



To: Members of the Pension Fund Committee

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

**Friday, 6 March 2020 at 10.00 am**

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

A handwritten signature in blue ink, appearing to read 'Yvonne Rees'.

Yvonne Rees  
Chief Executive

February 2020

Committee Officer: **Deborah Miller**  
Tel: 07920 084239; E-Mail: [deborah.miller@oxfordshire.gov.uk](mailto:deborah.miller@oxfordshire.gov.uk)

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**Membership**

Chairman – Councillor Kevin Bulmer  
Deputy Chairman - Councillor Nicholas Field-Johnson

*County Councillors*

Ian Corkin  
Mark Lygo  
Charles Mathew

John Sanders  
Roz Smith  
Lawrie Stratford

Alan Thompson

*District Councillors (Co-optees - Voting)*

Alaa Al-Yousuf

Jo Robb

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**Notes:**

- ***A lunch will be provided***
- ***Date of next meeting: 5 June 2020***
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## Declarations of Interest

### The duty to declare.....

Under the Localism Act 2011 it is a criminal offence to

- (a) fail to register a disclosable pecuniary interest within 28 days of election or co-option (or re-election or re-appointment), or
- (b) provide false or misleading information on registration, or
- (c) participate in discussion or voting in a meeting on a matter in which the member or co-opted member has a disclosable pecuniary interest.

### Whose Interests must be included?

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

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

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

### What if I remember that I have a Disclosable Pecuniary Interest during the Meeting?.

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

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

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

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

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

### List of Disclosable Pecuniary Interests:

**Employment** (includes *“any employment, office, trade, profession or vocation carried on for profit or gain”*.), **Sponsorship, Contracts, Land, Licences, Corporate Tenancies, Securities.**

For a full list of Disclosable Pecuniary Interests and further Guidance on this matter please see the Guide to the New Code of Conduct and Register of Interests at Members’ conduct guidelines.

<http://intranet.oxfordshire.gov.uk/wps/wcm/connect/occ/Insite/Elected+members/> or contact Glenn Watson on **07776 997946** or [glenn.watson@oxfordshire.gov.uk](mailto:glenn.watson@oxfordshire.gov.uk) for a hard copy of the document.

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

# AGENDA

1. **Apologies for Absence and Temporary Appointments**
2. **Declarations of Interest - see guidance note**
3. **Minutes** (Pages 1 - 10)

To approve the minutes of the meeting held on 6 December 2019 (**PF3**) and to receive information arising from them.

4. **Petitions and Public Address**
5. **Minutes of the Local Pension Board** (Pages 11 - 16)

**10:05**

A copy of the unconfirmed Minutes of the Local Pension Board, which met on 24 January 2020 (**PF5**) is attached for information only.

6. **Report of the Local Pension Board** (Pages 17 - 18)

**10:15**

In a response to a request from the Chairman of Pension Fund Committee to have a dedicated item on each Committee agenda for the work of the Local Pension Board, attached at **PF6** 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 24 January 2020.

***The Committee is RECOMMENDED to note the comments of the Board as set out below, and agree the appointment of the new Head of Pensions at the Gloucestershire Pension Fund to take on the role as the Independent Chairman of the Oxfordshire Pension Board following the retirement of the current Chairman.***

7. **Investment Strategy Statement including the Fundamental Asset Allocation and Climate Change Policy**

**10:25 – REPORT TO FOLLOW**

## **8. 2019 Valuation and funding Strategy Statement (Pages 19 - 22)**

**11:40**

Under the current regulatory framework, the Pension Fund is required to arrange for a Valuation of the Pension Fund every three years. The latest Valuation is based on the position as at 31 March 2019, with a requirement for the Fund Actuary to produce their report and certify the employer contribution rates for 2020/21 onwards by 31 March 2020. This report updates the Committee on the work to date on the 2019 Valuation and recommends the Committee approves the revised Funding Strategy Statement.

***The Committee is RECOMMENDED to note the latest position on the 2019 Valuation and approve the Funding Strategy Statement.***

## **9. Annual Business Plan**

**11:50 – REPORT TO FOLLOW**

## **10. Risk Register (Pages 23 - 30)**

**12:05**

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

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

## **11. Administration Report (Pages 31 - 46)**

**12:10**

This report updates the Committee on the latest position on administration issues.

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

- (a) note the report;***
- (b) agree the Fund meets the tax cost associated with the late payment of death grant arising from administrative error as set out in paragraph 11-12;***
- (c) determine payment of the death grant for the case set out in paragraphs 13-18;***
- (d) confirm changes to administration strategy as set out in paragraph 31.***

## 12. EXEMPT ITEMS

*The Committee is RECOMMENDED that the public be excluded for the duration of items PF13, PF14 and PF15 in the Agenda since it is likely that if they were present during those items there would be disclosure of exempt information as defined in Part I of Schedule 12A to the Local Government Act 1972 (as amended) and specified in relation to the respective items in the Agenda and since it is considered that, in all the circumstances of each case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.*

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

**NOTE:** In the case of items 14 and 15 there are no reports circulated with the Agenda. Any exempt information will be reported orally.

## 13. Overview and Outlook for Investment Markets (Pages 47 - 54)

12:25

Report of the Independent Financial Adviser (**PF13**).

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.**

## **14. Overview of Past and Current Investment Position (Pages 55 - 106)**

**12:40**

The Independent Financial Adviser will review the investment activity during the past quarter, present a summary of the Fund's position as at 31 December 2019, and highlight any key performance issues, with reference to Tables and Graphs.

***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 on the agenda.***

## **15. Summary by the Independent Financial Adviser**

**12:55**

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.*

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

## **16. Corporate Governance and Socially Responsible Investment**

**13:00**

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.

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### **Pre-Meeting Briefing**

There will be a pre-meeting briefing at County Hall on Wednesday 4 March at **11.00 am** for the Chairman, Deputy Chairman and Opposition Group Spokesman.

## PENSION FUND COMMITTEE

**MINUTES** of the meeting held on Friday, 6 December 2019 commencing at 10.00 am and finishing at 1.10 pm.

**Present:**

**Voting Members:**

Councillor Kevin Bulmer – in the Chair

Councillor Nicholas Field-Johnson (Deputy Chairman)  
Councillor Jeannette Matelot (In place of Councillor Ian Corkin)  
Councillor Mark Lygo  
Councillor Charles Mathew  
Councillor John Sanders  
Councillor Roz Smith  
Councillor Lawrie Stratford  
Councillor Alan Thompson  
District Councillor Alaa Al-Yousuf  
District Councillor Jo Robb

**Other Members in Attendance:**

Councillor Bob Johnson and Mr Alister Bastin, Local Pension Board

**District Council Representatives:**

District Councillor Alaa Al-Yousef  
District Councillor Jo Robb

**By Invitation:**

Peter Davies, Independent Financial Advisor

**Officers:**

Mr Sean Collins, Ms Sally Fox, Mr Gregory Ley (Finance); Deborah Miller (Law & Governance).

*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 and reports [agenda, reports and schedule/additional documents], copies of which are attached to the signed Minutes.*

**66/19 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS**

(Agenda No. 1)

An apology for absence was received from Councillor Ian Corkin (Councillor Jeannette Matelot substituting).

**67/19 MINUTES**

(Agenda No. 3)

The Minutes of the Meeting held on the 6 September 2019 were approved and signed as an accurate record.

The Chairman reported that he had received a petition from 9 members if the pension scheme requesting that the Pension Fund disinvest from the Fossil Fuel Industry. Unfortunately, there was no identification of the letter to respond to, but the Chairman gave an insurance that the issue would be discussed at the Workshop.

**68/19 MINUTES OF LOCAL PENSION BOARD**

(Agenda No. 5)

The unconfirmed Minutes of the Local Pension Board which met on 25 October 2019 as set out in the Addenda for the meeting were noted.

**69/19 REPORT OF THE LOCAL PENSION BOARD**

(Agenda No. 6)

The Committee had before it the latest report by the Independent Chairman of the Local Pension Board. Councillor Bob Johnston, a Board Member, spoke to the report on the Board's behalf, which invited the Committee to respond to the key issues contained within in.

Councillor Johnston highlighted item 6 regarding the lack of a detailed training plan for Committee members, and the mandatory requirement for Pension Board members to undertake training. Mr Collins updated Members on proposed changes to the constitution to include mandatory training, and to remove substitute members who had not completed relevant training, which was put before the Audit & Governance Committee last month. This recommendation was endorsed and did not need to go to Council meeting for agreement, and thereby be effective thereof.

**RESOLVED:** to note the comments of the Board.

**70/19 2019 VALUATION AND DRAFT FUNDING STRATEGY STATEMENT**

(Agenda No. 7)

The Committee had before it a report (PF7) which updated the Committee on the work to date on the 2019 Valuation, including the initial whole Fund result and proposed a draft Funding Strategy Statement for formal consultation.

Mr Collins advised the Committee that the Fund Actuary would attend the Employers Forum in January to present the provisional results and the draft Funding Strategy



Statement and that the final version of the report would be presented to the March Committee meeting, taken on board any feedback during the consultation period.

In response to Member's concerns regarding the regulations of pensions moving from one Multi Academy Trust to another, Mr Collins advised there were post cessation arrangements which were standard practice and the flexibility which was documented within the Funding Strategy allowed sufficient scope to meet all likely scenarios.

**RESOLVED:** to note the latest position with regard to the 2019 Valuation and approve the draft Funding Strategy Statement and the basis for formal consultation.

## **71/19 REVIEW OF THE ANNUAL BUSINESS PLAN 2019/20**

(Agenda No. 8)

The Committee had before them a report which reviewed the progress against the key objectives set in the business plan for the Pension Fund for the current financial year.

Mr Collins informed members that Brunel had now concluded the transition of assets to the new Emerging Market Portfolio and were partway through the transition of assets to the Global High Alpha Portfolio. The total transition currently stood at 47.7% and the equity transition would be finalised with the transition of UBS towards the end of 2020.

Mr Collins updated members regarding the Chief Executive who had left in the Autumn. There was currently an interim in place and a proposal on the permanent replacement was currently with Shareholders for consideration. It was hoped that there would be a public announcement before the end of this year. Mr Collins reassured members that all Fund Members were included in this consultation process.

In respect of monitoring compliance with the Fund's Policies, there was a body of work in delivering the ESG Policy, and this had been picked up in the Climate Change Workshop, and would be reported back to the March meeting.

In respect of Improving Scheme Member Communications, Mr Collins reported that following the Climate Change Workshop, the issues that had been raised in respect of improved communication with scheme members on investments would be built into next year's business plan.

In response to member's questions regarding training, Mr Collins informed members that a statement of training was required to be reported quarterly. The March meeting would identify training available for members to attend. The Policy stated that a minimum of two days training would be undertaken by all members each year.

Mr Collins responded to an enquiry regarding monitoring investment performance, and reassured members that this was monitored with the IFA and Brunel.

In response to a question about investments outside of the Pool, Mr Collins confirmed that approval had to be obtained by the Secretary of State if new investments were to

be considered and that unless either the investment could not be provided by the pool or was to support a local initiative, such approval was unlikely. In particular, approval would not be given to enable a Fund to choose its own Fund Managers where it was not happy with those chosen by the Pool .

**RESOLVED:** to note the progress against the key service priorities included within the 2019/20 Business Plan.

## **72/19 RISK REGISTER**

(Agenda No. 9)

The Committee had before it a report which updated members on the Fund's Risk Register and updated the position on risks reported to the last meeting, together with any new risks identified in the intervening period. Mr Collins reported that the current risk has been reduced based on evidence from the valuation process.

**RESOLVED:** to note the changes to the risk register.

## **73/19 ADMINISTRATION REPORT**

(Agenda No. 10)

The Committee had before it a report which updated members on scheme administration data and issues.

In relation to paragraphs 19 to 21 of the report, Ms Fox reported that the end of year review had identified 45 employees with issues to be resolved and confirmed that they had been contacting all employers on the list, fining as appropriate and reporting to the pension regulator.

Ms Fox referred to paragraph 25 of the report regarding the administration strategy whereby Officers had identified some changes to close the loophole to stop employers submitting random data to meet deadlines at data end, thereby preventing teams having to consider incorrect data. She responded to members queries whether the local authority's administration costs would be covered and confirmed that an hourly rate would be charged.

Ms Fox highlighted that the Pension Fund forum had been re-arranged for 17 January 2020 at Unipart House.

Ms Fox reported that they had responded to concerns raised regarding the lack of officers with knowledge of the Fire Service Pension Schemes administration, and it was agreed that officers would be trained within the scheme to meet that request.

Ms Fox drew member's attention to the additional addenda emailed prior to the meeting, detailing the change to retention periods following legal advice from the local government association.

**RESOLVED:** to:

- (a) note the report and changes to reporting for Fire Service Pensions;

- (b) agree the changes for the administration strategy;
- (c) note change of date for the Pension Fund Forum
- (d) agree the policy for retention periods, subject to annual review;
- (e) note the communications to scheme employers setting out the Fund's expectations for retention of personal data.

## **74/19 CLIMATE CHANGE POLICY**

(Agenda No. 11)

The Committee had before it a report which updated members on the development of a Climate Change Policy in light of the recently held Workshop.

Mr Collins reported that the event had been well attended with 9 members of the Committee and 6 members of the Pension Board in attendance. He drew member's attention to paragraph 10 of the report which outlined the key outputs from the day. He had also spoken with Brunel who intended to hold similar meetings elsewhere in the region. Mr Collins stated that it was important to note that Fossil Free Oxfordshire had joined the Workshop and were a key part of the planning for the event.

Mr Collins paid tribute to Dawn Reeves as the facilitator of this event. Suggestions were invited on how to take this forward, and the Committee were advised that the Working Group would consist of a Chairman, Deputy Chairman, Opposition Spokesperson, the Financial Independent Advisor and a member of Fossil Free Oxfordshire. However, this would be owned by this Committee. Members held a lengthy discussion on membership of this group, and whether this should include a member of the Local Pension Board and whether substitutions should be allowed. Mr Collins stated that the assumption would be that the Working Group should be kept relatively small with the ability to invite attendees onto the Working Group to contribute specific advice.

Mr Collins also confirmed to members that the Terms of Reference for this Working Group would be comprised of the ten key objectives named in paragraph 10 of this report and would be sent out to all attendees of the workshop for consultation. A report would be brought back to March Meeting of the Committee setting out a draft Policy for Consultation.

During debate, Councillor Mathew moved and Councillor Lygo seconded that a member of the Local Pension Board form part of the Working Group.

The Motion was put to the vote and agreed by 9 votes to 0, with 1 abstention, to add a member of the Local Pension Board to the Working Group.

**RESOLVED:** (by 9 votes to 0, with 1 abstention) to note the position on the development of the Climate Change Policy and the establishment of a Working Group to undertake the next stages of the work, subject to adding a member of the Local Pension Board to the Working Group.

## **75/19 SETTING OBJECTIVES FOR THE INDEPENDENT FINANCIAL ADVISOR**

(Agenda No. 12)

The Committee had before it a report which invited members to set strategic objectives for the Independent Financial Advisor in line with the requirements of the Order from the Competition and Markets Authority.

The Chairman requested that a target date be added to the recommendation and Mr Collins assured members that the targets would be in line with the actuary report presented earlier and assumptions set out in the valuation report. However, the Chairman requested that this be added for clarification and it was agreed.

**RESOLVED:** to agree the strategic objectives for the IFA as set out in paragraph 11 of the report, for inclusion in the IFA contract, subject to adding a completion date to recommendation (a).

## **76/19 OVERVIEW OF PAST AND CURRENT INVESTMENT POSITION**

(Agenda No. 13)

The Independent Financial Advisor reviewed the investment activity during the past quarter, presented a summary of the Fund's position as at 30 September 2019, and highlighted any key performance issues, with reference to the attached Tables and Graphs.

Mr Davies reported that the Fund was at his highest overall value at £1.263bn, a rise of £82m over the quarter. Sources of appreciation showed £28m to be the increase in the value of fixed income, which was good news for the asset side, however this was offset by balance sheet liabilities.

Good performance was received from private equity, and also from Wellington on global equities in this quarter, but not over longer periods.

Brunel managed assets account for 35% of the portfolio, and in December would account for up to 47%. Equities were slightly above target, bonds were above target and property/private equities were underweight as these had not yet been invested.

Members observed that private equity 'outshined' other classes and questioned if more should be invested as 9% would seem to be too low. Mr Davies responded that a further exempt report outlining the detail of commitment to Brunel was covered later on the Agenda.

Mr Davies reported that the remaining Fund Managers were being gradually replaced as the transition to Brunel was completed in the second half of 2021.

Members questioned why the Fund was underweight in infrastructure, and Mr Davies responded that monies were allocated to Brunel to deploy. Mr Collins reassured members that this was a new allocation, following proposals put forward by Mr Davies, and Brunel were taking their time to ensure only investments appropriate to the portfolio specification were being agreed.

**RESOLVED:** to receive the report, tables and graphs and that the information contained in them be borne in mind insofar as they related to items 16-19 on the agenda.

**77/19 EXEMPT ITEMS**

(Agenda No. 14)

*The Committee RESOLVED that the public be excluded for the duration of items 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 is considered that, in all the circumstances of each case, the public interest in maintaining the exemption outweighed the public interest in disclosing the information.*

**78/19 OVERVIEW AND OUTLOOK FOR INVESTMENT MARKETS**

(Agenda No. 15)

The Committee had before it a report of the Independent Financial Adviser setting 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. The Independent Financial Adviser would also report orally, and any information reported orally would be exempt information.

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

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

*and since it was considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighed the public interest in disclosing the information, in that such disclosure would prejudice the trading activities of the fund managers involved and would prejudice the position of the authority's investments in funding the Pension Fund.*

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

**79/19 ADAMS STREET**

(Agenda No. 16)

The Independent Financial Advisor reported orally on the performance and strategy of Adams Street.

The representatives (Ana Maria Harrison & Sergey Sheshuryak) of the Fund Manager presented their report and review of the investments within their part of the Fund.

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

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

*and since it was considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighed the public interest in disclosing the information, in that such disclosure would prejudice the trading activities of the fund managers involved and would prejudice the position of the authority's investments in funding the Pension Fund.*

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

## **80/19 ANNUAL REVIEW OF PRIVATE EQUITY**

(Agenda No. 17)

The Independent Financial Adviser presented his annual review of the Fund's Private Equity investments.

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

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

*and since it was considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighed the public interest in disclosing the information, in that such disclosure would prejudice the trading activities of the fund managers involved and would prejudice the position of the authority's investments in funding the Pension Fund.*

**RESOLVED:** to note the report.

## **81/19 REPORT OF MAIN ISSUES ARISING FROM REPORTS OF THE FUND MANAGERS NOT REPRESENTED AT THIS MEETING (EXEMPT)**

(Agenda No. 18)

The Committee considered a report from the Independent Adviser on the main issues arising from the officer meeting with Wellington Management, Insite and UBS in conjunction with the information contained in the tables showing portfolio values as at 30 September 2019.

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

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

*and since it was considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighed the public interest in disclosing the information, in that such disclosure would prejudice the trading activities of the fund managers involved and would prejudice the position of the authority's investments in funding the Pension Fund.*

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

**82/19 SUMMARY BY THE INDEPENDENT FINANCIAL ADVISER**

(Agenda No. 19)

The Independent Financial Adviser gave a final word regarding Wellington and reported that he had no further information to add to the previous reports.

**83/19 CORPORATE GOVERNANCE AND SOCIALLY RESPONSIBLE INVESTMENT**

(Agenda No. 20)

The Committee had before it the Quarterly Engagement Report from the Local Authority Pension Fund Forum which gave examples of engagement activity they had taken out on our behalf.

The Chairman advised that it was a good decision to join this Forum and noted the significance of the works carried out.

**RESOLVED:** to note the report.

..... in the Chair

Date of signing .....

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## LOCAL PENSION BOARD

**MINUTES** of the meeting held on Friday, 24 January 2020 commencing at 10.30 am and finishing at 11.35 am

**Present:**

**Voting Members:** Mark Spilsbury – in the Chair

Stephen Davis  
Lisa Hughes  
Councillor Bob Johnston

**Officers:**

Whole of meeting G. Warrington (Law & Governance); S. Collins (Service Manager, Pensions); S. Fox (Pension Services Manager)

*The Board 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.*

**1/20 APOLOGIES FOR ABSENCE**

(Agenda No. 1)

Apologies for absence were received from Alistair Bastin, Angela Gibbens-Priestley and Sarah Pritchard.

**2/20 WELCOME BY CHAIRMAN**

(Agenda No. 2)

The Chairman welcomed members to the meeting.

**3/20 MINUTES**

(Agenda No. 5)

The minutes of the meeting were approved and signed subject to adding Angela Gibbens-Priestley to the list of voting members.

*Minute 47/19 – Review of Annual Business Plan 2019-20*

Members noted that Laura Chappell had been appointed Chief Executive Officer at Brunel

#### **4/20 REVIEW OF THE ANNUAL BUSINESS PLAN**

(Agenda No. 6)

The Board considered (LBP6) the latest position against the Annual Business Plan for 209/20 as considered by the Pension Fund Committee on 6 December 2019.

Presenting the report Sally Fox advised that the nature of reports to the Pension Fund Committee would in future adopt the Brunel structure.

Regarding development of the Brunel Pension Partnership update within the Business Plan report, the Board felt that an appropriate representative from the client relationship group should be asked to attend each meeting of the Pension Committee to give an update on key issues and respond to questions.

Regarding Pension Administration performance the Board sought assurances that underperformance would be challenged at the Pensions Committee and had requested that Pension Committee minutes were submitted to future meetings in order to provide such assurance.

**RESOLVED:** to note progress against the key service priorities included within the 209/20 Business Plan.

#### **5/20 RISK REGISTER**

(Agenda No. 7)

The Board considered (LBP7) the latest risk register considered by the pension Fund Committee on 6 December 2019.

The Chairman reminded officers that he had suggested future presentations of this report should be reproduced in colour.

Mr Collins confirmed no new risks had been added.

**RESOLVED:** to note the changes to the risk register.

#### **6/20 ADMINISTRATION REPORT**

(Agenda No. 8)

The Board reviewed (LBP8) the latest administration report as presented to the Pension fund Committee on 6 December 2019 which included the latest performance statistics for the Service.

Presenting the report Sally Fox confirmed the latest figures for member self- service. The Chairman commented that there had been a higher uptake than he had expected.

**RESOLVED:** to note the report.

## 7/20 FUND VALUATION

(Agenda No. 9)

The Board considered (LBP9) the latest position on the 209 Valuation exercise which included the current consultation on the draft Funding Strategy Statement and employer results.

**RESOLVED:** to note the latest position on the 2019 Valuation and inform the Pension Fund Committee that Board members were pleased with the valuation outcomes, which they felt had been summarised in a clear and helpful report adding that the Employer forum and surgery sessions on the valuation had been very helpful.

## 8/20 CYBER SECURITY

(Agenda No. 11)

The Board considered (LPB11) a report covering the risks associated with cyber security in respect of both the Fund's investments and in respect of the administration of the Fund itself and setting out the current approach to the mitigation of these risks

Resenting the report Sally Fox confirmed that regarding the data and administration element and from a systems perspective security was tightly controlled and monitored. Staff had been trained in data protection and how any breaches should be dealt with and worked closely with IT staff in that regard.

Regarding the Investments element Sean Collins confirmed that cyber security was recognised as a key and growing issue with all companies particularly so because of the significant figures involved.

**RESOLVED:** to receive the report which had been thorough and technical and confirm that it was content with cyber security arrangements and controls.

## 9/20 THE PENSION REGULATORS CODE OF PRACTICE 14

(Agenda No. 12)

The Board considered a report (LPB12) covering the Pension Regulators Code of Practice 14 and setting out the key features of the code, the guidance offered to Pension Board Members and the extent to which that guidance was currently followed.

Mr Collins presented the report which summarised in part the Code and reviewed the current position and while concluding that Oxfordshire was broadly compliant it recognised that there were gaps such as a lack of transparency about skills and training.

Councillor Johnston advised that from a personal point of view his level of knowledge was improving and while not an expert he was becoming more conversant.

Lisa Hughes felt the authority needed to adopt a more pro-active role.

The Board supported the attendance of Pension Committee members on the Pensions Fundamental courses and welcomed proposals regarding training requirements.

**RESOLVED:** to

- (a) note the practical guidance set out in the Code of Practice 14 and in the report LPB12;
- (b) in order to ensure compliance with the Pension Regulator’s Code of Practice the Board agreed that:
  - (i) the register of Board Members training and the conflict of interest declarations of Board Members should be included within the Annual Report of the Board;
  - (ii) a simple summary of employer and employee contributions due and received each year, should be published, with a brief explanation of any material differences.

**10/20 ITEMS TO INCLUDE IN REPORT TO THE PENSION FUND COMMITTEE**

(Agenda No. 13)

- Regarding development of the Brunel Pension Partnership update within the Business Plan report, the Board felt that an appropriate representative from the BPP should be asked to attend at each meeting of the Pension Committee to give an update on key issues and respond to questions.
- Regarding Pension Administration performance the Board sought assurances that underperformance was challenged at the Pensions Committee and had requested that Pension Committee minutes were submitted to future meetings of the Board in order to provide such assurance.

**11/20 FURURE ARRANGEMENTS**

(Agenda No. )

The Chairman advised that as he would shortly be retiring as an employee of Gloucestershire County Council this would be his last meeting. He thanked members and officers for their support during his tenure.

Members thanks him for his excellent chairmanship and wished him well in retirement.

..... in the Chair

Date of signing .....



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Division(s): N/A
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## **PENSION FUND COMMITTEE – 6 MARCH 2020**

### **REPORT OF THE PENSION BOARD**

#### **Report by the Independent Chairman of the Pension Board**

#### **RECOMMENDATION**

1. **The Committee is RECOMMENDED to note the comments of the Board as set out below, and agree the appointment of the new Head of Pensions at the Gloucestershire Pension Fund to take on the role as the Independent Chairman of the Oxfordshire Pension Board following the retirement of the current Chairman.**

#### **Introduction**

2. 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.
3. This report reflects the discussions of the Board members at their meeting on 24 January 2020. The Board was attended by the Independent Chairman and three of the six scheme employer and scheme member representatives.

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

4. The Board considered the report received by the Pension Fund Committee on the review of the Annual Business Plan. They noted the progress on transitioning assets to Brunel and welcomed the comments that now around 50% of assets had been transitioned, Brunel would be asked to regularly attend the Pension Fund Committee to provide an update on performance and answer questions. The Board noted progress on the work on the Investment Strategy Statement and Climate Change Policy and welcomed the inclusion of a Board Member on the Climate Change Working Group, and the opportunity to review the draft Investment Strategy Statement at their next meeting. In respect of the training programme, the Board endorsed the benefit of the LGA's Fundamentals Training Courses, and their inclusion as an element of the training policy going forward.
5. The Board also reviewed the risk register and endorsed the proposal to add a new risk associated with the uncertainty arising from the McCloud/Sargeant Court cases. The Board was content that risks are being adequately monitored, with appropriate actions being taken where needed.

6. The Board reviewed the Administration report as presented to the December meeting of the Pension Fund Committee and welcomed the improvements in administration service performance as recorded in the annexes. To enable the Board to gain assurance that any future poor performance would be adequately addressed by the Committee, the Board asked to receive copies of the Committee minutes at their future meetings so that they could review any actions agreed.
7. The Board received a report updating them on the 2019 Valuation which included the draft Funding Strategy Statement. The Board commented on the clarity of the report and the recent presentation to the Employers Forum and in particular welcomed the opportunity for Scheme Employers to discuss any specific issues direct with the Fund Actuary at the surgery sessions held immediately after the Forum. They recommended that these should be a regular feature of the Valuation process going forwards.
8. Following a request at their last meeting, the Board received a full report on the Fund's approach to mitigating the risks associated with cyber security. The report covered both the risks to investment performance and the risks to the administration systems and the significant amounts of personal data held. The Board were content that the current arrangements were appropriate to mitigate the risks identified.
9. Finally, the Board received a detailed report covering the guidance issued by the Pension Regulator in their Code of Practice 14. The Board noted that the Oxfordshire Fund was compliant with most elements of the guidance. To address the identified gaps, the Board agreed to add a register of training attended by Board Members to their Annual Report as well as including a Board specific Conflicts of Interest Policy. The Board also agreed to receive an annual report on the management of contributions income, alongside quarterly updates identifying any performance issues and potential regulatory breaches.
10. The Board did not identify any further items they wished to bring to the attention of the Committee. The Board though noted that this was to be my last meeting as Independent Chairman as I was retiring from my role as Head of Pensions at Gloucestershire. They agreed that my successor should be invited to take on the role, retaining the current reciprocal arrangements where the Gloucestershire Pension Board is chaired by the Oxfordshire Head of Pensions.

**MARK SPILSBURY**

Independent Chairman of the Pension Board

Contact Officer: Sean Collins

Tel: 07554 103465

February 2020



Division(s): N/A
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## **PENSION FUND COMMITTEE – 6 MARCH 2020**

### **2019 VALUATION AND THE FUNDING STRATEGY STATEMENT**

**Report by the Director of Finance**

#### **RECOMMENDATION**

- 1. The Committee is RECOMMENDED to note the latest position on the 2019 Valuation and approve the Funding Strategy Statement.**

#### **Introduction**

2. Under the current regulatory framework, the Pension Fund is required to arrange for a Valuation of the Pension Fund every three years. The latest Valuation is based on the position as at 31 March 2019, with a requirement for the Fund Actuary to produce their report and certify the employer contribution rates for 2020/21 onwards by 31 March 2020.
3. In completing the Valuation, the Fund Actuary must have regard to the Committee's approved Funding Strategy Statement which sets out the key policies to be followed in determining the approach to the Valuation. Following discussion at the December meeting of this Committee, initial results and a draft Funding Strategy Statement was formally issued for consultation with key stakeholders. This report includes the feedback from that consultation and recommends the Committee approves the final version of the Funding Strategy Statement.

#### **Update on the 2019 Valuation**

4. All scheme employers were issued their draft results and the draft Funding Strategy Statement and invited to attend the Employers Forum where the Fund Actuary attended and presented the draft results. Scheme Employers were also offered the opportunity to meet with the Fund Actuary after the Forum for a short surgery session to discuss their results and any key concerns.
5. As noted in the December report, the draft results had shown an improvement in the funding level (as calculated at a single point in time and on a single set of financial assumptions) from 91% to 99%, which in general had led to a reduction in the required deficit contributions from most employers. However, this had been offset by a less optimistic view of future investment returns, as well as an increased level of prudence to allow for future uncertainty, particularly in respect of the McCloud/Sargeant judgement.
6. For most scheme employers therefore, the total contribution rate proposed for 2020/21 was broadly in line with that for the current financial year. Small

increases were identified for Cherwell and Vale of White Horse District Councils reflecting poorer historic funding levels relative to other employers, with a larger increase proposed for West Oxfordshire District Council reflecting the reducing membership going forward under its new service delivery model through Publica. West Oxfordshire and Cherwell DC are exploring the impact of making a one-off cash contribution to the Fund to reduce or eliminate the increase on their on-going contribution rate. Work is also continuing with Vale of White Horse District Council alongside South Oxfordshire District Council to ensure the future contribution rates fairly reflect the joint staff structures now in place.

7. The largest increases in proposed contribution rates were in respect of the Further Education Colleges with an increase in the total contribution rate of up to 8%. This in part reflects the fact that the FE Colleges were previously paying lower rates than the majority of other scheme employers, as well as the proposal in the draft Funding Strategy Statement to shorten the deficit recovery period to 15 years compared to a standard 20 years reflecting the weaker financial covenant of the FE sector as a whole.
8. Within the Academy sector, the majority of employers have seen increases and decreases in proposed total contribution rates of between +2% to -2%. There was one proposed increase of 4%. These movements reflect the different employee profiles of the various academies as well as the regularly changing membership as academies form new or join existing multi-academy trusts.
9. For both the small admitted bodies pool and the small schedule body pool, the proposed total contribution rate saw a small reduction.
10. A small number of employers took advantage of the surgery sessions after the Employers Forum to discuss their results with the Fund Actuary. In all cases these were seeking clarification or to explore the flexibilities available under the draft Funding Strategy Statement, including options around phasing in any increases in contribution rates, or the payment of lump sums.
11. We had one request from an Academy whose active membership numbers had increased just above the 50 used to mandate membership of the small academies pool. In line with the flexibilities within the draft Funding Strategy Statement they made a request to remain within the academy pool on a permanent basis, subject to no further significant increase in membership numbers and this was agreed by Officers.
12. We received just three formal responses to the consultation exercise. These were from a FE College, a Housing Association and an Academy. All three were again seeking clarification and to understand the flexibilities under the draft Funding Strategy Statement, and none made a specific proposal to amend the draft.
13. The Housing Association wished to explore the flexibilities around a potential cessation of their admission agreement. These were subsequently explored as part of a surgery session and an approach agreed between the Fund Actuary

and the Scheme Employer within the terms of the draft Funding Strategy Statement and with the support of Officers.

14. The Academy wished to explore the options around phasing in the increase in their rate. The Fund Actuary has been asked to provide revised figures on a phased basis before a final approach is agreed with the employer.
15. The FE College was concerned about the significant increase in their contribution rate and wanted to seek clarification on the approach followed by Hymans Robertson, the level of prudence within the calculations, and the options open to the college to mitigate the increase in their contribution rate through the flexibilities within the draft Funding Strategy Statement. Following initial correspondence by email, the Fund Actuary and Officers recent discussed the outstanding issues with the financial advisers to the College. At the time of writing this report, we are waiting to hear back from the College on their preferred approach to their results, but it is not expected that they will seek a variation to the Funding Strategy Statement. Any variation to that position will be provided directly to the Committee.
16. At the present time therefore there have been no proposed changes to the draft Funding Strategy Statement as presented to the December meeting of this Committee and the Committee are now recommended to formally approve the Statement.
17. The Fund Actuary continues to work with the Officers and Scheme Employers to agree any variations to the initial results in line with the flexibilities offered by the Funding Strategy Statement. The final results will be included in the formal Valuation results report to be produced by the Fund Actuary by 31 March 2020.

**LORNA BAXTER**  
Director of Finance

Contact Officer: Sean Collins  
Tel: 07554 103465

February 2020

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Division(s): N/A
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## **PENSION FUND COMMITTEE – 6 MARCH 2020**

### **RISK REGISTER**

**Report by the Director of Finance**

#### **RECOMMENDATION**

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

#### **Introduction**

2. 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.
3. 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.
4. A number of the mitigation plans are directly linked to the key service priorities identified in the Annual Business Plan. This report should therefore be considered in conjunction with the business plan report elsewhere on this agenda.

#### **Comments from the Pension Board**

5. At their meeting on 24 January 2020, the Pension Board received a detailed report on the mitigation of the cyber security risks included within risk 16 on the register and confirmed that were happy with the current arrangements. The Board was also briefed on the new risk associated with the McCloud judgement (see below) and agreed it was appropriate to add the risk to the register. They confirmed that they were content that the other risks were being adequately monitored and appropriate action was being taken where required.

#### **Latest Position on Existing Risks/New Risks**

6. As the majority of risks have currently been mitigated down to their target scores, there has been little change to the Risk Register since the December report. Where the risks need to be kept under review reflecting changing circumstances (particularly in relation to the on-going transition of responsibility

for the management of our investments to Brunel), comments have been included in the Further Actions Column.

7. As reported to the December meeting, the scores on risk 2 have not yet been updated but will be updated in light of the discussions and decisions on the Investment Strategy item earlier on today's agenda. The risk identified in the register is insufficient liquid resources to pay pensions as they fall due. As part of the Investment Strategy/Asset Allocation review, the Fund contracted MJ Hudson to complete an asset allocation review using the latest liability and cash flow forecasts provided by the Fund Actuary. The results of this work have been taken into account in determining the proposed changes to the strategic asset allocation to ensure there is always sufficient liquid resources to meet the pension liabilities as they fall due over the medium term. Agreement to the proposed asset allocation will allow the likelihood of the risk to be reduced to 1 such that the risk can be reported at target.
8. We have again retained the assessment on Risk 6 as Amber reflecting the increased attention to ESG issues including Climate Change both locally and nationally. The risk will be in part mitigated by adoption of the Climate Change Policy and asset allocation as included in the Investment Strategy report earlier on today's agenda. However, it is clear more work needs to be undertaken on developing the framework for monitoring compliance with the strategy, and for agreeing metrics and targets before the risk can be fully mitigated.
9. One new risk has been added to the register as risk number 20. This risk covers the potential implications of the current Employment Tribunals which are looking to identify appropriate remedies following the Court decisions in the age discrimination cases brought by McCloud and Sargeant. It is likely that the required remedies will involve bringing a wider group of scheme members within the current protection arrangements, initially only offered to those with 10 years of retirement.
10. Such a proposal will involve the Administering Authority having to complete 2 calculations for each scheme member to determine whether they are better off under the new 2014 CARE arrangements, or the previous final salary arrangements. The additional calculation to determine a member's pension entitlement under the previous final salary arrangements will require data not routinely maintained on the pension's software since the scheme changes in 2014. Whilst Oxfordshire has continued to collect this data from scheme employers since 2014, it has not been fully validated or loaded to the pension record. The data has not been provided where members have transferred into the Oxfordshire Fund since 2014.
11. There is therefore a significant risk that for certain scheme members, the Fund will not hold the data required to carry out the final salary pension entitlement, and/or will not be able to obtain/validate it from the scheme employer who could be outside the Oxfordshire Fund, have ceased to exist, no longer be a member of the Oxfordshire Fund, or changed their payroll provider since 2014. It is also likely that in some cases the information will need to be obtained/validated from

multiple employers. There is a significant risk therefore that the required calculations will not be possible in all cases.

12. The second element of this risk relates to the increased administrative effort required from both the scheme employers and the Administering Authority in order to meet the increased requirements. Even where it maybe possible to obtain the necessary data, there maybe insufficient resources to complete the task. As this is a task that will impact across the whole of the LGPS, it is unlikely that there will be sufficient agency resource to fill all the gaps.
13. At this stage the risk has been scored Amber requiring regular review rather than urgent action. This reflects that until the Employment Tribunals have published their conclusions and the Government has agreed how these should be applied to the LGPS, it is not clear which members are in scope for any changes and what information will be required in respect of the changes. Any current action is therefore limited. At present there is no indication when final decisions will be made, with many not expecting final outcomes until 2021. This risk will therefore need to be updated at each meeting of the Committee until the issues become clearer.

**LORNA BAXTER**

Director of Finance

Contact Officer: Sean Collins

Tel: 07554 103465

February 2020

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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.

Page 27

### 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)

### RAG Status/Direction of Travel

	Risk requires urgent attention
	Risks needs to be kept under regular review
	Risk does not require any attention in short term
↑	Overall Risk Rating Score is Increasing (Higher risk)
↔	Risk Rating Score is Stable
↓	Overall Risk Rating Score is Reducing (Improving Position)

Ref	Risk	Risk Category	Cause	Impact	Risk Owner	Controls in Place to Mitigate Risk	Current Risk Rating			RAG Status and Direction of Travel	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	1	4	↔			4	1	4	Feb 2020	At Target
2	Investment Strategy not aligned with Pension Liability Profile	Financial	Pension Liabilities and asset attributes not understood and matched.	Short Term – Insufficient Funds to Pay Pensions.	Service Manager	Monthly cash flow monitoring and retention of cash reserves.	4	2	8	↔			4	1	4	Feb 2020	Asset Allocation Review undertaken by MJ Hudson including review of cash flow projections from Fund Actuary included in Investment Strategy Report to March 2020 Committee.
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	1	3	↔			3	1	3	Feb 2020	At Target
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	↔	Needs to be kept under review as responsibility for Fund Manager monitoring switches to Brunel.	March 2021	3	2	6	Feb 2020	At Target
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	Feb 2020	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.	March 2021	4	1	4	Feb 2020	Climate Change Policy presented to March 2020 Committee – more work to be undertaken to develop framework and metrics to monitor compliance.

Ref	Risk	Risk Category	Cause	Impact	Risk Owner	Controls in Place to Mitigate Risk	Current Risk Rating			RAG Status and Direction of Travel	Further Actions Required	Date for completion of Action	Target Risk Rating			Date of Review	Comment
							Impact	Likelihood	Score				Impact	Likelihood	Score		
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	↔	Needs to be kept under review as responsibility for Fund Manager monitoring switches to Brunel.	Mar 2021	3	1	3	Feb 2020	At Target
8	Employer Default - LGPS	Financial	Market Forces, increased contribution rates, budget reductions.	Deficit Falls to be Met By Other Employers	Pension Services Manager	All new employers set up with ceding employing under-writing deficit, or bond put in place.	3	2	6	↔			3	2	6	Feb 2020	At Target
9	Inaccurate or out of date pension liability data – LGPS and FSPS	Financial & Administrative	Late or Incomplete Returns from Employers	Errors in Pension Liability Profile impacting on Risks 1 and 2 above.	Pension Services Manager	Monitoring of Monthly returns	3	1	3	↔			3	1	3	Feb 2020	At Target
10	Inaccurate or out of date pension liability data – LGPS and FSPS	Administrative	Late or Incomplete Returns from Employers	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	Feb 2020	At Target
11	Inaccurate or out of date pension liability data – LGPS and FSPS	Administrative	Late or Incomplete Returns from Employers	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	↔	Review, looking for further improvement through implementation of iConnect.	Dec 2020	4	1	4	Feb 2020	At Target
12	Insufficient resources to deliver responsibilities- – LGPS and FSPS	Administrative	Budget Reductions	Breach of Regulation	Service Manager	Annual Budget Review as part of Business Plan.	4	1	4	↔			4	1	4	Feb 2020	At Target
13	Insufficient Skills and Knowledge on Committee – LGPS and FSPS	Governance	Poor Training Programme	Breach of Regulation	Service Manager	Training Review	4	1	4	↔			4	1	4	Feb 2020	Committee agreed mandatory training (subject to Council approval). Number of Members attended LGA Fundamental Training Programme.
14	Insufficient Skills and Knowledge amongst – LGPS and FSPS Officers	Administrative	Poor Training Programme and/or high staff turnover	Breach of Regulation and Errors in Payments	Service Manager	Training Plan. Control checklists.	3	1	3	↔			3	1	3	Feb 2020	At Target
15	Key System Failure – LGPS and FSPS	Administrative	Technical failure	Inability to process pension payments	Pension Services Manager	Disaster Recovery Programme	4	1	4	↔			4	1	4	Feb 2020	At Target

Ref	Risk	Risk Category	Cause	Impact	Risk Owner	Controls in Place to Mitigate Risk	Current Risk Rating			RAG Status and Direction of Travel	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	Feb 2020	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	Feb 2020	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	Feb 2020	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	↔	Need to Review in light of current Government consultation to switch HE and FE employers to Designating Bodies.		4	1	4	Feb 2020	At Target
20	Insufficient Resource and/or Data to comply with consequences of McCloud Judgement	Administrative	Significant requirement to retrospectively re-calculate member benefits	Breach of Regulation and Errors in Payments	Pension Services Manager	Engagement through SAB/LGA to understand potential implications and regular communications with scheme employers about potential retrospective data requirements.	4	3	12	New	Continue to monitor progress of Employment Tribunal and engage with SAB/LGA to understand potential issues	On-Going	2	2	4	Feb 2020	New Risk

Division(s): N/A

## **PENSION FUND COMMITTEE – 6 MARCH 2020**

### **ADMINISTRATION REPORT**

**Report by the Director of Finance**

#### **RECOMMENDATION**

The Committee is **RECOMMENDED** to:

- (a) note the report;
- (b) agree the Fund meets the tax cost associated with the late payment of death grant arising from administrative error as set out in paragraph 11-12;
- (c) determine payment of the death grant for the case set out in paragraphs 13-18;
- (d) confirm changes to administration strategy as set out in paragraph 31.

#### **Introduction**

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

#### **Staffing**

2. Staffing structure has been reviewed as part of the business plan and budget setting process.
  - The benefit team has 3 vacancies at present, one of which is being filled by a temporary member of staff whom we are in process of making permanent. The remaining 2 vacancies will be held whilst the impact of administration to pay, MSS and i-connect are assessed.
  - Communications – one manager has taken flexible retirement and as such has reduced her hours. It not intended to replace these hours.
  - The employer team will be formally restructuring once end of year has been completed and i-connect rolled out to all scheme employers, therefore two administrator posts have been added to structure.
  - The systems team is carrying vacancy of 0.75 FTE.
3. Two resignations have been received, one in the systems team and one in the employer team. Recruitment to replace these staff has already started. In view of end of year work one team member has been seconded from benefits to the employer team for the period April to August 2020.

### **Workloads and Performance**

4. The statistics are attached at annex 1. There are 3 subjects which failed to meet the SLA standard during the latest quarter – transfers out, death grants and refunds.
5. IFA Out - due to tasks left in administrator's name during annual leave over Christmas period these were not cleared down within deadline. This issue has been raised with senior administrators to prevent future occurrences.
6. Deaths & Refunds - In both cases not meeting target were down to waiting for the new pay elements to be set up for the deduction of tax on unauthorised payments (for deaths in excess of 2 years or refunds the over 75s or those over five years).
7. Prior to the introduction of the Tell Us Once Service for the LGPS the process for being notified of death cases was reliant on relatives informing the Fund and providing a copy of the death certificate. In many cases this did not happen so deaths were only identified when payments were returned, after which the Fund had to source the death certificate and then trace any relatives.
8. The regulations require the Fund to make payment of the death within two years of date of death, or within two years beginning with the date that the Administering Authority could have been expected to become aware of the member's death. Administrator's have started an exercise to identify all such cases – any records with a date of death up to and including 2018 – to clear down these records and identify any under or over payments. Officers are working with colleagues at County to develop process for recovery of overpayments.

### **Death Grant Cases for Decision**

9. Decisions on the payment of death grants has been delegated to Officers within the Pension Services Team, and these are normally made as part of the day to day operations of the Team. Under the Scheme of Delegation though, Officers are required to refer any contentious decisions back to the Committee for them to determine. There are two cases for consideration by the Committee at this time.
10. The first case has been identified under the review of historic records referred to above. In this case, the Fund had been properly notified of the death of a member in April 2017. The spouse provided all the correct paperwork by June 2017, but no action was taken. Investigation has not found any logical reason for this payment not being made; there is no information recorded on the record and there were no chases for payment by the spouse.
11. The payment of the death grant, including interest was finally made in January 2020. However, because this was outside of the 2-year period the payment was then subject to a 45% tax charge amounting to £12,671.65. This would normally fall to be met by the recipient of the death grant. Given that this was

an administrative error, members are asked to agree that the Fund should bear this cost.

12. In the second case, the Member died on 21 September 2019 – this was a death in service notified by the scheme employer, who noted that they did not have any next of kin details on file. The member had not completed an “expression of wish” form for pensions.
13. However, the employer subsequently provided the name and contact details for a daughter who duly completed a pension declaration form stating that she was the only person with an interest in the death grant payable from the fund. However, during several telephone calls it found that there was also a son, living in Australia.
14. Initially, the son informed Pension Services that he did not have any interest in receiving part of any death grant payment but later conversations revealed that this decision was based on incorrect information supplied by his sister and so he then made declaration as an interested party. He also included a granddaughter (daughter of deceased sister) on this declaration.

Deceased Member

Daughter - claimant	Daughter – deceased	Son - claimant
3 children	1 child – living with other daughter	1 child

15. The member’s will leaves her estate to be split between the five grandchildren when they attain the age of 25.
16. The death grant does not form part of the estate and is payable at Pension Fund discretion. This is a significant amount in excess of £100,000, and there are various options in how payment could be made:
  - 50/50 split between sister and brother
  - A percentage paid to sister and brother with the remainder being split between grandchildren
  - Payment split equally between grandchildren only
17. It should be noted that the fund has been advised that the initial claimant has paid £700 in respect of funeral costs out of her own funds

**Complaints**

18. One complaint has been received in the quarter bringing the total to 6 complaints in 2019:

Year	Number of Complaints	Percentage of Active Membership
2019	06	0.03%
2018	21	0.10%

2017	28	0.14%
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19. Additionally, there are two open cases from 2018 with the Pension Ombudsman waiting for a decision.

## Projects

20. Administration to Pay – in the last report it was stated that this project would finally come to an end in Spring 2020. However, there have been further delays due to the knock-on effects from the latest software upgrade which has pushed completion date back to July 2020.
21. GMP Reconciliation – The latest update is that HMRC are now starting to release the final data cut so that funds can undertake the last reconciliation stage of GMP to determine the individual under and over payments to members. As yet, there is no timescale for this until confirmation of when data will be available from HMRC.
22. I-connect, below is an extract from the project plan:

TASK	ASSIGNED TO	PROGRESS	START	END	Notes
<b>Key Mile stones</b>					
Statement of works Signed off	Sally Fox	100%	01/09/2018	13/09/2018	
I-connect at Team Meeting	Jules Skelly	100%	10/10/2018	10/10/2018	
Employer volunteers - Request through Talking Pensions	Jules Skelly	100%	01/10/2018	31/10/2018	
In- House I connect testing	Jules/David	100%	01/11/2018	30/11/2018	
Review of Procedures/Processes	Jules/Vic	100%	15/11/2018	31/12/2018	
Review of Procedures/Processes (live data)	Jules/Vic	ongoing	01/01/2019	31/03/2019	Main review done on going
Employer testing Group	Employer team/Employer	100%	01/12/2018	31/03/2019	
Trial Employer testing (phase 1)	Employer team/Employer	95%	01/01/2019	15/04/2019	
Send information out to next Employer phase 2	Employer team/Employer	100%	25/02/2019	01/03/2019	
Go Live - with Trial Employers (phase 1)	Employer team/Employer	95%	01/04/2019	15/04/2019	90% when end of year completed
Go Live - phase 2	Employer team/Employer	100%	01/05/2019	31/05/2019	Parish and Town council
Emboarding of Additional employers (phase 3)	Employer team/Employer	100%	01/04/2019	31/07/2019	in contact with all employers
Go Live - phase 3	Employer team/Employer	74%	01/08/2019	31/08/2019	due to types of employers now will cross over with phase 4
Send information out to next Employer Phase.	Employer team/Employer	100%	01/08/2019	31/08/2019	
Emboarding of Additional employers (phase 4)	Employer team/Employer	22%	01/08/2019	31/12/2019	date extended to June 2020 - due to larger employers testing
Clean up phase	Employer team/Employer		01/06/2020	31/08/2020	

23. The current situation is that 112 Employers are live and there are 71 employers still to transition. Employers that are making progress slower than expected are detailed at the end of the report. The remaining employers are split between going Live in April, actively testing or updating us regularly to their file progress:

- From phase 1 Oxford Brookes University are currently testing and due to go live in April 2020.
- All phase 2 employers are now active on i-connect.
- Phase 3 was due to be completed by 31 July 2019 but there are 20 employers who have been moved to phase 4 because of multiple contracts and / or other issues affecting their data (Capita; Capita Vale and Edwards & Ward). 5 employers currently testing and will go live in April 2020.



- Phase 4 target date extended to 31 May 2020. 14 employers already on i-connect with another 50 to be implemented. Included in this phase are:
  - Oxford City Council – met with their payroll supplier - Midlands are currently finishing file hope to have Oxford City and Oxford direct services in testing a March file.
  - Cherwell – have sent us a test file – testing to start shortly
  - Access group – we have 5 schools LIVE, others will follow once larger schools have been tested.
  - Larger employer like Oxfordshire County Council sending test data this month.
  - Activate learning live from April – testing been done with ALET

24. Employers where progress is slower than planned are:

- Abingdon and Witney College – Working on file (March update)
- 3 schools with Payroll provider FS4S – have had problems with file currently testing with another authority.
- South Oxfordshire District Council and Vale of White Horse – spoke to Capita in January regarding file have gone away to produce a test file. – update to be sent end of February
- GLF – working on file – they requested an August go live date – confirmed testing will need to be done June and July – awaiting response.

25. Member Self Service – sign up for this service currently stands at 39.89% of active members; 26.96% of deferred members and 36.99% of pensioner members. The number of members actively choosing to opt out of member self service are: active 1.28%; deferred 2.74% and pensioners 36.32%. From February 2020 members will be able to run online calculations (estimates) of their benefits which, it is hoped, will increase the take up of this service.

### **Employers**

26. For end of year 2019 all outstanding queries, with the exception of Edwards & Ward are now completed. Edwards & Ward are being treated as a specific project which will be finalised by end of March 2020.
27. Employers have already received information and offers of training ahead of end of year 2020 which has resulted in 2 employers contacting the team for further information.
28. Work on academy mergers; academy conversations and outsourcings remains at a reasonably consistent high level.

### **Data Quality**

29. Work is continuing to resolve outstanding data queries. The address tracing exercise has been delayed due to issues with data sharing. However, these are now resolved, and this part of the exercise can now start.

### **Administration Strategy**

30. The proposed changes to the administration strategy, detailed below, were sent out to scheme employers for comment.:
- To add a charge of £150 for the submission of incorrect data returns. This is to address the issue where some scheme employers submitted random information to meet deadlines and avoid charges for late submission.
  - To amend the charge for re-do of work due to incorrect information being supplied by scheme employer from £75 per return to £50 per member record.
  - To reduce the time period between chases, set out in the escalation process from 10 days to 5 days.
31. Only one scheme employer commented:
- the fees you are proposing appear quite high, especially given that our pension administration is undertaken by a third party and not by the Academy Trust and therefore outside of our control
  - the revised fee of £50 per member record seems particularly high, in comparison with a £75 fee per return, due to incorrect information being supplied and I would request that you re-consider this
32. A response has been sent to this employer. This sets out that the charges are consistent with our costs involved, particularly that the cost of re-doing work submitted with errors will vary by the number of incorrect member records rather than a fixed charge for any return irrespective of how many member records contain errors. It was also made clear that it was the scheme employers' responsibility to manage any payroll contract and ensure this include appropriate clauses to cover the respective responsibilities under the Pension Regulations.
33. In light of the limited feedback and response to the one consultation reply received, it is recommended that the Committee confirm the changes as initially proposed.

### **Write Off**

34. In the last quarter a total of £48.77 has been written off in 8 cases where member has died.

## **Fire Pension Administration Report**

**Workloads and Staffing**

35. The statistics are attached at annex 2. All work is in specification with the exception of outstanding leaver checking.
36. Fire Service death cases are not reported as part of Tell Us Once, as per paragraph 10. However, there is a good network of reporting and all cases are up to date except one where payment cannot be made.
37. One of the resignations detailed in paragraph 6 above will impact on the administration of the Fire Service Pension Scheme. The team leader is assessing this as part of the recruitment process.
38. Fire Pension Board was held on 24 January, but final minutes have not yet been circulated.

**LORNA BAXTER**  
Director of Finance

Background papers: None

Contact Officer: Sally Fox - Tel: 01865 323854

February 2020

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## Benefit Administration Monthly SLA Statistics

Subject	Legal Deadline	SLA Deadline	Standard SLA Target	Temporary SLA Target Apr - Aug	Temporary SLA Target Sept - Dec
<b>Deaths</b>	Notify dependants of death benefits within 2 months from date of becoming aware of death	10 working days	<b>95%</b>	<b>75%</b>	<b>85%</b>
<b>Retirements</b>	Notify amount of retirement benefits; within 1 months if on or after NPA; or 2 months from date of retirement if before NPA. Retirement Quote no more than 2 months from date of request unless already abother request has been made within 12 months	10 working days	<b>95%</b>	<b>75%</b>	<b>85%</b>
<b>Divorce</b>	Provide a quotation 3 months from date of request	10 working days	<b>95%</b>	<b>75%</b>	<b>85%</b>
<b>Interfund In</b>	N/A	10 working days	<b>90%</b>	<b>70%</b>	<b>80%</b>
<b>Transfer In</b>	Obtain transfer information and provide a quotation within 2 months from date of request	10 working days	<b>90%</b>	<b>70%</b>	<b>80%</b>
<b>Interfund Out</b>	N/A	10 working days	<b>95%</b>	<b>75%</b>	<b>85%</b>
<b>Transfer out</b>	Provide a quotation 3 months from date of request	10 working days	<b>95%</b>	<b>75%</b>	<b>85%</b>
<b>Member Estimate</b>	Provide retirement quote no more than 2 months from date of request unless there has been a request already in last 12 months	10 working days	<b>90%</b>	<b>70%</b>	<b>80%</b>
<b>HR Estimate</b>	N/A	10 working days	<b>90%</b>	<b>70%</b>	<b>80%</b>
<b>Refunds</b>	N/A	10 working days	<b>95%</b>	<b>75%</b>	<b>85%</b>
<b>Leavers*</b>	Inform members who left th scheme of their leaver rights and options no more than 2 months from date of notification	40 working days	<b>90%</b>	<b>70%</b>	<b>80%</b>
<b>Re-employments**</b>	N/A	40 working days	<b>90%</b>	<b>70%</b>	<b>80%</b>
<b>Assistant work***</b>	N/A	10 working days	<b>90%</b>	<b>70%</b>	<b>80%</b>
<b>Starters (PPF)</b>	Send notification of joining the LGPS to member 2 months from date joining or 1 month of receiving information of being enrolled / auto-enrolled	20 working days	<b>95%</b>	<b>75%</b>	<b>85%</b>

\* Frozen, Deferred, Concurrent

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

\*\*\* Address, Name, Nomination, IFA Requests

**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%
<b>Totals / Average</b>		1148	57.92%	1231	69.04%	1275	81.67%

\* Frozen, Deferred, Concurrent

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

Benefit Administration Monthly SLA Statistics				Nov-19			Dec-19			Jan-20		
Subject	Standards LA Target	Temporary SLA Target Apr - Aug	Temporary SLA Target Sep- Dec	Total Number Completed	% Achieved in SLA deadline	% Achieved in Legal deadline	Total Number Completed	% Achieved in SLA deadline	% Achieved in Legal deadline	Total Number Completed	% Achieved in SLA deadline	% Achieved in Legal deadline
				APC	90%	70%	80%	5	100.00%		7	85.71%
Deaths	95%	75%	85%	54	98.15%	TBC	65	98.46%	TBC	63	93.65%	TBC
Retirements	95%	75%	85%	80	98.75%	100.00%	70	94.29%	100.00%	96	95.83%	100.00%
Divorce	95%	75%	85%	10	100.00%		25	100.00%		13	100.00%	
Interfund In	90%	70%	80%	43	100.00%		45	91.11%		68	92.65%	
Transfer In	90%	70%	80%	59	96.61%	100.00%	40	97.50%	100.00%	48	97.92%	100.00%
Interfund Out	95%	75%	85%	65	100.00%		27	100.00%		55	92.73%	
Transfer out	95%	75%	85%	46	97.83%	100.00%	32	100.00%	100.00%	31	96.77%	100.00%
Member Estimate	90%	70%	80%	99	100.00%	100.00%	58	100.00%	100.00%	110	97.27%	100.00%
HR Estimate	90%	70%	80%	14	100.00%		6	100.00%		11	100.00%	
Refunds	95%	75%	85%	75	100.00%		53	100.00%		97	90.72%	
Leavers*	90%	70%	80%	306	98.04%	98.04%	405	92.84%	92.84%	428	94.86%	94.86%
Re-employments**	90%	70%	80%	76	100.00%		106	100.00%		117	95.73%	
Assistants***	90%	70%	80%	380	100.00%		318	100.00%		274	99.27%	
Starters (IPPF)	95%	75%	85%		TBC	TBC		TBC	TBC	50	100.00%	100.00%
<b>Totals / Average Overall</b>				1307	99.18%	99.52%	1250	98.02%	98.57%	1461	96.49%	118.97%

\* Frozen, Deferred, Concurrent

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

\*\*\* Address, Name, Nomination, IFA Requests, Transfer pack

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## Benefit Administration Monthly SLA Statistics

Subject	Legal Deadline	SLA Deadline	Standard SLA Target	Temporary SLA Target Apr - Aug	Temporary SLA Target Sept - Dec
<b>Deaths</b>	Notify dependants of death benefits within 2 months from date of becoming aware of death	10 working days	<b>95%</b>	<b>75%</b>	<b>85%</b>
<b>Retirements</b>	Notify amount of retirement benefits; within 1 months if on or after NPA; or 2 months from date of retirement if before NPA. Retirement Quote no more than 2 months from date of request unless already abother request has been made within 12 months	10 working days	<b>95%</b>	<b>75%</b>	<b>85%</b>
<b>Divorce</b>	Provide a quotation 3 months from date of request	10 working days	<b>95%</b>	<b>75%</b>	<b>85%</b>
<b>Interfund In</b>	N/A	10 working days	<b>90%</b>	<b>70%</b>	<b>80%</b>
<b>Transfer In</b>	Obtain transfer information and provide a quotation within 2 months from date of request	10 working days	<b>90%</b>	<b>70%</b>	<b>80%</b>
<b>Interfund Out</b>	N/A	10 working days	<b>95%</b>	<b>75%</b>	<b>85%</b>
<b>Transfer out</b>	Provide a quotation 3 months from date of request	10 working days	<b>95%</b>	<b>75%</b>	<b>85%</b>
<b>Member Estimate</b>	Provide retirement quote no more than 2 months from date of request unless there has been a request already in last 12 months	10 working days	<b>90%</b>	<b>70%</b>	<b>80%</b>
<b>HR Estimate</b>	N/A	10 working days	<b>90%</b>	<b>70%</b>	<b>80%</b>
<b>Refunds</b>	N/A	10 working days	<b>95%</b>	<b>75%</b>	<b>85%</b>
<b>Leavers*</b>	Inform members who left th scheme of their leaver rights and options no more than 2 months from date of notification	40 working days	<b>90%</b>	<b>70%</b>	<b>80%</b>
<b>Re-employments**</b>	N/A	40 working days	<b>90%</b>	<b>70%</b>	<b>80%</b>
<b>Assistant work***</b>	N/A	10 working days	<b>90%</b>	<b>70%</b>	<b>80%</b>
<b>Starters (PPF)</b>	Send notification of joining the LGPS to member 2 months from date joining or 1 month of receiving information of being enrolled / auto-enrolled	20 working days	<b>95%</b>	<b>75%</b>	<b>85%</b>

\* Frozen, Deferred, Concurrent

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

\*\*\* Address, Name, Nomination, IFA Requests

**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%
<b>Totals / Average</b>		1148	57.92%	1231	69.04%	1275	81.67%

\* Frozen, Deferred, Concurrent

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

Fire Service Monthly SLA Statistics			Apr-19		May-19		Jun-19		Jul-19		Aug-19		Sep-19		Oct-19		Nov-19		Dec-19		Jan-20		Feb-20		Mar-20	
Subject	SLA Target	Temporary SLA Target Apr - Dec	Total Number Completed	% Achieved in SLA deadline	Total Number Completed	% Achieved in SLA deadline	Total Number Completed	% Achieved in SLA deadline	Total Number Completed	% Achieved in SLA deadline	Total Number Completed	% Achieved in SLA deadline	Total Number Completed	% Achieved in SLA deadline	Total Number Completed	% Achieved in SLA deadline	Total Number Completed	% Achieved in SLA deadline	Total Number Completed	% Achieved in SLA deadline	Total Number Completed	% Achieved in SLA deadline	Total Number Completed	% Achieved in SLA deadline	Total Number Completed	% Achieved in SLA deadline
			Deaths	95%	75%	1	100.00%	0	100.00%	2	0.00%	0	100.00%	0	100.00%	0	100.00%	0	100.00%	2	100.00%	0	100.00%	1	100.00%	0
Retirements	95%	75%	1	100.00%	2	100.00%	1	100.00%	4	100.00%	3	100.00%	1	100.00%	3	100.00%	4	75.00%	4	100.00%	2	100.00%	0	0.00%	0	0.00%
Divorce	95%	75%	0	100.00%	2	100.00%	0	100.00%	0	100.00%	0	100.00%	0	100.00%	0	100.00%	0	100.00%	0	100.00%	0	100.00%	0	0.00%	0	0.00%
After retirement adjustments	90%	70%	3	0.00%	1	100.00%	2	50.00%	0	100.00%	3	75.00%	0	100.00%	1	100.00%	2	100.00%	1	100.00%	5	100.00%	0	0.00%	0	0.00%
Transfer In	90%	70%	1	0.00%	0	100.00%	1	0.00%	0	100.00%	0	100.00%	2	0.00%	0	100.00%	1	0.00%	0	100.00%	1	100.00%	0	0.00%	0	0.00%
Transfer out	95%	75%	0	100.00%	0	100.00%	1	0.00%	2	0.00%	1	0.00%	0	100.00%	0	100.00%	0	100.00%	1	100.00%	3	100.00%	0	0.00%	0	0.00%
Member Estimate	95%	75%	0	100.00%	0	100.00%	0	100.00%	0	100.00%	0	100.00%	3	100.00%	2	100.00%	6	83.00%	0	100.00%	4	100.00%	0	0.00%	0	0.00%
HR Estimate	90%	70%	0	100.00%	0	100.00%	0	100.00%	0	100.00%	0	100.00%	0	100.00%	0	100.00%	0	100.00%	2	100.00%	0	100.00%	0	0.00%	0	0.00%
Refunds	90%	70%	0	100.00%	0	100.00%	0	100.00%	0	100.00%	0	100.00%	0	100.00%	0	100.00%	0	100.00%	0	100.00%	0	100.00%	0	0.00%	0	0.00%
Leavers*	95%	75%	4	50.00%	0	100.00%	4	75.00%	1	0.00%	5	80.00%	2	0.00%	1	100.00%	5	100.00%	6	100.00%	13	53.85%	0	0.00%	0	0.00%
Member Queries	90%	70%	12	75.00%	8	87.50%	3	100.00%	5	100.00%	8	87.50%	7	100.00%	15	100.00%	9	100.00%	13	100.00%	17	100.00%	0	0.00%	0	0.00%
Member changes	90%	70%	3	0.00%	3	33.00%	6	83.00%	1	100.00%	2	50.00%	0	100.00%	6	83.33%	3	100.00%	5	100.00%	4	100.00%	0	0.00%	0	0.00%
<b>Totals / Average Overall</b>			25	68.75%	16	93.38%	20	67.33%	13	83.33%	22	82.71%	15	83.33%	28	98.61%	32	88.17%	32	100.00%	50	96.15%	0	0.00%	0	0.00%

\* Frozen, Deferred, Concurrent  
 \*\* Elect to Separate, Re-emp quote, Re-emp Actual,  
 \*\*\* Address, Name, Nomination, IFA Requests

SLA not met  
 Temp SLA met  
 Standard SLA met

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## PENSION FUND COMMITTEE – 6 MARCH 2020

### OVERVIEW AND OUTLOOK FOR INVESTMENT MARKETS

#### Report by the Independent Financial Adviser

#### Economy

1. The German economy grew by just 0.6% in 2019, its lowest annual rate since 2013. While keeping interest rates unchanged at the end of January, the Bank of England lowered its forecasts for UK growth to 0.8% in 2020 and 1.4% in 2021.

(In the table below the bracketed figures show the forecasts made in November)

Consensus real growth (%)						Consumer prices latest (%)
	2016	2017	2018	2019E	2020E	
<b>UK</b>	+2.0	+1.6	+1.4	+1.3(+1.2)	+1.2	+1.3 (CPI)
<b>USA</b>	+1.6	+2.3	+2.9	+2.3(+2.2)	+1.8	+2.3
<b>Eurozone</b>	+1.6	+2.3	+1.9	+1.2(+1.2)	+0.8	+1.3
<b>Japan</b>	+0.9	+1.7	+0.7	+0.8(+1.0)	+0.4	+0.8
<b>China</b>	+6.7	+6.8	+6.6	+6.1(+6.2)	+5.8*	+4.5

[Sources of estimates: 2019 - Economist Intelligence Unit, February 1<sup>st</sup>, 2020  
2020- Legal & General Investment Management, end-2019]

\*Since revised to 5%

2. In the UK General Election on December 12<sup>th</sup> the Conservatives gained an overall majority of 80 seats, which enabled them to pass legislation for the UK to withdraw from the EU on January 31<sup>st</sup>, 2020. Sterling had strengthened in anticipation of a resolution to the Brexit saga, rising to \$1.33 on the election result.
3. The US and China signed a phase 1 trade deal in mid-December, which rolled back some of the threatened tariffs, but still left several disputed areas unresolved.
4. Tensions rose in the Middle East after the US assassinated General Soleimani, a very senior Iranian, and several others, close to Baghdad airport. Iran retaliated by firing missiles at a US base in Iraq, but also mistakenly shot down a Ukrainian passenger plane taking off from Teheran airport, killing all those on board.

5. The spread of the coronavirus from Wuhan in China had caused 500 deaths by February 5<sup>th</sup>, from 25,000 confirmed cases. In an attempt to slow the spread of the virus, travel to and from China has been curtailed, and factories in Wuhan and elsewhere have remained closed after the China New Year holiday.

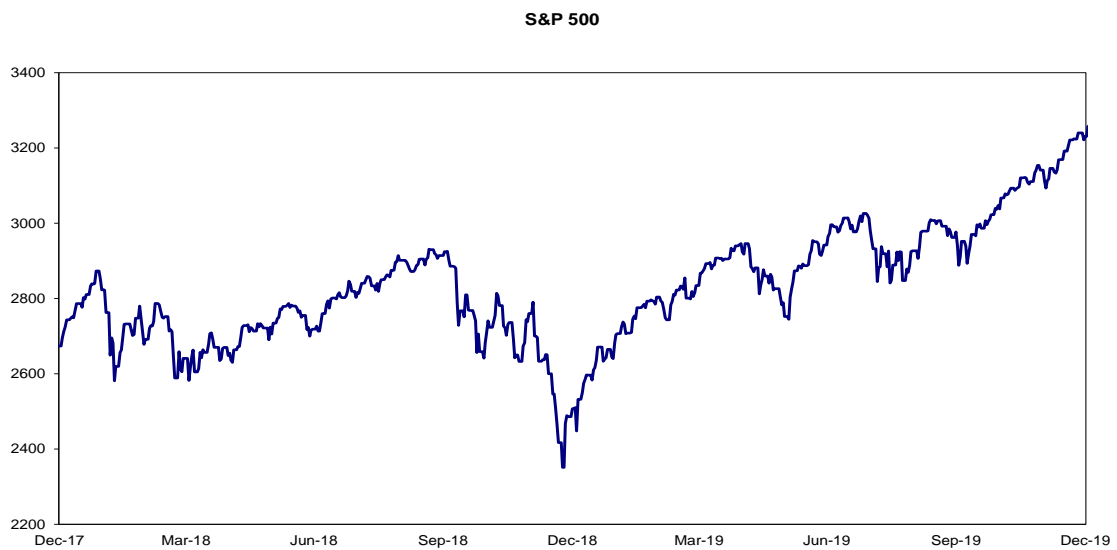
## Markets

### Equities

6. Although Overseas Equities were strong in local currency terms during the quarter, these gains were largely offset by the strength of sterling. The 19% return for the full year represented a very strong performance – following a weak 2018 – driven primarily by the strength of North American Equities (see graph below).

	<b>Capital return (in £, %) to 31.12.19</b>			
<b>Weight %</b>	Region	<b>3 months</b>	<b>12 months</b>	<b>36 months</b>
<b>100.0</b>	<b>FTSE All-World Index</b>	<b>+1.1</b>	<b>+19.2</b>	<b>+24.8</b>
57.2	FTSE All-World North America	+0.9	+23.9	+33.5
7.7	FTSE All-World Japan	+0.1	+12.1	+13.6
12.8	FTSE All-World Asia Pac ex Japan	+2.3	+11.1	+18.2
14.5	FTSE All-World Europe (ex-UK)	+0.9	+17.2	+17.1
5.1	FTSE All-World UK	+2.1	+12.9	+5.7
10.8	FTSE All-World Emerging Markets	+3.6	+12.4	+18.7

[Source: FTSE All-World Review, December 2019]



Internal

7. Technology continued to be the outstanding sector during the quarter, and for the year as a whole.

	<b>Capital return (in £, %) to 31.12.19</b>		
<b>Weight %</b>	<b>Industry Group</b>	<b>3 months</b>	<b>12 months</b>
17.1	Technology	+6.3	+36.7
12.8	Industrials	+0.5	+23.1
11.5	Consumer Services	-0.5	+19.9
<b>100.0</b>	<b>FTSE All-World</b>	<b>+1.1</b>	<b>+19.2</b>
21.2	Financials	+0.2	+16.3
10.9	Consumer Goods	-2.4	+15.8
11.1	Health Care	+5.7	+15.7
3.3	Utilities	-5.0	+13.8
4.1	Basic Materials	+1.8	+10.4
5.3	Oil & Gas	-2.1	+10.1
2.7	Telecommunications	-4.5	+7.7

[Source: FTSE All-World Review, December 2019]

8. UK Equities moved sideways in October and November, but then rose sharply in December on the Election result and the resolution of the Brexit deadlock.

Mid- and small-cap stocks were particularly strong, being less adversely affected by the strength of sterling.

<b>(Capital only %, to 31.12.19)</b>	<b>3 months</b>	<b>12 months</b>	<b>36 months</b>
<b>FTSE 100</b>	<b>+1.8</b>	<b>+12.1</b>	<b>+5.6</b>
<b>FTSE 250</b>	<b>+9.8</b>	<b>+25.0</b>	<b>+16.6</b>
<b>FTSE Small Cap</b>	<b>+8.8</b>	<b>+14.9</b>	<b>+15.7</b>
<b>FTSE All-Share</b>	<b>+3.3</b>	<b>+14.2</b>	<b>+8.3</b>

[Source: Financial Times]

### Bonds

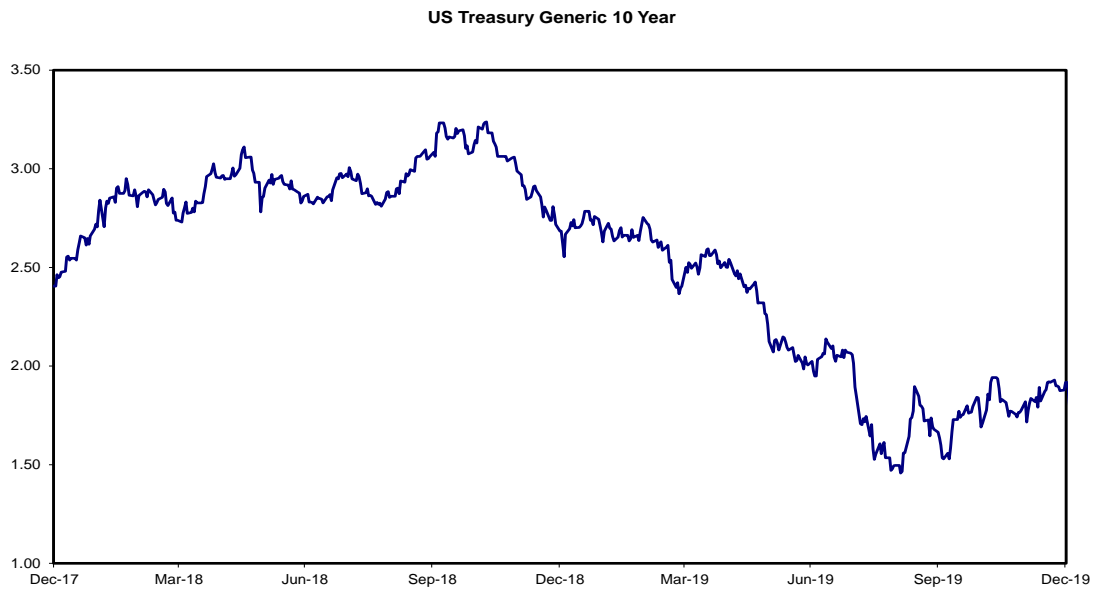
9. Yields on Government bonds edged higher during the quarter, although they have fallen sharply in January on the expectation of slowing economic growth.

<b>10-year government bond yields (%)</b>					
	<b>Dec 2016</b>	<b>Dec 2017</b>	<b>Dec 2018</b>	<b>Sept 2019</b>	<b>Dec 2019</b>
<b>US</b>	2.46	2.43	2.68	1.68	1.92
<b>UK</b>	1.24	1.23	1.14	0.41	0.73
<b>Germany</b>	0.11	0.43	0.24	-0.58	-0.19
<b>Japan</b>	0.04	0.05	-0.01	-0.23	-0.02

[Source: Financial Times]



10. The 10-year US Treasury yield has fallen from over 3% to below 2% in the past 15 months.



Internal

## Currencies

11. Sterling strengthened as the likelihood of a no-deal Brexit diminished, and rose further in December after the General Election resulted in a clear majority for the Conservative Party.

				£ move (%)	
				3m	12m
	<b>31.12.18</b>	<b>30.9.19</b>	<b>31.12.19</b>		
\$ per £	1.274	1.232	1.325	+7.5	+4.0
€ per £	1.114	1.130	1.180	+4.4	+5.9
¥ per £	139.7	133.2	144.0	+8.1	+3.1



Internal

## Commodities

12. The price of Gold has reached its highest level for five years. The oil price was stable during the quarter, but then fell by nearly 20% in January on the likely impact of the coronavirus outbreak on China's economic activity.

(\$)	<u>31.12.18</u>	<u>30.9.19</u>	<u>31.12.19</u>	<u>3m (%)</u>	<u>12m</u>
<b>Gold</b>	1291.0	1489.9	1514.7	+ 1.7	+17.3
<b>Brent crude</b>	66.9	60.3	66.0	+ 9.5	- 1.3

## Property

13. The total return on UK Property was below 1% for the third successive quarter, so that the 12-month All Property return of 2.1% compared poorly with the returns on UK Equities and Bonds over the same period.

	<b>3-month (%)</b>	<b>12-month</b>
<b>All Property</b>	<b>+ 0.3</b>	<b>+ 2.1</b>
<b>Retail</b>	<b>- 2.8</b>	<b>- 6.4</b>
<b>Office</b>	<b>+ 1.5</b>	<b>+ 5.0</b>
<b>Industrial</b>	<b>+ 1.9</b>	<b>+ 7.2</b>

[MSCI UK Monthly Index of total returns, December 2019]

## Outlook

14. While the General Election has given the Conservatives a clear majority, it remains to be seen how the negotiations with the EU will progress during the remainder of 2020. The forthcoming Budget Speech will be analysed closely as a guide to how the government plans to adhere to its fiscal targets while honouring its election promises on taxes and spending.
15. The outbreak of the coronavirus epidemic has already had severe effects on travel and trade with China, which is likely to result in slower global economic activity for an indeterminate period.
16. In the United States, the acquittal of President Trump in the impeachment trial has ensured that he will be running for re-election in November. His Democratic Party challenger will not be known until July, but US stock market sentiment over the summer will be strongly influenced by whether it is likely that a less market-friendly candidate could oust President Trump in November.

**Peter Davies**  
**Senior Adviser – MJ Hudson Investment Advisers**

**February 6<sup>th</sup>, 2020**

[Graphs supplied by Legal & General Investment Management]

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