the steel sector is a case in point. A resolution had been filed with the Australian entity, Rio Tinto Ltd, on the Company's lobbying activities, in particular its relationship with the Minerals Council of Australia (MCA). The resolution has been withdrawn after the Company agreed to work more closely with the MCA to ensure future statements are 'technology neutral'.

In December, at least one LAPFF member fund joined other investors in filing a resolution for the **Exxon** 2019 AGM, requesting that the Company disclose short, medium and long-term greenhouse gas reduction targets in line with the Paris climate agreement. Exxon challenged the proposal seeking no-action relief with the US Securities and Exchange Commission (SEC) and the resolution did not make it to the ballot.

As a member of the Climate Majority Project, LAPFF joined other coalition members calling on the 20 largest carbon emitting US utility companies to commit to achieving net-zero carbon emissions by 2050, and to make this commitment by September 2020. The institutional investor statement called for a transition away from carbon intensive energy production and for companies to devise economically attractive ways to achieve net zero targets. Central to this was recommendations on governance reforms companies should adopt to maintain focus on the overall goal of net-zero emissions.

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SOCIAL RISK

Human Rights and Employment Standards

Institutional investors, led by the Church of England and Swedish Council of Ethics of the AP funds, have begun a large-scale initiative to prevent the further collapse of tailings dams. The initiative stems from the collapse of the Vale tailings dam in Brumadinho in late January. The Church of England convened a meeting of companies, investors, industry groups and industry experts on 4 March to discuss the causes of tailings dam failures. Cllr Robert Chapman attended the event on behalf of LAPFF. The Forum has been asked to play a pivotal role in the initiative, that of liaising with community members affected by both the Brumadinho and Samarco disasters. A statement from the community members was read out at the end of the March meeting, and LAPFF will continue to look for opportunities to bring the community representatives into future meetings.

The LAPFF chair met with Santander Consumer USA (SCUSA) to discuss employment standards, the failed appointment of a new CEO - Andrea Orcel, and the possibility of Santander's joining RE100, the renewable energy initiative. Cllr Doughty also attended an investor roundtable with the Nestle chair, Paul Bulcke, and asked about the Company's response to millennial demands for more socially and environmentally responsible practices. He further asked whether the UK Modern Slavery Act had had any impact on Nestle's approach to supply chain management.

LAPFF, along with a large a coalition of investors, signed a letter sent to 49 insurance companies to encourage the development of best practice around the provision of micro-insurance. The letter outlined that privately provided micro-insurance can create an affordable, accessible safety net which enables people to climb out of poverty. Insurance companies should consider specially tailored policies aimed at providing fair and transparent insurance products to those customers who are the least well served today.

Diversity

LAPFF continued to engage with companies on gender diversity through its membership in the 30% Club Investor group. As part of this initiative a letter was sent to Millennium & Copthorne Hotels plc, outlining the benefits of embracing cognitive diversity and requesting a meeting with the Chair to discuss the importance of diversity considerations in board balance, independence and in executive appointments. On 21 March, shortly after the meeting request was made, the company announced that Ms Paola Bergamaschi Broyd will be joining M&C's Board of Directors as an independent Non-Executive Director with immediate effect. LAPFF also attended a meeting with executive search firm Warren Partners to discuss the challenges the firm has found in increasing the number of female placements at board level.

MEDIA COVERAGE

Ryanair

Ryanair bows to investor pressure as Michael O'Leary moves upstairs and chairman departs – Telegraph. 4 February

O'Leary remains commanding presence at Ryanair – FT, 4 February 2019

Ryanair boss O'Leary in chance to win €100m bonus – FT, 8 February 2019

Investors ready to block €100m bonus package for Ryanair boss – The Telegraph, 23 February 2019

Pension fund forum hails move to replace Ryanair chair – Local Government Chronicle, 4 February

Technology IPOs

Investors call for Lyft to scrap dual-class share plans – FT, 17 March 2019

Investors Ask Lyft to Scrap Two-Share Plan Ahead of IPO - Bloomberg, 16 March 2019.

Investor group calls on Lyft to scrap dual-class share structure – Reuters, 18 March 2019.

Illegal Dividends

UK audit inquiry reignites 'illegal dividends' dispute – IPE, 18 February 2019

UK to replace audit regulator after damning review – IPE, 12 March 2019

Climate

BP agrees to more climate reporting after 'constructive' investor talks – IPE, 1 February 2019

NETWORKS AND EVENTS


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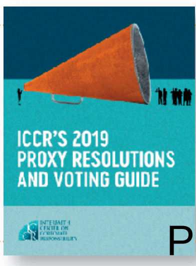
Church of England Tailings Dam Meeting
The Church of England and Swedish Council of Ethics convened a meeting with ICMM and a few member companies to tackle the collapse of tailings dams. LAPFF presented a statement from the communities affected by the Brumadinho and Samarco dam collapses.

IRMA Investor and Finance Industry Meeting
Update on new Initiative for Responsible Mining Assurance (IRMA) standard and discussion about the role investors can play in the initiative.

ICCR Proxy Voting Guide Overview
ICCR presented an overview of the shareholder resolutions being proposed in the US. Lobbying, climate change and human rights are the areas with the most resolutions being filed.



APPG
Nicola Parish, Executive Director of Frontline Regulation and Pauline Lancum, Case Management Team Leader, at The Pensions Regulator (TPR) spoke about the regulator's role in local authority pensions. In the well-attended session, they explained TPR's role in local authority pensions, how TPR is changing as a regulator as well as the challenges ahead and how TPR and LAPFF can work together.

Nomura Research Institute
The Forum met with Chie Misui of Nomura Research Institute. Discussion were centred around Japanese companies providing disclosure in English, and also problems around the financial statements and audit reports not being issued in sufficient time for investors in advance of the annual meeting.

COMPANY PROGRESS REPORT

104 companies engaged over the quarter

Q1 2019 ENGAGEMENT DATA

Company	Activity	Topic	Outcome
AFRICAN RAINBOW MINERALS	ESP	Sent letter	Human Rights
AIA	ESP	Sent letter	Human Rights
ANGLO AMERICAN	ESP	Sent letter	Human Rights
ANGLO GOLD ASHANTI	ESP	Sent letter	Human Rights
ANTOFAGASTA MINERALS	ESP	Sent letter	Human Rights
ANZ-AUSTRALIA & NEW ZEALAND BANK	HBE	Sent Letter	Governance (General)
ARCELORMITTAL SA (2)	ECE	Meeting	Climate Change
ASIA COMMERCIAL JOINT STOCK BANK	ESP	Sent letter	Human Rights
BANCO BRADESCO	ESP	Sent letter	Human Rights
BANCO DAVIVIENDA	ESP	Sent letter	Human Rights
BANCO DE CHILE	ESP	Sent letter	Human Rights
BANCO DE CREDITO E INVERSIONES	ESP	Sent letter	Human Rights
BANCO SANTANDER CHILE	ESP	Sent letter	Human Rights
BANCO SANTANDER MEXICO	ESP	Sent letter	Human Rights
BANCO SANTANDER SA	PPI	Meeting	Employment Standards
BANDHAN BANK	ESP	Sent letter	Human Rights
BANK CENTRAL ASIA	ESP	Sent letter	Human Rights
BANK MANDIRI	ESP	Sent letter	Human Rights
BANK OF NINGBO	ESP	Sent letter	Human Rights
BANK OF THE PHILIPPINE ISLANDS	ESP	Sent letter	Human Rights
BANK RAKYAT	ESP	Sent letter	Human Rights
BARRICK	ESP	Sent letter	Human Rights
BB SEGURIDADE PARTICIPACOES	ESP	Sent letter	Human Rights
BBVA CONTINENTAL	ESP	Sent letter	Human Rights
BDO UNIBANK	ESP	Sent letter	Human Rights
BHP	ESP	Sent letter	Human Rights
BOTSWANA INSURANCE HOLDINGS	ESP	Sent letter	Human Rights
CAFCA LTD (2)	CAM	Sent Letter	Finance and Accounting
CHINA MERCHANT'S BANK	ESP	Sent letter	Human Rights
CHINA PACIFIC INSURANCE	ESP	Sent letter	Human Rights
CHIPOTLE MEXICAN GRILL INC	CAM	Sent Letter	Environmental Risk
CODELCO	ESP	Sent letter	Human Rights
COMMERCIAL INTERNATIONAL BANK	ESP	Sent letter	Human Rights
CREDICORP	ESP	Sent letter	Human Rights
CREDIT AGRICOLE EGYPT	ESP	Sent letter	Human Rights
DISCOVERY	ESP	Sent letter	Human Rights
ENTERPRISE GROUP	ESP	Sent letter	Human Rights
EXXON MOBIL CORPORATION (2)	ECE	Meeting	Climate Change
FIRSTRAND	ESP	Sent letter	Human Rights

Q1 2019 ENGAGEMENT DATA

Company	Activity	Topic	Outcome
FREEPORT-MCMORAN	ESP	Sent letter	Human Rights
GENERAL ELECTRIC COMPANY (3)	ECE	Received Letter	Climate Change
GHANA COMMERCIAL BANK	ESP	Sent letter	Human Rights
GLENCORE	ESP	Sent letter	Human Rights
GOLD FIELDS	ESP	Sent letter	Human Rights
GOLDCORP	ESP	Sent letter	Human Rights
GUARANTY TRUST BANK	ESP	Sent letter	Human Rights
HDFC STANDARD LIFE	ESP	Sent letter	Human Rights
HYDRO	ESP	Sent letter	Human Rights
ICICI PRUDENTIAL	ESP	Sent letter	Human Rights
ITAU UNIBANCO	ESP	Sent letter	Human Rights
JX NIPPON	ESP	Sent letter	Human Rights
KASIKORNBANK	ESP	Sent letter	Human Rights
KENYA COMMERCIAL BANK	ESP	Sent letter	Human Rights
KOTAK MAHINDRA BANK	ESP	Sent letter	Human Rights
LIBERTY HOLDINGS	ESP	Sent letter	Human Rights
LOCKHEED MARTIN CORPORATION	OTH	Sent Letter	Human Rights
LONMIN	ESP	Sent letter	Human Rights
MAX FINANCIAL	ESP	Sent letter	Human Rights
MCDONALD'S CORPORATION	CAM	Sent Letter	Environmental Risk
MEARS GROUP PLC	ESP	Meeting	Board Composition
MILLENNIUM & COPTHORNE HOTELS PLC (2)	CAM	Sent Letter	Board Composition
MINERA SAN CRISTOBAL	ESP	Sent letter	Human Rights
MINSUR	ESP	Sent letter	Human Rights
MITSUBISHI MATERIALS	ESP	Sent letter	Human Rights
MMG	ESP	Sent letter	Human Rights
NATIONAL MICROINSURANCE BANK	ESP	Sent letter	Human Rights
NESTLE SA (2)	HBE	Meeting	Governance (General)
NEWCREST MINING	ESP	Sent letter	Human Rights
NEWMONT	ESP	Sent letter	Human Rights
OLD MUTUAL	ESP	Sent letter	Human Rights
ORANO	ESP	Sent letter	Human Rights
PEPSICO INC.	HBE	Meeting	Supply Chain Management
PING AN	ESP	Sent letter	Human Rights
POLYRUS	ESP	Sent letter	Human Rights
PORTO SEGURO	ESP	Sent letter	Human Rights
RESTAURANT BRANDS INTERNATIONAL INC	CAM	Sent Letter	Environmental Risk
RIO TINTO	ESP	Sent letter	Human Rights
RIO TINTO GROUP (GBP) (2)	ECE	Meeting	Climate Change
SANLAM	ESP	Sent letter	Human Rights
SOUTH32	ESP	Sent letter	Human Rights
SOUTHERN COMPANY	ECE	Meeting	Climate Change
STANDARD BANK GROUP	ESP	Sent letter	Human Rights

Q1 2019 ENGAGEMENT DATA

Company	Activity	Topic	Outcome
STANDARD CHARTERED	ESP	Sent letter	Human Rights
SUL AMERICA	ESP	Sent letter	Human Rights
SUMITOMO METAL MINING CO., LTD.	ESP	Sent letter	Human Rights
SUNDARAM FINANCE	ESP	Sent letter	Human Rights
TECK	ESP	Sent letter	Human Rights
TI FINANCIAL	ESP	Sent letter	Human Rights
TOTAL SA	ECE	Meeting	Environmental Risk
UNITED UTILITIES GROUP PLC	CAM	Meeting	Other
VALE	ESP	Sent letter	Human Rights
VIETNAM PROSPERITY JOINT COMMERCIAL BANK	ESP	Sent letter	Human Rights
WAFA ASSURANCE	ESP	Sent letter	Human Rights
YUM! BRANDS INC.	CAM	Sent Letter	Environmental Risk
ZANACO	ESP	Sent letter	Human Rights

Company domiciles

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LOCAL AUTHORITY PENSION FUND FORUM MEMBERS

- Avon Pension Fund
- Barking and Dagenham
- Barnet LB
- Bedfordshire Pension Fund
- Border to Coast Pensions Partnership
- Brunel Pensions Partnership
- Cambridgeshire Pension Fund
- Camden Pension Fund
- Cardiff & Glamorgan Pension Fund
- Cheshire Pension Fund
- City of London Corporation Pension Fund
- Clwyd Pension Fund (Flintshire CC)
- Cornwall Pension Fund
- Croydon Pension Fund
- Cumbria Pension Fund
- Derbyshire Pension Fund
- Devon Pension Fund
- Dorset County Council
- Durham Pension Fund
- Dyfed Pension Fund
- Ealing Pension Fund
- East Riding Pension Fund
- East Sussex Pension Fund
- Enfield Pension Fund
- Falkirk Pension Fund
- Gloucestershire
- Greater Gwent Pension Fund
- Greater Manchester Pension Fund
- Greenwhich Pension Fund
- Gwynedd Pension Fund
- Hackney Pension Fund
- Hammersmith and Fulham
- Haringey Pension Fund
- Harrow Pension Fund
- Havering Pension Fund
- Hertfordshire
- Hounslow Pension Fund
- Islington Pension Fund
- Kingston upon Thames Pension Fund
- Lambeth Pension Fund
- Lancashire
- Leicestershire Pension Fund
- Lewisham Pension Fund
- LGPS Central
- Lincolnshire Pension Fund
- London CIV
- London Pension Fund Authority
- Lothian Pension Fund
- Merseyside Pension Fund
- Merton LB
- Newham Pension Fund
- Norfolk Pension Fund
- North East Scotland Pension Fund
- North Yorkshire Pension Fund
- Northern LGPS
- Northamptonshire Pension Fund
- Northumberland Pension Fund
- Nottinghamshire County Council
- Oxfordshire Pension Fund
- Powys Pension Fund
- Redbridge Pension Fund
- Rhondda Cynon Taf Pension Fund
- Shropshire Pension Fund
- Somerset Pension Fund
- South Yorkshire Pension Authority
- Southwark Pension Fund
- Staffordshire Pension Fund
- Strathclyde Pension Fund
- Suffolk Pension Fund
- Surrey Pension Fund
- Sutton Pension Fund
- Swansea Pension Fund
- Teesside Pension Fund
- The Environment Agency Pension Fund
- Tower Hamlets Pension Fund
- Tyne and Wear Pension Fund
- Wales Pension Partnership
- Waltham Forest Pension Fund
- Wandsworth Council
- Warwickshire Pension Fund
- West Midlands ITA Pension Fund
- West Midlands Pension Fund
- West Yorkshire Pension Fund
- Westminster
- Wiltshire Pension Fund
- Worcestershire Pension Fund

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