



To: Members of the Pension Fund Committee

Notice of a Meeting of the Pension Fund Committee

Friday, 1 December 2023 at 10.00 am

Room 2&3 - County Hall, New Road, Oxford OX1 1ND

If you wish to view proceedings online, please click on this [Live Stream Link](#).
However, that will not allow you to participate in the meeting.

Martin Reeves
Chief Executive

November 2023

Committee Officer: **Democratic Services**
 committeedemocraticservices@oxfordshire.gov.uk

Membership

Chairman – Councillor Bob Johnston
Deputy Chairman – Kevin Bulmer

County Councillors

Imade Edosomwan

Nick Field-Johnson

John Howson

Non-voting Scheme Member Representative – Mr Steve Moran
Non-voting Member Member of Oxford Brookes University – Mr Alistair Fitt
Non-voting Member of District Councils – Councillor Jo Robb

Notes:

- ***Date of next meeting: 1 March 2024***

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 8 September 2023 and to receive information arising from them.

4. Petitions and Public Address

5. Minutes of the Local Pension Board (Pages 11 - 18)

10:05

A copy of the unconfirmed Minutes of the Local Pension Board, which met on 20 October 2023 is attached for information only.

6. Report of the Local Pension Board (Pages 19 - 20)

10:10

The report sets out the items the Local Pension Board would like to draw to the attention of the Committee following their last meeting on 20 October 2023.

The Committee is RECOMMENDED to note the comments of the Board.

7. Annual Business Plan 2023/24 (Pages 21 - 28)

10:15

This report will review progress against the key priorities set out in the Annual Business Plan 2023/24.

The Committee is RECOMMENDED to

- a) review progress against each of the key service priorities as set out in the report; and**
- b) agree any further actions to be taken to address those areas not currently on target to deliver the required objectives.**

8. Governance and Communications Report (Pages 29 - 48)

10:30

This report covers the key governance and communications issues for the Fund, including a report on any breaches of regulation in the last quarter.

The Committee is RECOMMENDED to:

- i) Note the results and recommendations of the recent Hyman's Knowledge Progress Assessment.**
- ii) Review and note the latest quarter's breaches for the Fund.**
- iii) Note the communications update regarding the McCloud Disclosure requirements.**

9. Risk Register and Risk Management Framework (Pages 49 - 66)

10:45

This report will present the latest position on the Fund's risk register, including any new risks identified since the report of the last meeting. It will also present a new Risk Management Framework which sets out how the Fund manages identification, assessment and reporting of all risks for Funds.

The Committee is RECOMMENDED to:

- a) Note the latest risk register and accept that the risk register covers all key risks to the achievement of their statutory responsibilities, and that the mitigation plans, where required, are appropriate;**
- b) Agree the new Oxfordshire County Pension Fund Risk Management Framework as set out at Appendix 'A'.**

10. Administration Report (Pages 67 - 82)

11:00

This report updates the Committee on the key administration issues including service performance measurement, the debt recovery process and any write offs agreed in the last quarter.

The Committee is RECOMMENDED to:

- a) Note the progress against the Administration objectives for the year;**
- b) Decide what, if any, additional information they require to be included in this report; and**
- c) Agree the write off of the 5 historic debts in Section 1 of Annex 4 totalling £14,747.35; and**
- d) Note the write off of the historic debts included in Section 2 of Annex 4 totalling £3,803.44, and the current debts of £43.66 written off as agreed under the Scheme of Delegation.**

11. Policy Reviews (Pages 83 - 102)

11:10

This report will present the following reviewed policies for Committee approval: Admissions and Terminations Policy, Discretion Policy, Early Release of Pension Benefits Policy, Voluntary Scheme Pays Policy.

The Committee is RECOMMENDED to receive this report and to agree the changes made to the Voluntary Scheme Pays Policy.

12. Administration Strategy Review (Pages 103 - 138)

11:25

This report will present the consultation results and revised Administration Strategy for Committee approval.

The Committee is RECOMMENDED to receive this report and

- i) Confirm the current frequency of employer newsletters;**
- ii) To amend the administration strategy to reduce the number of days admission agreements have to be signed to 30 days ahead of a contract start date;**
- iii) Confirm the charge of £100 per record where no earnings / contributions have been posted during the financial year; and**
- iv) Ask Officers to report quarterly the value of charges made during each period.**

13. Report of the Independent Investment Advisor (Pages 139 - 198)

11:35

This report will cover an overview of the financial markets, the overall performance of the Fund's investment against the Investment Strategy Statement and commentary on any issues related to the specific investment portfolios. The report includes the quarterly investment performance monitoring report from Brunel.

14. Investment Strategy Statement (Pages 199 - 252)

11:55

Review of the Investment Strategy Statement including updates to reflect the latest agreed asset allocation. The Committee will also receive an update on the development of a Responsible Investment Policy for the Pension Fund.

The Committee is RECOMMENDED to

- a) approve the revised Investment Strategy Statement;**
 - b) instruct Officers to set-up a workshop to develop the Fund's Responsible Investment Policy prior to the 01 March 2024 Pension Fund Committee Meeting; and**
 - c) change the Climate Change Working Group to the Responsible Investment Working Group to take effect once the Fund has agreed a Responsible Investment Policy**
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Councillors declaring interests

General duty

You must declare any disclosable pecuniary interests when the meeting reaches the item on the agenda headed 'Declarations of Interest' or as soon as it becomes apparent to you.

What is a disclosable pecuniary interest?

Disclosable pecuniary interests relate to your employment; sponsorship (i.e. payment for expenses incurred by you in carrying out your duties as a councillor or towards your election expenses); contracts; land in the Council's area; licenses for land in the Council's area; corporate tenancies; and securities. These declarations must be recorded in each councillor's Register of Interests which is publicly available on the Council's website.

Disclosable pecuniary interests that must be declared are not only those of the member her or himself but also those member's spouse, civil partner or person they are living with as husband or wife or as if they were civil partners.

Declaring an interest

Where any matter disclosed in your Register of Interests is being considered at a meeting, you must declare that you have an interest. You should also disclose the nature as well as the existence of the interest. If you have a disclosable pecuniary interest, after having declared it at the meeting you must not participate in discussion or voting on the item and must withdraw from the meeting whilst the matter is discussed.

Members' Code of Conduct and public perception

Even if you do not have a disclosable pecuniary interest in a matter, the Members' Code of Conduct says that a member 'must serve only the public interest and must never improperly confer an advantage or disadvantage on any person including yourself' and that 'you must not place yourself in situations where your honesty and integrity may be questioned'.

Members Code – Other registrable interests

Where a matter arises at a meeting which directly relates to the financial interest or wellbeing of one of your other registerable interests then you must declare an interest. You must not participate in discussion or voting on the item and you must withdraw from the meeting whilst the matter is discussed.

Wellbeing can be described as a condition of contentedness, healthiness and happiness; anything that could be said to affect a person's quality of life, either positively or negatively, is likely to affect their wellbeing.

Other registrable interests include:

- a) Any unpaid directorships

- b) Any body of which you are a member or are in a position of general control or management and to which you are nominated or appointed by your authority.
- c) Any body (i) exercising functions of a public nature (ii) directed to charitable purposes or (iii) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union) of which you are a member or in a position of general control or management.

Members Code – Non-registrable interests

Where a matter arises at a meeting which directly relates to your financial interest or wellbeing (and does not fall under disclosable pecuniary interests), or the financial interest or wellbeing of a relative or close associate, you must declare the interest.

Where a matter arises at a meeting which affects your own financial interest or wellbeing, a financial interest or wellbeing of a relative or close associate or a financial interest or wellbeing of a body included under other registrable interests, then you must declare the interest.

In order to determine whether you can remain in the meeting after disclosing your interest the following test should be applied:

Where a matter affects the financial interest or well-being:

- a) to a greater extent than it affects the financial interests of the majority of inhabitants of the ward affected by the decision and;
- b) a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest.

You may speak on the matter only if members of the public are also allowed to speak at the meeting. Otherwise you must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation.

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Agenda Item 3

PENSION FUND COMMITTEE

MINUTES of the meeting held on Friday, 8 September 2023 commencing at 10.15 am and finishing at 1.25 pm

Present:

Voting Members: Councillor Bob Johnston – in the Chair (items 1 - 14)
Councillor Kevin Bulmer (Deputy Chair) – in the Chair (items 15 – 19)

Councillor Kevin Bulmer (Deputy Chair)
Councillor Imade Edosomwan
Councillor Nick Field-Johnson
Councillor John Howson

Non-Voting Members: District Councillor Jo Robb, District Councils (non-voting)
Alistair Fitt, Oxford Brookes University (non-voting)
Steve Moran, Pension Scheme Member (non-voting)

Local Pension Board Members in Attendance: Alistair Bastin
Angela Priestley-Gibbins
Liz Hayden

By Invitation: Phillip Hebson (Independent Investment Adviser)

Officers: Sean Collins (Service Manager, Insurance and Money Management)
Sally Fox (Pension Services Manager)
Mukhtar Master (Governance & Communications Manager)
Lorna Baxter (Director of Finance)
Gregory Ley (Financial Manager – Pension fund Investment)
Josh Brewer (Responsible Investment Officer)
Anna Lloyd (Governance & Communications Officer)
Sharon Keenlyside (Law and Governance)

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

29/23 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS

(Agenda No. 1)

Apologies for absence were received from Alan Staniforth, Academy Sector (non-voting).

30/23 DECLARATIONS OF INTEREST - SEE GUIDANCE NOTE

(Agenda No. 2)

There were none.

31/23 MINUTES

(Agenda No. 3)

The minutes of the meeting held on 9 June were amended to include the write off of £55.31 in minute number 27/23, and approved as a correct record.

32/23 PETITIONS AND PUBLIC ADDRESS

(Agenda No. 4)

There were none.

33/23 MINUTES OF THE LOCAL PENSION BOARD

(Agenda No. 5)

In the minutes of the Local Pension Board, Councillor Bob Johnson had been added to the list of voting members in error and this would need to be amended by the Chair of the Local Pension Board at their next meeting.

34/23 REPORT OF THE LOCAL PENSION BOARD

(Agenda No. 6)

The report set out the items the Local Pension Board wished to draw to the attention of this committee following their meeting on 7 July 2023.

Alastair Bastin, a Local Pension Board Member, presented the report and outlined the costs and performance of the investment management portfolios run on behalf of the Pension Fund Committee, arrangements for assessing satisfaction, and the recruitment of two Employer Representatives, having had two representatives leave the Local Pension Board.

Officers informed the Committee that the closing date for the Employer Representative vacancies had passed and there had been one formal expression of interest.

RESOLVED to note the report of the Local Pension Board.

35/23 ANNUAL BUSINESS PLAN 2023/24

(Agenda No. 7)

The Committee had before it a report setting out the latest progress against key service priorities, set out in the business plan for the Pension Fund for 2023/24, as agreed by the March meeting of this Committee.

The Service Manager for Pensions, Insurance and Money Management presented the report, outlining the four key objectives and delivery of the regulatory changes as set out by the Government.

The Committee discussed receiving a comparison of gross fees pre and post Brunel and the difficulties involved in comparing the data.

RESOLVED to:

- a) note progress against each of the key service priorities as set out in the report,**
- b) agree no further actions need to be taken to address those areas not currently on target to deliver the required objectives,**
- c) receive a report comparing gross fees pre and post Brunel.**

36/23 GOVERNANCE AND COMMUNICATIONS REPORT

(Agenda No. 8)

The Committee had before it a report setting out the key governance and communication issues for the Fund and breaches of regulation in the last quarter.

The Governance and Communications Team Lead presented the report and introduced Anna Lloyd, the new Governance and Communication Officer.

RESOLVED to:

- a) note the latest governance matters and agree the schedule for the review of fund policies,**
- b) agree the proposal to carry out a survey of members regarding investment matters.**

37/23 REVIEW OF THE EFFECTIVENESS OF THE COMMITTEE

(Agenda No. 9)

The Committee had before it a report setting out items identified in the survey completed at the end of the last meeting and any changes required to promote the long-term effectiveness of the Committee.

The Service Manager, Insurance and Money Management, presented the report, referring to comments relating to the reduction in voting members and invited the Committee to determine what, if any, action should be proposed to the full Council in respect of any further changes to the constitution of the Committee itself.

The Committee discussed the long-term risks to the Committee's effectiveness in having only 5 voting members, concerns that the Committee meetings could easily be inquorate due to low numbers of committee members and that there was not necessary a diversity of views within such a small group. Also discussed were concerns regarding the risk of the highly experienced and skilled committee members being lost at the next Council elections.

During discussions, the Committee considered the problem of attracting members and the large amount of training and commitment necessary for new members.

RESOLVED to:

- a) note the key issues arising from the survey undertaken at the end of the June Committee meeting,**
- b) increase the number of voting members of the Pension Fund Committee, who shall be County Councillors, from 5 to 7,**
- c) remove the 2 non-voting Academy Representatives,**
- d) advise the Local Pension Board to consider increasing its members from the academy sector.**
- e) submit the proposal to the Audit and Governance meeting in September and full Council in November.**

38/23 RISK REGISTER

(Agenda No. 10)

The Committee had before it a report setting out the latest risk register.

The Governance and Communications Team Leader presented the report and explained the issues affecting risk scores and mitigation plans.

The Chair thanked the Governance and Communications Team Leader for the report.

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

39/23 ADMINISTRATION REPORT

(Agenda No. 11)

The Committee had before it a report which updated the Committee on the key administration issues including service performance measurement, the debt recovery process and any write offs agreed in the last quarter.

The Pension Services Manager presented the report and referring, in particular, to debt management and informed members that she would report back to the Committee regarding the older, lower value debts totalling £3,803.44 which were

being chased up. The Pension Services Manager welcomed two new members of staff to the Employer Team, and awaited start dates for three new administrators who had been appointed to the Benefit Team.

The Chair thanked the team for their extremely good performance.

RESOLVED to:

- a) note the progress against the Administration objectives for the year,**
- b) note the details of the write offs agreed under the Scheme of Delegation,**
- c) agree to write off £255.93 in respect of deceased pensioners, and**
- d) endorse the management actions in respect of the most recent Internal Audit Report as set out in annex 3 and that no further actions need to be taken.**

40/23 ADMINISTRATION STRATEGY

(Agenda No. 12)

The Committee had before it a report updating members on the changes being made to the administration strategy and to seek their views on any further changes ahead of consulting with scheme employers.

The Pension Services Manager presented the report and outlined the Administration Strategy and outlined the minor changes and updates to it.

The Committee welcomed and discussed the levy of charges as set out in the strategy.

The Chair thanked The Pension Services Manager for an excellent and comprehensive report.

RESOLVED to:

- a) note this report and the draft Administration Strategy,**
- b) approve the draft Administration Strategy as the basis for consultation with scheme employers and the Local Pension Board.**

41/23 APPROACH TO MITIGATE THE RISK OF PENSION SCAMS

(Agenda No. 13)

The Committee had before it a report, requested by the Committee at the last meeting, to update members on pension scams and actions taken by Pension Services to mitigate those threats.

The Pension Services Manager presented the report and highlighted the different types of pension scams, methods scammers used, data scams and potential fraud, such as, when a scheme member has died, and the pension continues to be claimed.

The Committee asked the Pension Services Manager to provide further information on the number of people that have been prosecuted.

RESOLVED to:

- a) note the report,**
- b) recommend the report to the Local Pension Board for consideration,**
- c) include information on scams in the Member Survey,**

42/23 RESPONSE TO GOVERNMENT CONSULTATION ON INVESTMENT ISSUES

(Agenda No. 14)

The Committee had before it a report which highlighted the key issues raised in the recent Government Consultation titled LGPS: Next Steps on Investments.

The Service Manager, Insurance and Money Management, presented the report, and informed the Committee that the deadline for the consultation response was 2 October 2023.

The Chair highlighted a typing error in paragraph 1 of the report which should read 'the **long-awaited** consultation'.

RESOLVED to:

- a) agree the key principles as set out in Annex1,**
- b) delegate to the Service Manager (Pensions), responsibility for drafting the final response to the Government Consultation.**

43/23 REPORT OF THE INDEPENDENT INVESTMENT ADVISOR

(Agenda No. 15)

The Committee had before it a report which gave an overview of the financial markets, the overall performance of the Fund's investments against the Investment Strategy Statement and commentary on any issues related to the specific investment portfolios. The report included the quarterly investment performance monitoring report from Brunel.

The Independent Investment Advisor, presented the report and informed members that the full confidential report, which included other Funds, is available and would be

circulated if required. The Independent Investment Advisor answered a number of questions.

The Committee discussed the rising price of oil and how to mitigate risk in the short to medium term. Also discussed was accessibility and accountability of officers at Brunel and concerns that they were not providing the expertise that was required.

RESOLVED to:

- a) note the report of the Independent Investment Advisor**
- b) agree that a separate item is brought to the next meeting of the Pension Fund Committee to discuss information required from Brunel and the additional cost for this information.**
- c) Agree that a separate item is brought to the next meeting of the Pension Fund Committee to discuss the volatility of the market and mitigation measures to be considered.**

44/23 ANNUAL REPORT AND ACCOUNTS INCLUDING TASKFORCE FOR CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) REPORT.

(Agenda No. 16)

The Committee had before it a report which set out the draft Annual Report for the Pension Fund, including the latest TCFD report, and progress against the targets set in the Fund's Climate Change Policy.

The Financial Manager- Pension Fund Investment, presented the report and answered a number of questions.

Officers confirmed that the 2020/21 accounts would be signed within the next few weeks and the 2022/23 accounts in November. The 2022/23 audit should start in January 2024.

Councillor Howson informed officers that there was an error in the Committee Membership and Attendance 2022/23 table on page 19 of the report. Councillor Howson had been on the committee since 2020 not 2022.

RESOLVED to:

- a) note the Annual Report for the Pension Fund.**
- b) agree to receive a report at the meeting in December on proposals for a suite of climate change metrics such that individual whereby metrics are not considered in isolation.**

45/23 STEWARDSHIP CODE AND COMPANY ENGAGEMENT

(Agenda No. 17)

The Committee had before it a report which included the Stewardship Policy submitted to the Financial Reporting Council as the application under the Stewardship Code. The report also covered the latest Responsible Investment and Stewardship Outcomes Summary published by Brunel.

The Service Manager, Insurance and Money Management, presented the report and feedback from the application.

The Service Manager informed the Committee that the outcome of the application submitted to the Stewardship Code, was a pass and discussed improvements going forward. A press release went out earlier in the week.

The Chair commented that the Committee was delighted with the outcome of the application under the Stewardship Code and the status achieved.

RESOLVED to:

- a) endorse the Stewardship Report at Annex 1,**
- b) note the result of the application under the Stewardship Code and the resultant feedback,**
- c) agree the actions set out in the report.**

46/23 EXEMPT ITEMS

(Agenda No. 18)

The Chair read out the exempt statement.

The Committee **RESOLVED** that, having been satisfied that the public interest test would be better served by not disclosing relevant information, and in accordance with the provisions of Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the meeting for the following item of business because of the likely disclosure of exempt information as defined in Paragraphs 1 and 3 of Part 1 of Schedule 12A of the Act as amended.

47/23 CONTRACT FOR THE PROVISION OF INDEPENDENT INVESTMENT ADVISORY SERVICES

(Agenda No. 19)

The Committee had before it a report which gave an update on the current contractual position for the provision of independent advice and recommended the Committee on the approach to future provision.

The Service Manager, Insurance and Money Management, presented the report and answered questions raised.

The Committee discussed the options available.

RESOLVED to:

- a) agree to exercise the option to extend the current contract for the provision of independent investment advice for a maximum of 3 years, and,
- b) delegate to the Service Manager (Pensions) after consultation with the Chairman and Deputy Chairman, responsibility for selection of the new named adviser.

..... in the Chair

Date of signing

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LOCAL PENSION BOARD

MINUTES of the meeting held on Friday, 20 October 2023 commencing at 10.30 am and finishing at 12.24 pm

Present:

Voting Members: Matthew Trebilcock – in the Chair

Alistair Bastin
Stephen Davis
Liz Hayden
Angela Priestley-Gibbins
Susan Blunsden

Other Members in Attendance: Councillor Bob Johnston

Officers: Sean Collins, (Service Manager, Pensions);
Mukhtar Master, (Governance & Communications Manager);
Sally Fox, (Pension Services Manager);
Gregory Ley, (Financial Manager – Pension Fund Investment);
Sharon Keenlyside, (Interim Committee Officer)

Whole of meeting

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

39/23 APOLOGIES FOR ABSENCE

(Agenda No. 1)

There were no apologies for absence.

40/23 DECLARATIONS OF INTEREST - SEE GUIDANCE NOTE BELOW

(Agenda No. 2)

There were no declarations of interest.

41/23 MINUTES OF THE MEETING OF 7 JULY 2023

(Agenda No. 3)

The minutes of the meeting held on the 7 July were agreed as a correct record.

42/23 UNCONFIRMED MINUTES OF THE PENSION FUND COMMITTEE - 8 SEPTEMBER 2023

(Agenda No. 4)

The Service Manager, Pensions, updated the Board on a recommendation put forward by the Pension Fund Committee at the last meeting. The Committee had discussed the constitution of the Committee itself after several concerns had been raised including the number of elected councillors and possible implications following the next election in 2025. The Committee proposed to remove the two Academy Reps and increase the number of elected members to seven. This would go to Full Council for approval on 7 November 2023. If this proposal was approved, an Academy Rep would be sought from the academy sector for the Local Pension Board.

The Board had before it the draft minutes of the Pension Fund Committee meeting of 8 September 2023.

The Board noted the draft minutes.

43/23 REVIEW OF THE ANNUAL BUSINESS PLAN

(Agenda No. 5)

The Board had before it the Annual Business Plan for 2023/24, as considered by the Pension Fund Committee at their meeting on 8 September 2023, and were invited to offer any comments to the Committee.

The Service Manager, Pensions, presented the report, outlined the four service priorities, highlighted key issues, and answered questions raised.

The Board enquired about support and guidance received from the Scheme Advisory Board in respect of the McCloud remedy and regulatory changes as set out by the Government and were advised that officers were still awaiting guidance from them. Officers were working with the system provider to ensure the required changes worked and so that officers knew in what order to make adjustments to data. There were regular briefings being held by the Local Government Association and attended by project leaders.

The Board commented that the National Knowledge Assessment was particularly laborious and difficult. Officers informed members that feedback would be forwarded to Hymans Robertson. Hymans Robertson would produce a report when all the assessments had been completed which would highlight trends and help develop necessary training.

The Service Manager pointed out that since the report had been drafted, there had been a number of positive outcomes including the successful application under the Stewardship Code. There had also been a new investment agreed by the Committee in partnership with 5 other funds within the Brunel Pension Partnership. This was a sustainable renewable infrastructure portfolio which included a solar farm within Oxfordshire and partly addressed the service priority of increasing the allocation to positive investments.

The Board discussed management fees and the appropriateness of including them in an operational budget. The Board agreed that it was a very important figure that needed to be known to both the Committee and the Board.

The Board noted the report.

44/23 GOVERNANCE AND COMMUNICATIONS REPORT

(Agenda No. 6)

The Board were invited to review the first Governance and Communications Report as presented to the Committee at the meeting on 8 September 2023.

The Governance and Communications Manager presented the report which included a schedule for reviewing policies and a log of regulatory and data breaches. It was noted that with the Service Managers guidance, officers took a zero-tolerance approach towards breaches.

The Governance and Communications Manager informed the Board that the investment survey had been sent to members and officers had received a good response to it. A member informed the Board that Unison members within the Fund had been asked to complete the survey as well as Unison members across Oxfordshire and Oxfordshire County Council which was welcomed as part of the member engagement plan to improve member engagement.

It was noted that the team had successfully recruited a new Governance and Communications Officer.

The Board welcomed the new report as both the Committee and Board could now review all the governance and communications issues in one place.

The Board noted the report.

45/23 RISK REGISTER

(Agenda No. 7)

The Board was provided with the latest risk register which had been considered by the Pension Fund Committee on 8 September 2023. The Board was invited to review the report and offer any further views back to the Committee.

The Governance and Communications Manager presented the report and highlighted three new emerging risks.

Reference was made to Risk 26 in relation to the departure of the current Independent Investment Advisor (IIA). Officers informed the Board that advisor, John Arthur, had been nominated as the new IIA and the contract with the Apex Group had been extended to 3 years. Officers explained that it was necessary for the advisor to have appropriate FCA approval to support the Funds trading on the private equity listed allocation. The Apex Group advisors had the required accreditation. Officers

were confident that John Arthur would be able to provide clear impartial advice to the Committee.

The Board asked if there was any concentration risk as John Arthur was the advisor for both Oxfordshire and Gloucestershire, with both Councils having Funds in Brunel amounting to 20% of Brunel. Officers reassured the Board that there would not be a risk of over concentration as 20% was still a minority. John Arthur would be providing independent advice appropriate to each Fund.

Reference was made to Risk 27 in relation to the potential loss of key members of staff. The Fund's Service Manager and Pensions Services Manager could both potentially retire with three months' notice. Officers explained to the Board that it was important to have succession plans in place. The Section 151 officer had begun a review of future requirements and was looking to begin the recruitment process to enable a 'hand over' period before the departure of the Service Manager. Personal development plans for existing staff were being looked at to identify suitable internal candidates who could step up as required in the future.

The Board noted the report.

46/23 ADMINISTRATION REPORT

(Agenda No. 8)

The Board considered the latest Administration Report which was presented to the Pension Fund Committee on 8 September 2023 and included the latest performance statistics for the Service.

The Pension Services Manager presented the report and updated the Board on staff recruitment. Three new administrators had been appointed, with one in-post, one starting on 1 November and the other currently going through the recruitment checks. There was currently a vacancy in the employer's team.

In relation to performance statistics, the officer informed the Board that the Annual Benefit Statements had been sent out with 99.75% within the deadline.

The Board was advised that there had been some challenges within the admin team. This was reflected in some of the performance statistics which were not up to SLA standard. This was being constantly reviewed to ensure that team members were being used to best effect.

Reference was made to complaints which had not changed from the previous quarter, but further complaints had been received which would be reflected in the next quarter.

Debt management had been transferred to the Corporate Team who had reviewed outstanding invoices. As part of the process there had been some 'write-offs' as detailed in the report.

The Board commended the Pension Services Managers team on the successful recruitment campaign particularly when recruitment had been a national problem.

The Board noted the report.

47/23 ADMINISTRATION STRATEGY

(Agenda No. 9)

The Board were invited to review the draft Administration Strategy as presented to the September meeting of the Pension Fund Committee. The Strategy was currently subject to formal consultation with Scheme Employers, and the Board was invited to offer any comments on the draft Strategy to be considered by the Pension Fund Committee at their December meeting, when the final Strategy would be agreed.

The Pensions Services Manager presented the report of the draft Administration Strategy and informed the Board that the updated strategy was more robust, particularly given changes to the regulator's guidance. The officer explained the scale of charges and the contention over casual employees. Some Scheme Employers had casual employees with zero earnings which end of year required a penny added to their accounts to enable processing. Due to increased software costs, the Scheme Employers would be charged if casual employees were left on record for 12 months without earnings.

The officer informed the board that the consultation was due to end on Tuesday 24 October and 6 responses had been received so far and it would go back to the Committee in December for finalising.

The Board noted that it was only persistent failings that were to be charged and that support would be offered before charges applied.

The Board commended officers on the draft Administration Strategy, particularly the appropriate and meaningful scale of charges.

The Board noted the report and that the consultation period was underway.

48/23 APPROACH TO MITIGATE THE RISKS OF PENSION SCAMS

(Agenda No. 10)

The Board were invited to review the report on mitigating pension scam risks as presented to the Pension Fund Committee in September and offer any advice to the Committee on any additional actions they would like to see taken to further mitigate risk.

The Pension Service Manager presented the report and answered queries raised.

Discussions took place about pension transfers and the onerous checks that needed to be undertaken. The officer informed the Board that there had not been any pension transfers stopped but there had been two transfers that were thoroughly investigated to make sure they were going to the right people. Last year there were 331 transfer outs. The LGPS mitigated a lot of the risk around transfers in terms of the evidence required.

The Board discussed whether loss of funds through fraud should be on the Risk Register as there was a potential risk to the Fund itself. There had been cases where the regulator had told the Fund to recompense the member monies lost due to fraud.

The Board:-

- 1) noted the report,
- 2) and recommended that officers considered adding to the Risk Register an operational risk of loss of funds due to fraud and subsequent possible risk to the Fund due to reinstatement from the regulator.

49/23 ANNUAL REPORTS AND ACCOUNTS

(Agenda No. 11)

The Board were provided with the draft Annual Report and Accounts for the Pension Fund for the 2022/23 financial year and were invited to offer any comments.

The Financial Manager – Pension Fund Investment, presented the report and informed the Board that the 2020/21 audit was recently signed off and the 2021/22 would be signed off in the next few weeks. The auditors were currently reviewing this year's accounts.

Alistair Bastin asked officers to correct his Board Members training details for 2022/23 (page 114 of the report).

The Board noted the report.

50/23 STEWARDSHIP CODE AND COMPANY ENGAGEMENT

(Agenda No. 12)

The Board were invited to review the Fund's Stewardship Policy and the report covering the Feedback from the Financial Conduct Authority as part of their approval of the application under the Stewardship Code and offer any comments to the Committee.

The Financial Manager – Pension Fund Investment informed the Board that the Fund was successful in their Stewardship Code application.

The Board congratulated officers on achieving Stewardship Code status.

The Board suggested that as Oxfordshire County Council had a Climate Change Policy and a Climate Change Working Group, it might be worth expanding their remit to include a Responsible Investment Working Group to help the Fund develop the Responsible Investment Policy. Officers said that they would consider the suggestion.

The Board noted the report.

51/23 ITEMS TO INCLUDE IN REPORT TO THE PENSION FUND COMMITTEE

(Agenda No. 13)

It was agreed that the following be included in the report to the next Pension Fund Committee:

- The Board suggested that as Oxfordshire County Council had a Climate Change Policy and a Climate Change Working Group, it might be worth expanding their remit to include a Responsible Investment Working Group to help the Fund develop the Responsible Investment Policy.
- The Board recommended that officers considered adding to the Risk Register an operational risk of loss of funds due to fraud and subsequent possible risk to the Fund due to reinstatement from the regulator.

52/23 ITEMS TO BE INCLUDED IN THE AGENDA FOR THE NEXT BOARD MEETING

(Agenda No. 14)

The Board requested the following item to be included at the next Board meeting:

- Responses to the investment survey of the membership (to be included in the Responsible Investment Policy Report going to the December Committee).

..... in the Chair

Date of signing

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The Division(s): n/a

ITEM 6

PENSION FUND COMMITTEE – 1 DECEMBER 2023

REPORT OF THE PENSION BOARD

Report by the Independent Chairman of the Pension Board

RECOMMENDATION

The Committee is RECOMMENDED to note the comments of the Board as set out below,

Introduction

1. This report is part of the process by which the Local Pension Board works with the Committee in fulfilling its duty to support the work of the Committee and ensure that the Committee delivers its responsibilities in line with the regulatory framework. The report covers the key issues discussed by the Board and any matters that the Board wishes to draw to the attention of the Committee.
2. This report reflects the discussions of the Board members at their meeting on 20 October 2023. The virtual meeting was attended by Matthew Trebilcock as the independent Chairman, and the five current voting members of the Board, including Susan Blunsden who was attending her first meeting following her recent appointment. There had been no applications for the second vacant post, which the Committee had suggested be earmarked for a representative from the Academy Sector subject to the agreement of the proposed changes of the constitution of the Committee, including the removal of the two academy representatives. Cllr Bob Johnston also attended the meeting to maintain the link to the work of the Pension Fund Committee.

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

3. The Board considered several of reports as presented to the last meeting of the Pension Committee. These included the standard items being the review of the Annual Business Plan, the new Governance and Communications report, the Risk Register and the Administration report. The Board also reviewed the one-off reports on the Administration Strategy, Pension Scams, the Annual Report and Accounts for 2022/23 and the Stewardship Code and Company Engagement.
4. The Board members had a good discussion on all items as noted in the draft minutes as included elsewhere on today's agenda. In the main they supported the position taken by the Pension Fund Committee and did not ask for further action.

5. There were though two matters the Board wished to bring to the Committee's attention. In discussing the report on how the Administration Team mitigates against the risk of pension scams, the Board raised the question of whether the risk of loss due to fraud should be added to the Risk Register. Whilst the initial loss was to the scheme member, there was both a reputational risk to the Fund if it was deemed they could have taken further action to prevent the fraud, and a potential financial risk if the Pension Regulator (or Pensions Ombudsman) upheld a subsequent complaint and instructed the Fund to re-imburse the member. This issue is picked up within the Risk Register report elsewhere on today's agenda.
6. The Board also recommended that the Committee considered extending the remit of the Climate Change Working Group to cover the wider aspects of responsible investment in light of the proposal to develop a Responsible Investment Policy as part of the latest review of the Investment Strategy. The Committee are invited to discuss this further under the Responsible Investment Policy item elsewhere on today's agenda.

Matthew Trebilcock
Independent Chairman of the Pension Board

Contact Officer: Sean Collins
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November 2023

Division(s): n/a

ITEM 7

PENSION FUND COMMITTEE – 1 DECEMBER 2023

REVIEW OF THE BUSINESS PLAN 2023/24

Report by the Executive Director of Resources & Section 151 Officer

RECOMMENDATION

The Committee is RECOMMENDED to

- a) review progress against each of the key service priorities as set out in the report; and**
- b) agree any further actions to be taken to address those areas not currently on target to deliver the required objectives.**

Introduction

1. This report sets out the latest progress against the key service priorities set in the business plan for the Pension Fund for 2023/24 as agreed by the March meeting of this Committee.
2. The key objectives for the Oxfordshire Pension Fund as set out in the Business Plan for 2023/24 remain consistent with those agreed for previous years. These are summarised as:
 - To fulfil our fiduciary duty to all key stakeholders
 - To administer pension benefits in accordance with the LGPS regulations, and the guidance set out by the Pensions Regulator
 - To achieve a 100% funding level
 - To ensure there are sufficient liquid resources to meet the liabilities of the Fund as they fall due, and
 - To maintain as near stable and affordable employer contribution rates as possible.
3. The service priorities for the year do not include the business as usual activity which will continue alongside the activities included in the service priorities. Business as usual activities are monitored as part of the Administration Report and the report on Investment Performance.

Key Service Priorities – Progress to Date

4. There were 4 service priorities included in the 2023/24 Plan each with a number of key measures of success. The latest position on each is set out in the paragraphs below. The assessment criteria agreed by the previous Committee for each measure of success is as follows:

- Green – measures of success met, or on target to be met
- Amber – progress made, but further actions required to ensure measures of success delivered, or degree of progress/future requirements unclear
- Red – insufficient progress or insufficient actions identified to deliver measures of success

5. Delivery the Regulatory Changes as set out by the Government The position against the 3 agreed measures of success are set out in the table below.

Measure of Success	Key Progress Achieved	Outstanding Actions
No regulatory breaches that require reporting to the Pension Regulator. GREEN	Revised Breaches Policy presented to the Committee. Production of Escalation Policy in respect of Contribution Breaches. Review of Information presented to quarterly meetings of the Committee.	
All Pension Benefit Calculations and Annual Benefit Statements issued with required information on the McCloud remedy. GREEN	Resourcing plan reviewed and progress made on recruiting sufficient staff to complete work. Final Regulations setting out information requirements received and first ABS including McCloud information delayed to August 2025. System changes to automate any new requirements being tested. New calculations currently calculated manually in line with Regulations.	
Scheme Member records available via the Pension Dashboard. GREEN	Work continues on data quality improvement.	Awaiting revised Government timescales.

6. The main change in the last quarter has been the publication of the final McCloud Regulations, which came into effect from 1 October 2023. The rating for the measure of success regarding the requirement to include McCloud information of Annual Benefit Statements has been amended to Green to reflect that the first Statements to require this information have been delayed to August 2024 for the Fire Pension Scheme and August 2025 for the Local Government Pension Scheme.
7. We continue to review the data we have previously been provided to identify any missing information, or lack of consistency in the data provided. We have set a deadline of 31 January 2024 for all scheme employers to confirm their final data. We are still testing the system enhancements developed to deal with the McCloud remedy and working with the software supplier to iron out any issues. In the interim, new pension calculations are being performed manually, with one-off requests to scheme employers for any missing information, to ensure we comply with the new regulatory requirements to include McCloud underpin calculations.
8. As noted elsewhere within the Governance and Communications report we continue to improve the reporting arrangements around regulatory breaches, which has led to an increase in the number of cases reported, but none have been deemed to be material requiring a report through to the Pension Regulator, or equivalent body.
9. Deliver further improvements to the governance arrangements of the Fund. There were 6 specific measures of success set out in the 2023/24 Business Plan in respect of this priority. The progress against these is set out in the table below.

Measure of Success	Key Progress Achieved	Outstanding Actions
Governance Officer in post. GREEN	Appointment made.	
Annual Report on Compliance with the Code of Practice presented to the Committee and no significant shortfalls identified. GREEN	New Governance and Communications Standing item added to Committee agenda.	Complete analysis of compliance with General Code of Practice.
Revised Administration Strategy agreed by Committee with clear Service Level Agreement established with all scheme employers. GREEN	Final version of revised Administration Strategy to be agreed at today's meeting of the Committee.	
Revised Breaches Policy agreed by Committee and Committee signed off	Revised Breaches Policy agreed.	

quarterly key performance indicator provides all information they require to gain assurance on compliance with Code of Practice and Regulatory Requirements. GREEN		
Full Workforce Strategy agreed by Committee. AMBER		Awaiting Good Government Guidance from Government
Increase in average scores for the National Knowledge Assessment. AMBER	Knowledge Assessment Completed. Further analysis of results required.	

10. During this last quarter we have consulted on the revised Administration Strategy and the results are included elsewhere on today's agenda. All members of the Committee and Pension Board have also completed the latest Knowledge Assessment and the results are also included elsewhere on today's agenda. The initial results indicate that the average score for the Committee has remained at 56%, but the result for the Pension Board has reduced from 74% to 65%, hence the change in assessment for this measure to Amber. Further analysis will be undertaken on the individual results to explore the reasons for the latest scores, noting the changes in Board membership since last year's assessment.
11. The other area currently scored amber relates to the workforce strategy where we are still waiting for the Government to publish the Good Governance Guidance. Given the continued delays in receiving guidance from Government across a range of issues, it is planned to move forward with the Workforce Strategy over the final quarter of this year, in advance of receiving the long promised guidance.
12. Enhanced Delivery of Responsible Investment responsibilities. There were 4 measures of success set for this service priority within the Business Plan, and progress against these measures is set out below.

Measure of Success	Key Progress Achieved	Outstanding Actions
Improved quarterly reporting in place to both Committee and on the Fund's webpages, including wider ESG targets, and performance measures, reflected in positive feedback from all stakeholders. AMBER	New Carbon Metrics report produced by Brunel includes additional data on Green Revenues and TPI Management Quality scores. Webpages amended to include underlying company holdings and	Extend climate scores to the private market portfolios. Review additional ESG scores to be included in future reports.

	all key policy documents.	
Successful Application in respect of the Stewardship Code. GREEN	Successful application made under the Stewardship Code.	
Benchmark position established on investments in climate solutions/mitigations and target set for increased investment (with action plan to deliver). GREEN	Commitment made to new local renewable infrastructure portfolio alongside Brunel partner funds. On-going development of Green Revenues report with Brunel	Benchmark position established and new target set.
Continue to meet decarbonisation target, within a balance suite of metrics to include % of Fund invested in Paris Aligned portfolios. AMBER	TCFD report published.	Develop measures on % of Fund invested in Paris Aligned portfolios. Review alongside Brunel partnership of Engagement Policy.

13. Work has continued to progress alongside colleagues within the Brunel Pension Partnership to deliver further improvements in this area. At the time of writing this report, discussions are on-going in respect of operational processes in respect of the implementation of the Brunel Climate Change Policy. The discussion includes consideration of the Engagement Policy adopted by this Committee at its meeting in June 2022.
14. As agreed at the last meeting of this Committee, we have now made a commitment of £30m to a local renewable infrastructure portfolio, alongside 5 other partner funds from within the Brunel Pension Partnership. The initial investments under this portfolio are currently being progressed and include investments within Oxfordshire.
15. Finally in this area, there is a report elsewhere on today's agenda about the development of an over-arching Responsible Investment Policy for the Fund which widens the focus of the current work on climate change to other key environmental, social and governance issues.
16. Deliver further improvements in efficiency and effectiveness of scheme operations through enhancements to technology. Progress against the 5 measures of success for this service priority are set out below.

Measure of Success	Key Progress Achieved	Outstanding Actions
Increased operational effectiveness as measured through improved SLA	Work programme of technology enhancements agreed with system supplier.	

performance scores. GREEN		
Improved scheme member/employer satisfaction measured via positive assessment or a reduction in complaints. AMBER	Revised member satisfaction survey piloted.	Pension Board to review survey results and work with Officers to improve assessment process.
Increased Take Up of Member Self Service. GREEN		
Action Plan in place with targets to collection email address and/or mobile phone number for scheme members. AMBER		Action Plan to be developed and priority groups identified.
Reduction in postage costs reflecting greater use of electronic communications. AMBER	Decision to delay on-line payslips. Initial discussions held within County Council around proposed new approach to electronic communications.	

17. The monthly meetings with Heywood who supply the pension system software to manage a series of developments which aim to maximise our effective use of the system are continuing. Whilst the improvements in operational efficiency are already noticeable, it is too early to confirm the impact of the changes on performance, stakeholder satisfaction and cost.
18. Part C of the Business Plan sets out the Fund's budget for 2023/24 which totals £17,662,000. The table below sets out the expenditure to date and the forecast position for the end of the year.

	Budget	YTD	%	Forecast Outturn	Variance
	2023/24	2023/24		2023/24	2023/24
	£'000	£'000		£'000	£'000
Administrative Expenses					
Administrative Employee Costs	1,607	793	49%	1,607	0
Support Services Including ICT	930	676	73%	975	45
Printing & Stationary	132	49	37%	132	0
Advisory & Consultancy Fees	315	3	1%	250	-65
Other	59	41	27%	70	11
Total Administrative Expenses	3,043	1,561	51%	3,034	-9

Investment Management Expenses					
Management Fees	12,450	3,000	24%	12,000	-450
Custody Fees	30	11	38%	30	0
Brunel Contract Costs	1,258	988	79%	1,258	0
Total Investment Management Expenses	13,738	3,999	29%	13,288	-450
Oversight & Governance					
Investment Employee Costs	380	167	44%	370	-10
Support Services Including ICT	12	0	0%	12	0
Actuarial Fees	190	116	61%	190	0
External Audit Fees	50	0	0%	50	0
Internal Audit Fees	17	0	0%	17	0
Advisory & Consultancy Fees	98	17	18%	98	0
Committee and Board Costs	64	2	3%	64	0
Subscriptions and Memberships	70	11	16%	70	0
Total Oversight & Governance Expenses	881	313	36%	871	-10
Total Pension Fund Budget	17,662	5,874	33%	17,193	-469

19. The major variation identified at this time is an expected underspend against the investment management fees which are related to the overall Fund value and therefore as volatile as the financial markets. The underspend reflects the actual fee levels paid during the first quarter.
20. There are other minor variations should in the table. No variation is shown on staffing within the administration team, although there has been a underspend during the first quarter, reflecting the expectation that expenditure will increase through the year following a successful recruitment round and the use of temporary staff above establishment to meet the demands of implementing the McCloud remedy. The two overspends within this area both relate to McCloud including additional project support and the costs of issuing the McCloud disclosure communications. The underspend reflects a reduction in legal fees.
21. Part D of the Business Plan sets out the Training Plan for Committee and Pension Board Members. A training session on the General Code of Practice was held prior to the start of the June Committee Meeting, a session on the Accounting and Audit Requirements and Investment Performance took place on the morning of 27 June 2023, and a session on equity protection preceded the September Committee meeting.

22. As noted elsewhere we will be reviewing future training requirements in light of the results of the latest knowledge assessment exercise.

Lorna Baxter
Executive Director of Resources & Section 151 Officer

Contact Officer
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November 2023

Division(s): n/a

ITEM 8

PENSION FUND COMMITTEE – 1 DECEMBER 2023

GOVERNANCE & COMMUNICATIONS REPORT

Report by the Executive Director of Resources & Section 151 Officer

RECOMMENDATION

1. **The Committee is RECOMMENDED to:**
 - i) **Note the results and recommendations of the recent Hyman's Knowledge Progress Assessment.**
 - ii) **Review and note the latest quarter's breaches for the Fund.**
 - iii) **Note the communications update regarding the McCloud Disclosure requirements.**

Hyman's Knowledge Progress Assessment Results

Introduction

2. The 2023 Knowledge Progress Assessment was undertaken by the Pension Fund Committee and Local Pension Board in October 2023. A copy of the draft results is included as an Annex to this report.
3. Pension Fund Committee and Local Pension Board Members face different requirements for gaining and maintaining knowledge and understanding. This reflects that their remit and responsibilities originate from different pieces of legislation. Knowledge requirements falling on Board members are defined statutorily under section 248a of the Public Service Pensions Act 2013 and are personal to each individual. Learning requirements for Committees have been less stringently defined in legislation and currently fall collegiately on Committees as collective bodies rather than on their members as individuals. This though is being reviewed as part of the Good Governance proposals which are currently with the relevant Government Minister awaiting publication.
4. Though their learning obligations under legislation are different, Committee and Board members share significant common ground in terms of the sphere of knowledge and understanding they need to be conversant with. Across the range of Technical Knowledge and Skills Frameworks it has published to date, CIPFA has identified a syllabus of 8 core areas of knowledge under the CIPFA Knowledge and Skills Framework (2021) for LGPS Committee Members and LGPS Officers. These 8 core areas are as follows:

- i) Pensions Legislation and Guidance
 - ii) Pensions Governance
 - iii) Fund Strategy and Actuarial Methods
 - iv) Pensions Administration and Communications
 - v) Pensions Financial Strategy, Management Accounting, Report and Audit Standards
 - vi) Investment Strategy, Asset Allocation, Pooling, Performance and Risk Management
 - vii) Financial Markets and Products
 - viii) Pension Services Procurement, Contract Management and Relationship Management
5. There is a separate technical knowledge and skills framework which is CIPFA Local Pension Boards (2015) with the following 8 core areas:
- i) Pensions Legislation
 - ii) Pensions Governance
 - iii) Pensions Administration
 - iv) Pensions Accounting and Auditing Standards
 - v) Pension Services Procurement and Relationship Management
 - vi) Investment Performance and Risk Management
 - vii) Financial Markets and Product Knowledge
 - viii) Actuarial Methods. Standards and Practices
6. **2023 LGPS Knowledge Progress Assessment Results**
Hymans Robertson have now co-ordinated and produced the results which are contained in the Annex to this report.
7. The assessment consisted of 48 multiple choice questions across 8 key areas:
- i) Committee Role and Pension Legislation
 - ii) Pensions Governance
 - iii) Pensions Administration
 - iv) Pensions Accounting and Audit Standards
 - v) Procurement and Relationship Management
 - vi) Investment Performance and Risk Management
 - vii) Financial Markets and Product Knowledge
 - viii) Actuarial Methods, Standards and Practices
8. The performance of the Board (average overall score of 65.28 %) was stronger than that of the Committee (average overall score of 56.51 %). This is similar to the outcomes in the last two assessments and a reflection of the fact that the Board has longer serving members, as well as the Independent Chair who is the Head of Gloucestershire Pension Fund.
9. The Committee performed most strongly in the areas of Committee Role and Pensions Legislation and Pensions Governance.
10. The areas of strongest knowledge for the Board were Investment Performance and Risk Management and Procurement and Relationship Management.

11. The scores in areas where members of Committee and Board received training in response to the National Knowledge Assessment in 2022 (Pensions Accounting and Audit Standards; Investment Performance and Risk Management) showed a marked improvement from last year:

Knowledge Progress Assessment 2023		
	Committee	Board
Pensions Accounting and Audit Standards	47.92% (up 20.92% on last year)	55.56% (up 13.56% on last year)
Investment Performance and Risk Management	60.42% (up 13.42% on last year)	72.22% (up 22.22% on last year)

12. As last year, the performance for the Committee and Board diverged the most in the Pensions Administration section, when the Board scored 27.08% higher than the Committee. However, it is also the area where both groups saw the steepest regression from the National Knowledge Assessment in 2022 to this year's assessment. As a result, future training could potentially be focussed on this area to support understanding.
13. In terms of engagement, the results show 80% participation for Committee. This is a direct result of the changing constitution of the Committee and the removal of two of the Academy Sector non-voting members. All current members of the Committee completed the assessment. 100% of the Board also completed the assessment.
14. The training plan for 2024/25 will be based on this assessment and individual Committee and Board member results and will be presented to Committee at the March 2024 meeting.
15. In summary, the assessment demonstrates both excellent levels of knowledge and skills of both the Committee and Board, together with exemplary engagement. Nevertheless, improvements are still necessary in some areas and those will be prioritised in the training plan for the next year.

Breaches for the period July to September 2023

16. There are various legislative and regulatory requirements for Pension Funds regarding breaches which include the Pensions Act 2004, the UK General Data Protection Regulation (UK GDPR) and the Pension Regulator's Code of Practice 14 (CoP).
17. The following table shows the number of breaches in the last quarter – July to September 2023.

Note – The breaches policy has been revised and new improved systems have been implemented for identifying breaches. Consequently, there has been an increase in the number of breaches being identified and reported this quarter.

2023/2024					
Breach Type	Apr-Jun (Q1)	Jul-Sep (Q2)	Oct-Dec (Q3)	Jan-Mar (Q4)	Total
Contribution - CoP	2	17			19
Data - CoP	0	15			15
Data - GDPR	2	9			11
Other - CoP	0	0			0
Total	4	41			45
Number escalated	2	1			
Number resolved	4	41			
Number carried over to next quarter	Nil	Nil			

Data Breaches

18. Five of the nine data breaches were letters sent to an incorrect address, opened by the new occupant, and then returned to us. Two of the nine breaches were where information was sent to the incorrect LGPS fund. The final two breaches were where member data had been sent to the incorrect employer. Corrective action was taken in all cases and are now closed.

Code of Practice Breaches

19. The new process for contribution monitoring started in August. In the new process a breach is recorded every time a contributions payment or data return is submitted after the 19th of the month following payroll. Previously, breaches were only recorded when late submissions and payments were escalated to the Pension Services Manager or Head of Pensions. In Q2, one case was escalated to a Team Leader. This, and all other Code of Practice breaches are now resolved.
20. None of the breaches were materially significant and as such were not reported to either The Pensions Regulator or the Information Commissioner.

Communication of McCloud Disclosure Requirements

21. The regulations implementing the McCloud remedy came into force on 1 October 2023. The changes to the LGPS rules in respect of age discrimination constitute a 'material change to basic scheme information' under The Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013.
22. We are required to give information about the regulation changes to all people whose rights or prospective rights may be affected. This must be done within three months of 1 October 2023. The Communications team is working with the rest of Pension Services to ensure these disclosure requirements are met.

Lorna Baxter
Executive Director of Resources & Section 151 Officer

Contact Officer: Mukhtar Master Tel: 07732 826419

December 2023

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2023 LGPS Knowledge Progress Assessment

Oxfordshire Pension Fund

Overview

This Knowledge Progress Assessment (KPA) allows a direct insight into the knowledge and skills of the key decision makers and oversight body of the Oxfordshire Pension Fund.

Participants answer a series of questions covering a broad spectrum of topics, for which they should be familiar to effectively perform their role. Based on their responses, a score is recorded for each member, and also collectively for both the committee and Board.

This information can be incredibly valuable in helping shape and plan training sessions at both group and individual level.

This assessment sits alongside the LGPS National Knowledge Assessment (NKA). Unlike the NKA, there is no benchmarking provided against the results of all other participating Funds. The results focus solely on your Fund.

The questions posed in the assessment are split into 3 categories:

- Technical questions
- Roles and responsibilities
- Decision making

Technical questions, made up around two thirds of the questions. The remaining questions were split between the categories of Roles and Responsibilities as well as Decision Making. This helps to provide more in-depth analysis of the results and provides further context to the proposed training plans.

The Knowledge Progress Assessment is a challenging multiple-choice assessment of participants’ knowledge and understanding of key pension areas. There was no expectation that participants would score 100% on each subject area tested. Rather, the goal was to gain a true insight into members’ knowledge in the areas covered by the CIPFA Knowledge and Skills Framework and the Pensions Regulator’s (TPR) Code of Practice.

Background

The Oxfordshire Pension Fund agreed to participate in the KPA using our online assessment. This is in addition to having completed the 2022 NKA.

This report provides an overview of the participants’ results broken down into 8 key areas.

The online assessment opened in October, and there were weekly progress updates provided to the Fund confirming participation levels.

Each participant received their individual results report following completion of the assessment.

Why Does this Matter?

While fund officers may deal with the day-to-day running of the funds, members of the Committee play a vital role in the scheme as decision makers.

To execute their roles effectively, Committee members must be able to address all relevant topics such as investment matters, issues concerning pension funding, pension administration and governance.

All topics which require a level of knowledge and understanding from the Committee. Similarly, the Pension Board members must have a sound knowledge of these topics in order to be able to offer critical challenge in the oversight of Committee decisions.

The Assessment

The members of the Oxfordshire Pension Fund Committee and Board were invited to complete an online knowledge assessment. In total there were 8 respondents from the Committee and 6 respondents from the Board.

Each respondent was given the same set of 48 questions on the 8 areas below:

Section	Names
Section 1	Committee Role and Pensions Legislation
Section 2	Pensions Governance
Section 3	Pensions Administration
Section 4	Pensions Accounting and Audit Standards
Section 5	Procurement and Relationship Management
Section 6	Investment Performance and Risk Management
Section 7	Financial Markets and Product Knowledge
Section 8	Actuarial Methods, Standards and Practices

Under each subject heading, there were 6 multiple choice questions to answer. Each question had 4 possible answers, of which one answer was correct.

Participants were also given the option of selecting “I have no knowledge of this area”, where they were unsure.

This allows us to build a picture of the knowledge levels of each individual member in each of the topics, but crucially to help inform you of the overall levels of knowledge in each area.

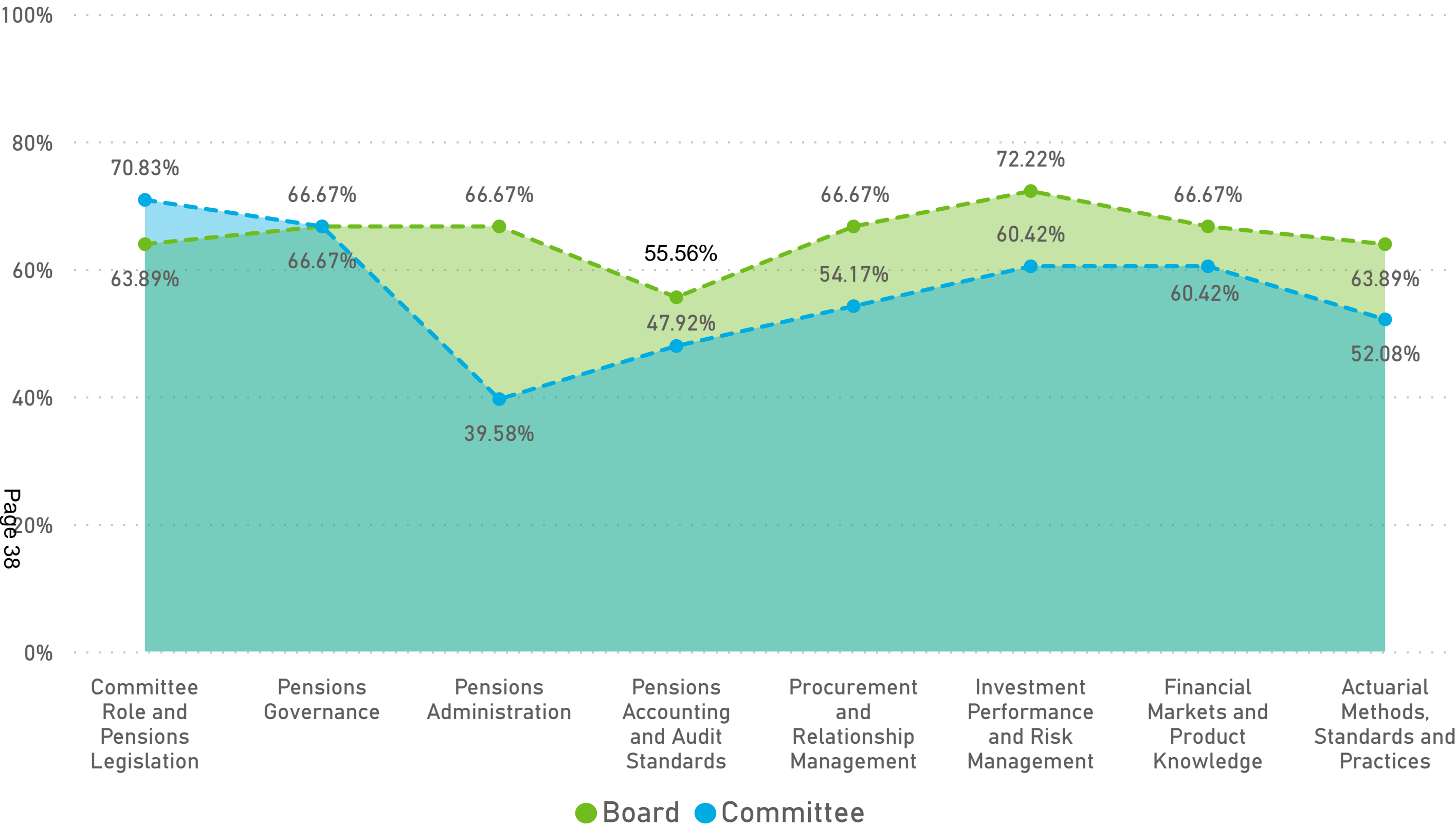
Results

The responses for all members who participated have been collated and analysed. For each section we have shown:

- The average score for each of the 8 subject areas, for both the Committee and Board.
- Results split by the categories of “**technical**”, “**roles and responsibilities**” and “**decision making**”.
- Each score compared with the results of the previous assessment taken by the fund, to show growth or regression in each area.
- Engagement levels for both the Committee and Board and how these levels rank against other LGPS funds.
- The most requested topics for training.

Based on the results and the responses received from participants, we have also completed a proposed training plan for the Fund over the next 18 months, as well as some other “next steps” to consider.

Average Score for Board & Committee



For each of the assessment's 8 areas we have shown the results of both the Committee and Board.

These have been shown in the order in which the sections appeared in the survey.

There is also a summary showing the average scores across all sections for the Committee and Board.

- The performance of the Board (average overall score of 65.28 %) was stronger than that of the Committee (average overall score of 56.51 %).
- The performance for the Committee and Board diverged the most in the Pensions Administration section, when Board were 27.08% higher than the Committee.
- The Committee performed most strongly in the areas of Committee Role and Pensions Legislation and Pensions Governance.
- The Board areas of strongest knowledge were Investment Performance and Risk Management and Procurement and Relationship Management.

Commentary on results

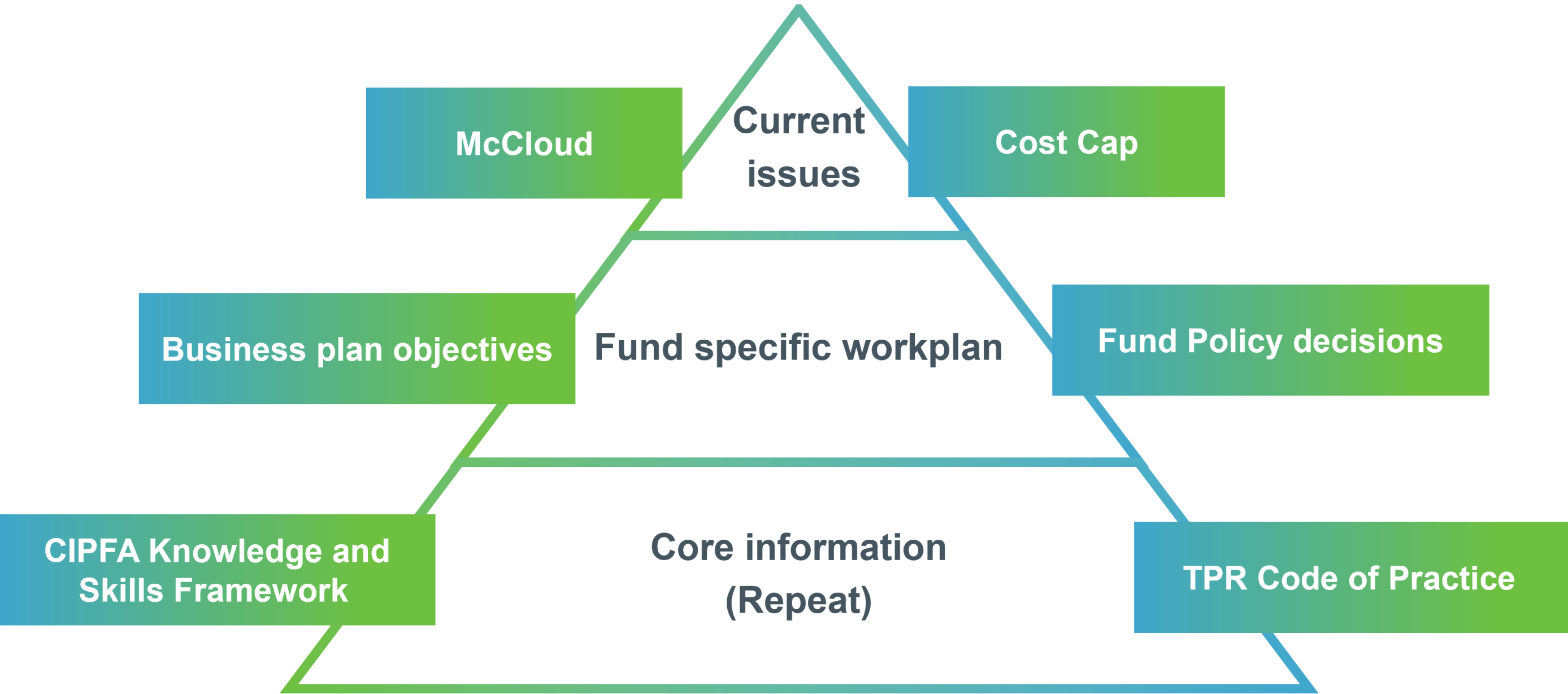
It’s encouraging that 14 participants from your Fund took part in the assessment. Overall, the results were positive and it’s clear that there are areas of greater knowledge levels as well as areas in which knowledge should be developed over time.

We would fully expect there to be gaps in the knowledge of all members, no matter their role on the Committee/Board, their tenure or indeed their background in terms of pensions experience.

The most important thing to emphasise is that not everybody needs to be an expert in all areas, rather there should be a spread of knowledge across your Committee and Board which is supported by advice from officers and professional advisors.

Just as important as gaining the relevant knowledge and understanding expected of a Pension Committee or Board, is the application of that knowledge and understanding, including the utilisation of an individual’s own background and perspective.

Many funds have implemented training plans that follow the pyramid diagram of LGPS training areas. Fundamentally, a plan based on this example pyramid would provide a LGPS fund with a robust training program for its Committee and Board.



Committee

The results show that Committee Role and Pensions Legislation and Pensions Governance have the highest levels of knowledge. But the areas to focus any specific training on might be Pensions Administration for the Committee.

In general, the Committee’s performance was reasonably strong. There are areas which could be improved on with focused training.

Local Pension Board

The results show that Investment Performance and Risk Management and Procurement and Relationship Management have the highest levels of knowledge, but the areas to focus any specific training on might be Pensions Accounting and Audit Standards for the Board.

The next step would be to try and develop the knowledge of the lower scoring areas. You might already have a training plan in place, in which case you could use these results to tailor the specific training and with the knowledge of these results, ensuring it aligns with your priorities.

Further Analysis

In order to gain further insight into the knowledge and understanding, the questions posed covered 3 distinct areas. These were:

- **Technical** – 66% of questions
- **Decision Making** – 17% of questions
- **Roles and responsibilities** – 17% of questions

The purpose of this was to drill deeper into the collective understanding of these categories, and to provide further analysis on which areas to target when creating training plans. The following chart shows the average score for each of these sections, for the Committee and Board combined.



From this chart, the lowest scoring area was Technical . Bearing this in mind, a particular focus could be put on this over the coming months.

Some next steps to consider are:

Decision making – A review of the Fund's decision-making procedures, and updating/creating a decision-making matrix, and sharing this with the Committee and Board to ensure visibility of the role of each group in across a broad spectrum of potential decisions.

Roles and responsibility – A specific training session covering the roles and responsibilities of different parties covering different points in the annual cycle of the Fund. This could include preparation of annual report, annual benefit statements, business planning and investment performance reviews for example. It would also be good to cover more niche topics such as the IDRP process, review of suppliers and cyber risk.

Technical – The majority of the questions in the assessment were technical and related to core areas of knowledge and skills for Committees and Boards. We would expect the Fund's training strategy and training plan to reflect requirements here.

Collective Knowledge

It is not just the overall average scores which are important, we realise that you need to be aware of the collective knowledge of your members. All Committee and Board members will bring different experience and perspectives, and will feel more comfortable providing challenge in areas they are more knowledgeable in. As such, the spread of detailed knowledge in each subject is important for the robust governance of the Fund.

For this reason we feel it is important to understand how many members scored highly in each of the topics, to provide an insight into the breadth of knowledge. Where a Committee or Board have individuals with high knowledge levels in each of the topics, the Fund will feel more assured that both groups will be able to provide challenge or guidance, as and when required.

A well rounded Committee or Board will have a number of members scoring highly in each topic. To measure this, we have analysed:

- the number of members who correctly answered at least 5 of the 6 questions in each topic.

Oxfordshire PF Results

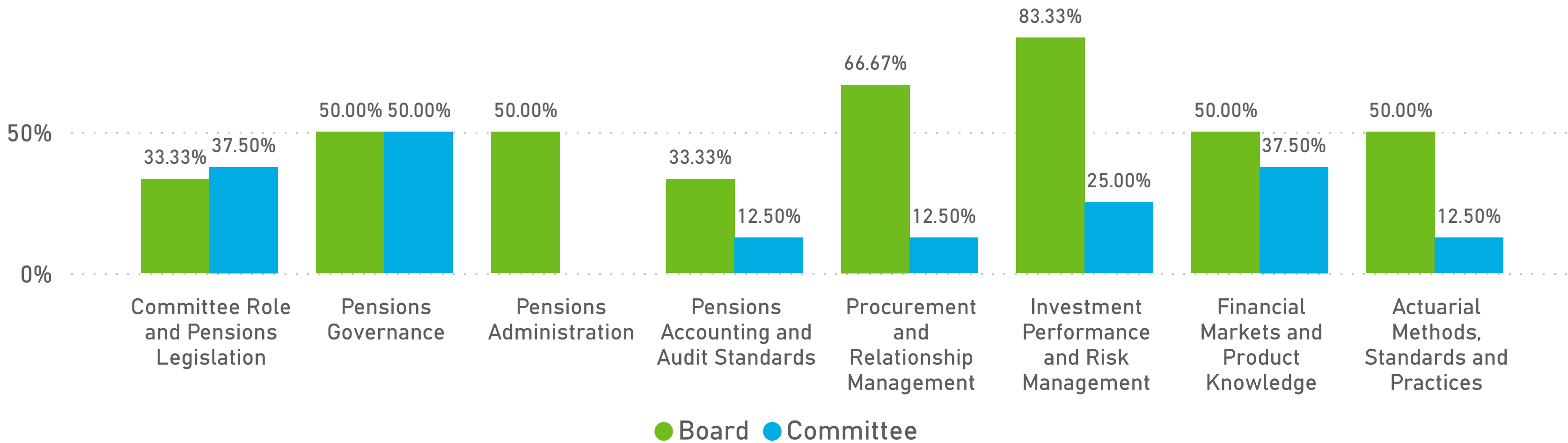
It is also important that it is not just the same individuals who score highly in each topic. A spread of individuals with detailed knowledge across different topics, is more likely to create an effective Committee or board.

We have analysed the number of members who correctly answered 5 or 6 questions in at least one topics. This gives an indication of the spread of knowledge. The chart below shows the respondents who correctly answered 5 or 6 questions correctly in each particular section.

- For the Committee there were 7 of members who scored highly in at least 1 topic.
- There were 5 Board members who scored highly in at least 1 topic.

This is a positive result, as you would hope that most members would have specialist, detailed knowledge in at least one subject area

Knowledge Spread



Comparison with previous results

The Oxfordshire Pension Fund also took part in a previous Assessment. The results for each of the 8 topics can be compared to measure progress in each area.

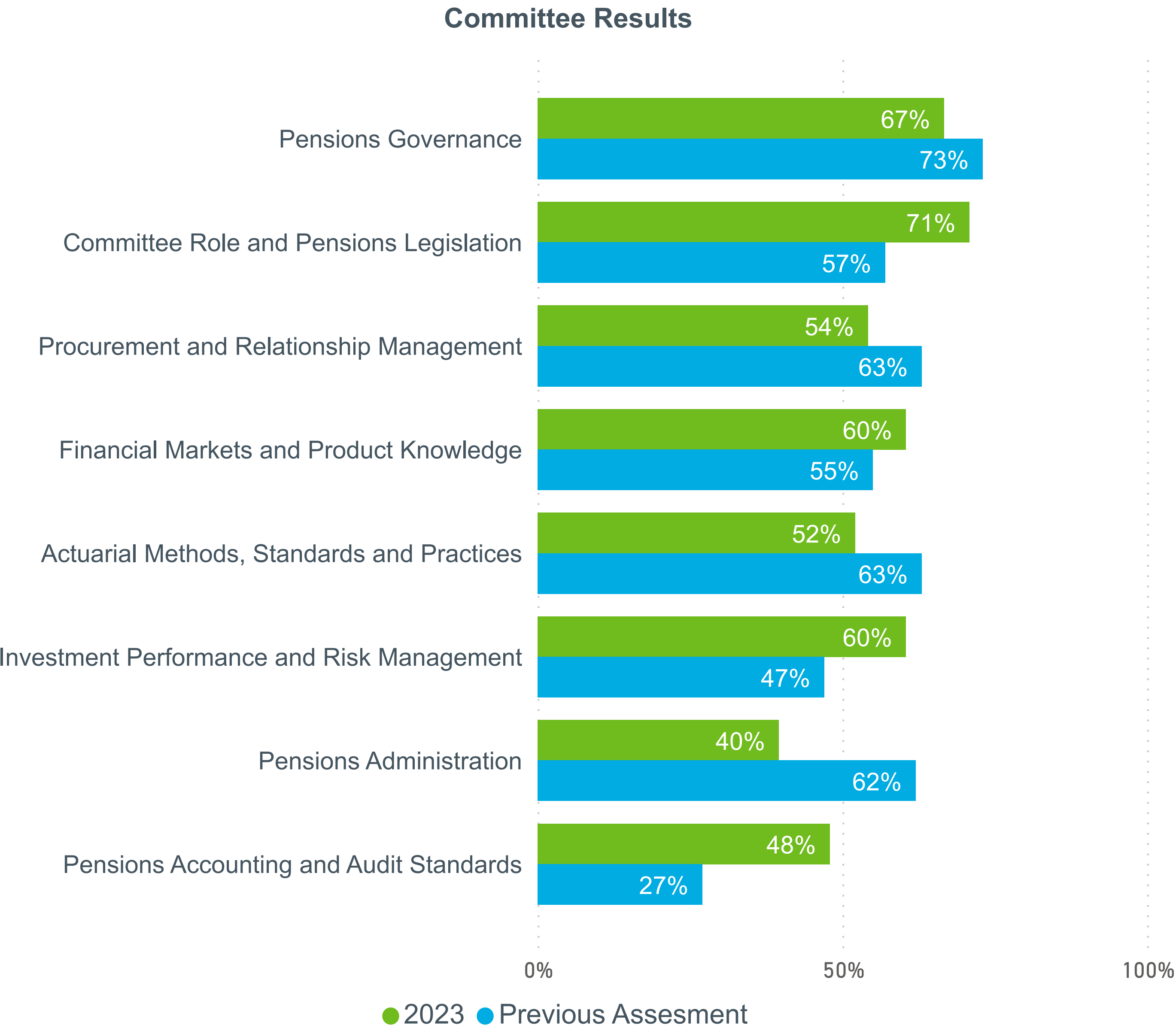
This is shown in the following chart.

The average score for each topic this year is compared with that from the previous assessment. This has been broken down to show the results for the Committee and Board separately.

It's worth noting that while there will be differences in the members who actually participated in each assessment, it's the collective knowledge of each group which is important.

The area in which knowledge appears to have developed most for the Committee is Pensions Accounting and Audit Standards and the Committee's Role and Pensions Legislation which is encouraging.

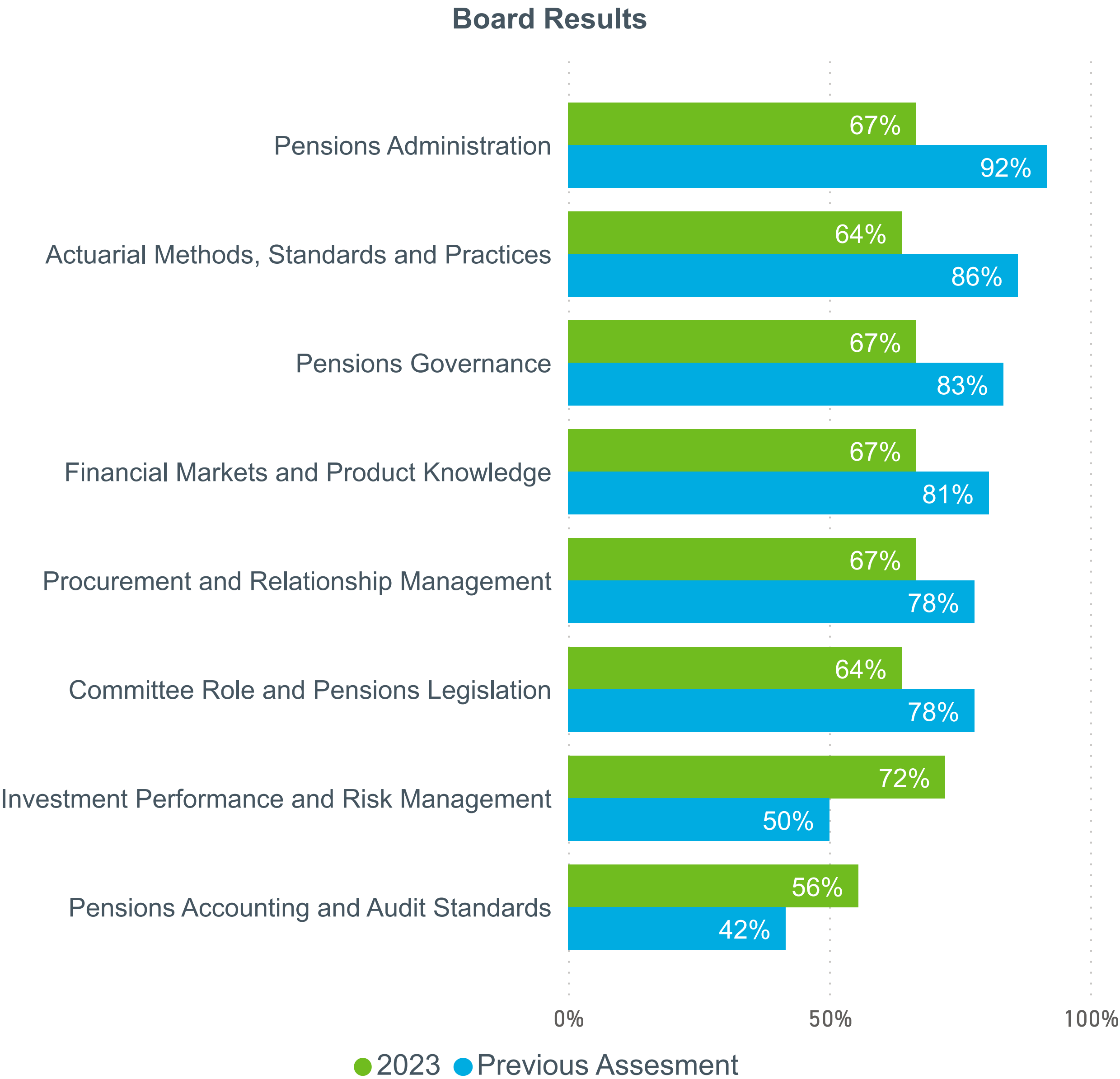
On the other hand, knowledge levels seem to have regressed in Pensions Administration and Actuarial Methods, Standards, and Processes in particular.



The same comparison can be made for the Board. The chart on the right shows these results.

The area in which knowledge appears to have developed most for the Board is Investment Performance and Risk Management which is encouraging. On the other hand, knowledge levels seem to have regressed in most areas.

It's worth noting that the underlying questions have changed between both assessments. This might account for some small differences in the results.



Engagement

One of the key areas that we recommend funds focus on is Committee and Board training engagement.

With the ever-increasing pace of change in the pensions and investments world, member engagement is critical to maintaining strong collective knowledge. There is an expectation that they need not only be willing, but keen to develop their knowledge and understanding across the raft of topics upon which they will need to make, or ratify, decisions.

One measure of the engagement of members is their willingness to participate in training. As such, we have used the participation level of this survey to measure the engagement of your Committee and Board members.

The chart below shows the breakdown of the total number of participants from the Oxfordshire Pension Fund, as a proportion of those who could have responded.

Role	Participants	Possible Participants	Participation Rate	Previous Participation Rate
Committee	8	10	80.00%	100.00%
Board	6	6	100.00%	100.00%
Total	14		87.5%	

That 14 participants from your Fund took part in the assessment is highly encouraging. With the number of changes to the LGPS in recent years, it is vital that Committee and Board members remain abreast of the latest developments and feel confident that they have the knowledge required to make the decisions required of them.

Their level of engagement is a key driver of this. Overall engagement seems to be at a good level; however, it is important to maintain this, particularly in the current climate where face-to-face meetings and delivery of training sessions might be in Hybrid format for some time to come.

One of the biggest challenges in this area is how to improve engagement. The move to online learning and tackling topics in bitesize chunks can help.

The way in which information is shared with the Committee and Board can also promote engagement.

There have been moves by some funds to issuing short timely bulletins and newsletters to increase training knowledge and engagement, which we very much encourage.

Training Feedback from Participants

One of the final sections of the survey asked participants to indicate which topics they would like to receive training on.

There was a list of options available, covering a broad spectrum of the topics we believe are most relevant to allowing Committee and Board members to effectively perform their roles. Members were also given the option to indicate any other areas in which they would benefit from further training.

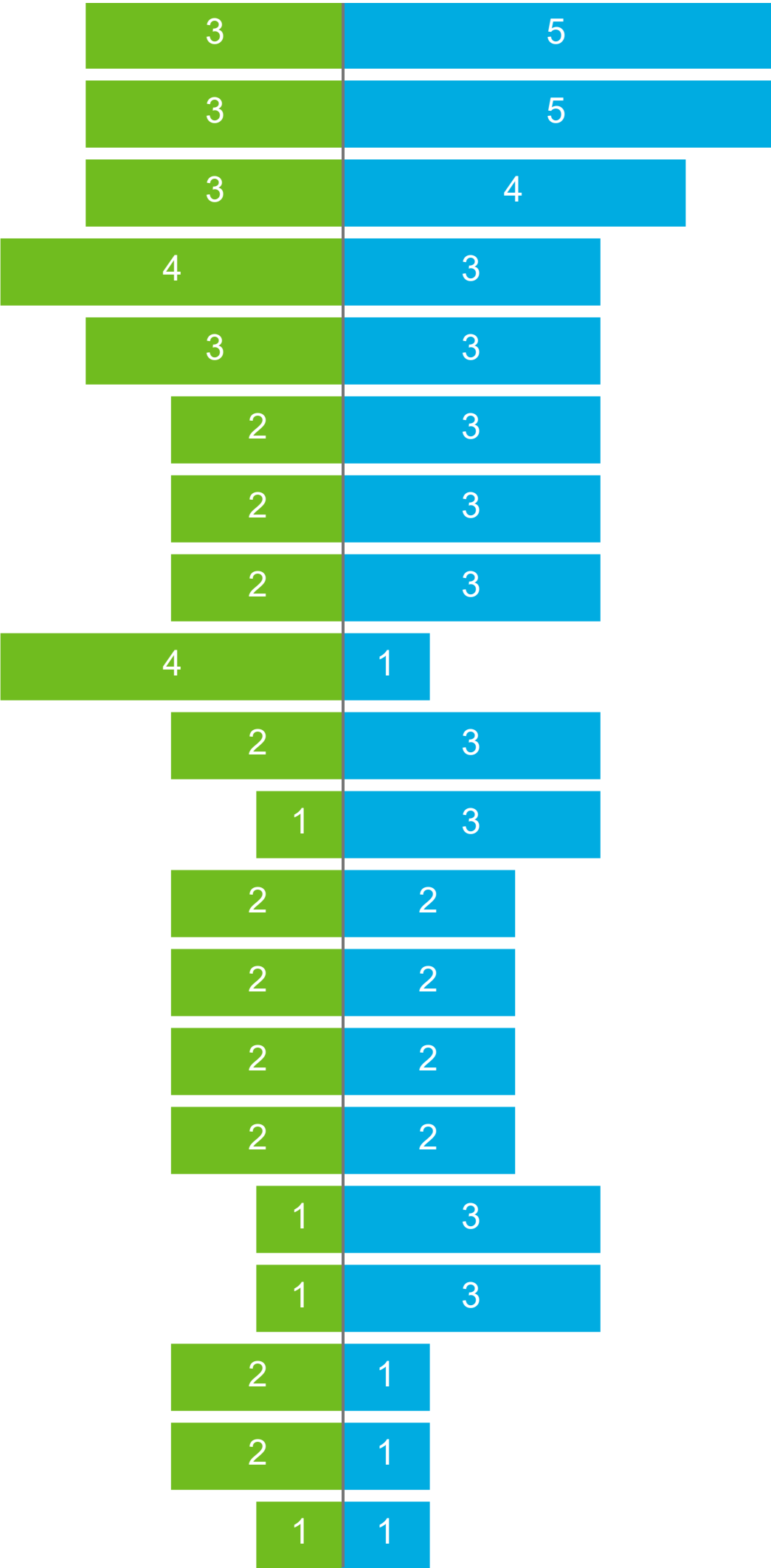
The table on the right summarises the areas in which members indicated training would be beneficial.

A suggested training plan is shown on the next page.

Training requirements

● Board ● Committee

McCloud impacts	3	5
Procurement and Relationship Management	3	5
Levelling up and impact investing	3	4
Pensions Governance	4	3
Actuarial Methods, Standards and Practices	3	3
Good Governance	2	3
Illiquid asset training	2	3
Pensions Accounting and Audit Standards	2	3
Pensions Administration	4	1
Pensions Dashboards	2	3
Committee Role and Pensions Legislation	1	3
Environmental, Social and Governance / Res...	2	2
Financial Markets and Product Knowledge	2	2
LGPS Code of transparency	2	2
Pension Scams	2	2
Section 13	1	3
Task Force on Climate-related Financial Discl...	1	3
Cyber security	2	1
Investment Performance and Risk Managem...	2	1
Pension Regulator Code of Practice	1	1



Next Steps

- Based on the results, we would suggest that there should be consideration to the following next steps:
- This report should be **reviewed** by the Fund’s officers and results shared with the Committee and Board.
 - Set up a **structured training plan** or adjust the existing training plan for the next 18 months covering the main areas highlighted in this report.
 - Plan for the **delivery** of training over the immediate 6-month period following these results and communicate that intention with the Committee and Board.
 - Consider the most **pressing** training requirements in the coming months. Importantly, look at the **frequency** of training engagement with your Committee and Board.
 - **Assess** the tools available to the Fund to assist with training, and whether any new methods should be deployed.
 - Consider ways of **maintaining** and **increasing** the engagement of both the Board and Committee. This could include providing them with more information, training materials, briefing notes etc.
 - Ensure that the Fund’s training strategy is up to date and **appropriate** for purpose.

We will be producing a national LGPS report on the results of these assessment, which will aid Scheme Advisory Board LGPS training discussions.

A copy of this will be made available to the Fund when that report is complete.

If you wish to discuss the contents of this report further, please get in touch.

Prepared by Hymans Robertson LLP.

Andrew McKerns



Senior LGPS Governance, Administration and Projects (GAP) Consultant

Alan Johnson



LGPS Governance, Administration and Projects (GAP) Consultant

Reliances and Limitations

This report has been prepared for the Oxfordshire Pension Fund.

This report must not be released or otherwise disclosed to any third party except with our prior written consent, in which case it should be released in its entirety.

Hymans Robertson LLP do not accept any liability to any party unless we have expressly accepted such liability in writing.

This report has been prepared by Hymans Robertson LLP, based upon its understanding of legislation and events as of October 2023.

Division(s): n/a

ITEM 9

PENSION FUND COMMITTEE – 1 DECEMBER 2023

RISK REGISTER & RISK MANAGEMENT FRAMEWORK

Report by the Executive Director of Resources & Section 151 Officer

RECOMMENDATION

1. **The Committee is RECOMMENDED to:**
 - a) **Note the latest risk register and accept that the risk register covers all key risks to the achievement of their statutory responsibilities, and that the mitigation plans, where required, are appropriate;**
 - b) **Agree the new Oxfordshire County Pension Fund Risk Management Framework as set out at Appendix 'A'.**

Introduction

2. Previously, the Committee had 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 (Annex 1) sets out the current risk scores in terms of impact and likelihood, and a target level of risk and a mitigation action plan to address those risks that are 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.

Comments from the Pension Board

4. At their meeting on 20 October 2023, the Pension Board considered the latest risk register and requested that a new risk was added regarding the Impact of Pension Scams.

Latest Position on Existing Risks/New Risks

New Emerging Risks

5. Risk 26 – 'Impact of Pension Scams'. It was requested by the Board to add this as a new risk to the risk register. The risk rating for the risk is a green score 3 because the risk is effectively mitigated through practices and processes which have already been established through compliance with the code of practice.

Increasing Risk

6. None of the current risks on the risk register have been assessed as increasing in their respective risk rating assessment.

Reducing Risk

7. Risk 21 – ‘Insufficient Resource and/or Data to comply with consequences of McCloud Judgement & Sergeant.’ Two new staff have been recruited to support the project, a project plan has been developed and implemented, and enquiries have gone out to all employers with responses due by the end of January 2024. The risk rating has been assessed as a lower amber 8 as opposed to a red 12 previously.

Risks removed from the Risk Register

8. Risk – ‘Legal Challenge on the basis of age discrimination in Firefighters Pension Scheme – Sergeant’ – has been removed as a risk on the register. The amending legislation has now been received and is in place, so the interim framework agreement for retirements before 1 October 2023 is no longer required.
9. Risk – ‘Departure of the current Independent Investment Advisor (IIA)’. The previous IIA has now left and has been replaced by another qualified IIA by the APEX Group.

Same Risk Rating

10. All other risks have been assessed and remain the same as last quarter.

Oxfordshire Pension Fund – Risk Management Framework

11. The Risk Management Framework is a new document for the fund. The document sets out all the key processes and responsibilities for effective risk management and thereby ensures compliance against all relevant scheme guidance, regulation, and legislation.

Lorna Baxter
Executive Director of Resources & Section 151 Officer

Contact Officer: Mukhtar Master
Tel: 07732 826419

November 2023

Risk Register

Identification of Risks:

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

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

Key to Scoring

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

Likelihood

4	Very likely	This risk is very likely to occur (over 75% probability)
3	Likely	There is a distinct likelihood that this will happen (40%-75%)
2	Possible	There a possibility that this could happen (10% - 40%)
1	Unlikely	This is not likely to happen but it could (less than 10% probability)

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	Scheme	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	LGPS	Investment	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	August 2023	At Target
2	Investment Strategy not aligned with Pension Liability Profile	LGPS	Investment	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	1	4	↔			4	1	4	August 2023	At Target
3	Investment Strategy not aligned with Pension Liability Profile	LGPS	Investment	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	August 2023	At Target
4	Under performance of asset managers or asset classes	LGPS	Investment	Loss of key staff and change of investment approach at Brunel or underlying Fund Managers.	Long Term - Pension deficit not closed.	Financial Manager	Quarterly assurance review with Brunel. Diversification of asset allocations.	3	2	6	↔			3	2	6	August 2023	At Target
5	Actual results vary to key financial assumptions in Valuation	LGPS	Funding	Market Forces	Long Term - Pension deficit not closed.	Service Manager	Actuarial model is based on 5,000 economic scenarios, rather than specific financial assumptions.	3	2	6	↔			3	2	6	August 2023	At Target
6	Under performance of pension investments due to ESG factors, including climate change.	LGPS	Investment	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. The Fund have a Climate Change Policy and implementation plan.	4	1	4	↔			4	1	4	August 2023	At Target.

7	Loss of Funds through fraud or misappropriation.	LGPS	Investment	Poor Control Processes within Fund Managers and/or Custodian	Long Term - Pension deficit not closed	Financial Manager	Review of Annual Internal Controls Report from each Fund Manager. Clear separation of duties.	3	1	3	↔			3	1	3	Nov 2023	At Target
8	Employer Default – LGPS	LGPS	Funding	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 underwriting deficit, or bond put in place.	3	2	6	↔	Fund Administration currently implementing the new Contributions Escalation Policy. This provides an early indicator for those employers who are missing or delaying payments.		3	2	6	Nov 2023	At Target
9	Inaccurate or out of date pension liability data	LGPS	Funding	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	Nov 2023	At Target
10	Inaccurate or out of date pension liability data from Employer	LGPS	Operational	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	Nov 2023	At Target
11	Inaccurate or out of date pension liability data from Employer	LGPS	Operational	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	↔			4	1	4	Nov 2023	At Target
12	Insufficient resources from Committee to deliver responsibilities-	LGPS	Operational	Budget Reductions	Breach of Regulation	Service Manager	Annual Budget Review as part of Business Plan.	4	1	4	↔			4	1	4	Nov 2023	At Target
13	Insufficient Skills and Knowledge on Committee	LGPS	Operational	Poor Training Programme	Breach of Regulation. Loss of Professional Investor Status under MIFID II	Service Manager	Training Review	4	2	8	↔	Implement new training plan 23/24. Outcomes of the knowledge progress assessment from Hymans	2023/24	4	1	4	Nov 2023	
14	Insufficient Skills and Knowledge amongst Board Members	LGPS	Operational	Turnover of Board membership	Insufficient Scrutiny of work of Pension Fund Committee leading to Breach of Regulations	Service Manager	Training Policy	4	3	12	↔	Implement new training plan 23/24 Currently recruiting to 1 scheme employer representatives. Outcomes of the knowledge progress	2023/24	4	1	4	Nov 2023	

												assessment from Hymans						
15	Insufficient Skills and Knowledge amongst officers.	LGPS	Operational	Poor Training Programme and/or high staff turnover. Pay grades not reflecting market rates and affecting recruitment and retention.	Breach of Regulation, errors in Payments and ineffective scheme member engagement. Inability to effectively meet RI and Climate related objectives.	Service Manager	Training Plan. Control checklists. Use of staff from 3 rd party agencies	3	2	6	↔	The Workforce Strategy required next year as part of the 'Good Governance' Project from Central Government.	Sept 2023	3	1	3	Nov 2023	Awaiting publication of the Good Governance Project proposals.
16	Key System Failure	LGPS	Operational	Technical failure	Inability to process pension payments	Pension Services Manager	Disaster Recovery Programme, and Cyber Security Policy	4	2	8	↔	Complete Actions identified in review of approach to Cyber Security. The above action delayed due to an IT Applications Audit report findings. Awaiting TPR finalised requirements for GCP.	Apr 2024	4	1	4	Nov 2023	Gaps in monitoring of compliance identified in review of approach to cyber security, which suggests risks not fully mitigated
17	Breach of Data Security	LGPS / FPS	Operational	Poor Controls	Breach of Regulation, including GDPR	Pension Services Manager	Security Controls, passwords etc. GDPR Privacy Policy and Cyber Security Policy.	4	2	8	↔	Complete actions identified in review of approach to Cyber Security. The above action delayed due to an IT Applications Audit report findings. Awaiting TPR finalised requirements for GCP.	Apr/Dec 2024	4	1	4	Nov 2023	Gaps in monitoring of compliance identified in review of approach to cyber security, which suggests risks not fully mitigated.
18	Failure to Meet Government Requirements on Pooling	LGPS	Governance	Inability to agree proposals with other administering authorities.	Direct Intervention by Secretary of State	Service Manager	Full engagement within Brunel Partnership	5	1	5	↔	Review once Government publish revised pooling guidance.	TBC	5	1	5	Nov 2023	At Target
19	Failure of Pooled Vehicle to meet local objectives	LGPS	Investment	Sub-Funds agreed not consistent with our liability profile.	Long Term - Pension deficit not closed	Service Manager	Full engagement within Brunel Partnership	4	2	8	↔	Implementation of the Climate Change Policy with Brunel.	On-going	4	1	4	Nov 2023	Above Target

20	Significant change in liability profile or cash flow as a consequence of Structural Changes	LGPS	Funding	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 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, and potential reclassification and introduction of a Government guarantee.	TBC	4	1	4	Nov 2023	At Target
21	Insufficient Resource and/or Data to comply with consequences of McCloud Judgement & Sergeant.	LGPS / FPS	Operational	Significant requirement to retrospectively re-calculate member benefits	Breach of Regulation and Errors in Payments	Pension Services Manager	Two new staff in post. All McCloud enquiries have gone out to Scheme employers. Responses due end of Jan.	4	2	8	↓	Still awaiting priority listing to be issued by Central Government.	On-Going	2	2	4	Nov 2023	
22	Loss of strategic direction		Governance	Loss of key person	Short term lack of direction on key strategic issues	Director of Finance	Governance & Communications Manager has started and as a consequence provides resilience to the team.	2	1	2	↔			2	1	2	Nov 2023	At Target.
23	EMERGING RISK 1: Lack of administrative resources and knowledge for FPS, specifically with additional remedy workload and second options exercise for on call fire fighters.	FSP	Operational (FPS)	Court judgements have created additional work. Also, concern that there is a key person risk.	Breach of Regulation, Errors in Payments, and ineffective scheme member engagement. Reputational damage to OCC	Deputy Chief Fire Officer / Pension Services Manager	Initial discussions have taken place – options 1. appoint new FPS administrator. 2. outsource administrative function, which was discounted.	4	2	8	↔	Recruitment is now in progress.	TBC	2	2	4	Nov 2023	New post currently with Job Evaluation, hence delays.
24	Emerging Risk 2: Increasing Central Government requirements for Asset Allocations	LGPS	Investment	New Central Government consultation for LGPS funds to have a 10% asset allocation to Private Equity	Potential impact on the Committee's ability to deliver its fiduciary duty.	Services Manager	Response to Government Consultation by the Fund	4	2	8	↔	Response to consultation to be agreed by the committee at its September Meeting.	Sept 2023	4	1	4	Nov 2023	

25	Emerging Risk 4: Potential loss of key members of staff	LGPS FPS	Operational	Potential risk of retirement of the Service Manager and the Pension Services Manager	Loss of experience, knowledge and strategic leadership for the Fund	Director of Finance	Succession planning for any potential departure.	3	2	6	↔	Succession planning and early start to seek replacement for Service Manager	Apr 2024	3	1	3	Nov 2023	
26	Emerging Risk 5: Impact of Pension Scams	LGPS FPS	Operational	Failure to follow TPR guidance for transfers out.	Financial loss to members. Potential cost to Fund for making good any loss. Potential TPR sanctions and reputational damage.	Pension Services Manager	TPR guidance for transfers out and the forthcoming regulations in the General Code of Practice. All processes are in line with the above.	3	1	3	NEW	Gap Analysis and review of regulations in the new General Code of Practice.	Apr 2024	3	1	3	Nov 2023	

Oxfordshire Pension Fund

Risk Management Framework

Review Date: December 2023

Introduction

This is the Risk Management Framework for the Oxfordshire Pension Fund, administered by Oxfordshire County Council, the administering authority. The Fund must establish and operate internal controls which must be adequate for the purpose of securing that the scheme is administered and managed in accordance with the scheme rules and with the requirements of the law. The Risk Management Framework forms part of the internal controls.

Purpose of the Framework

This framework sets out how the Fund intends to manage risk, with the aim of:

- Integrating risk management into the culture and day-to-day activities of the Fund;
- Raise awareness of the need for risk management by all those connected with the management of the fund;
- Establish and maintain a robust framework and procedures for identification, analysis, assessment and management of risk;
- Ensure consistent application of risk management across the Fund;
- Comply with guidance, regulation and legislation:
 - CIPFA – Managing Risk in the LGPS (2018);
 - Pensions Act 2004;
 - The Public Service Pensions Act 2013 and LGPS Regulations 2013;
 - The Pensions Regulator's Code of Practice 14 (due to be replaced by the General Code of Practice).

Risk Management

Risk can be identified as 'the chance of something happening which may have an impact on the achievement of an organisation's objectives.' The objectives of the Fund are summarised in Appendix 1.

Risk Management is the process of identifying and assessing risks (the 'inherent risks') and responding to them.

The response to a risk may involve one or more of the following:

- Tolerating risk;
- Mitigating the risk in an appropriate way to constrain the risk to an acceptable level;
- Transferring the risk;
- Terminating the activity giving rise to the risk.

The purpose of risk management is to ensure that Oxfordshire Pension Fund is aware of and understands the risks involved in carrying out its activities and takes positive action to reduce and/or mitigate them where appropriate and possible.

Principles of the Risk Management Framework

- The informed acceptance of risk is an essential element of good business strategy;
- Risk management is an effective means to enhance and protect the Pension Fund over time;
- Common definition and understanding of risks is necessary in order to better manage those risks and to make more consistent and informed business decisions;
- All risks are to be identified, assessed, measured, monitored and reported on in accordance with the Administering Authority's risk management strategy;
- All business activities are to adhere to risk management practices which reflect effective and appropriate internal controls;
- Supports the achievement of Fund objectives - understanding potential risk outcomes can allow the Fund to reduce uncertainty which may affect the achievement of key objectives;
- Effective risk management provides the framework to identify and respond to risks and ultimately inform Fund decision-making.

Types of Risk

The risks for the Fund are grouped into five specific categories:

1. Investments – investment strategy, returns on investment, and custody of Fund assets;
2. Funding Risks – actuarial valuation and funding, cash flow and admitted body arrangements;
3. Governance – Committee and Fund governance, risk management, compliance, and so on;
4. Operational Risks - benefit payments, member communications, data quality, business and IT continuity, information security, fraud risk and contributions;
5. Emerging Risk – an evolving, new risk that is difficult to characterise or assess at this point in time, as the cause and / or how the risk will impact the organisation is unclear.

Risk Management Process

The risk management process is a continuous cycle as detailed below:



- 1. Risk Identification** – this is the process of recognising risks and opportunities that may impact on the Funds objectives. The process is both proactive and reactive. It involves horizon scanning for new or emerging risks and hazards; and learning from review of how past and current risks have manifested.
- 2. Risk Analysis** - Having identified potential risks, the next stage of the process is to analyse and profile each of them.

For this, the Oxfordshire Pension Fund uses a standard methodology and template. Each risk is scored from 1 to 5 for Impact and 1 to 4 for Likelihood. Then it is assigned a red, amber or green status based on a comparison with the target risk rating.

Impact		Financial	Reputation	Performance
5	Most severe	Over £100m	Ministerial intervention, Public inquiry, remembered for years	Achievement of Council priority
4	Major	Between £10m and £100m	Adverse national media interest or sustained local media interest	Council priority impaired or service priority not achieved

3	Moderate	Between £1m and £10m	One off local media interest	Impact contained within directorate or service priority impaired
2	Minor	Between £100k and £500k	A number of complaints but no media interest	Little impact on service priorities but operations disrupted
1	Insignificant	Under £100k	Minor complaints	Operational objectives not met, no impact on service priorities

Likelihood

4	Very likely	This risk is very likely to occur (over 75% probability)
3	Likely	There is a distinct likelihood that this will happen (40%-75%)
2	Possible	There a possibility that this could happen (10% - 40%)
1	Unlikely	This is not likely to happen but it could (less than 10% probability)

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)

The following information is also recorded for each risk:

Reference	Risk	Scheme
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

3. Risk Control – describes actions taken to reduce the likelihood and adverse consequences of a risk event occurring. Control and mitigation mechanisms will vary depending on the type of risk and the activity involved. Key mechanisms include:

- Governance and decision making structures;
- System procedures and controls;
- Resource allocation and management;
- Separation of duties;
- Actuarial/Audit/Regulatory Reviews.

4. Risk Monitoring – regular reviews of the risk register is a central component of effective risk management:

- Reviewed by the Pension Fund Committee and the Local Pension Board every quarter;
- Reviewed by Fund Officers and the Independent Investment Advisers every quarter;

The review would consider whether:

- The nature of the risk has changed;
- The control environment has changed;
- The probability of the risk occurring has changed;
- The impact of the risk occurring has changed;
- Any new or emerging risks need to be considered.

5. Reporting – documentation is required to ensure adequate monitoring as described above.

- Each quarter risks are assessed, reviewed and rated using a standard risk template (this is used to record updates from various stakeholders for each risk);
- A full risk register is produced at the end of each quarter.

Risk Appetite/Tolerance

Risk appetite is the amount and type of risk that the Fund is willing to accept, tolerate or avoid in order to achieve its strategic objectives.

Some risk is inevitable and unavoidable for the Pension Fund, particularly relating to LGPS investments.

Risk tolerance is the amount of risk that the Pension Fund is willing to and can feasibly cope with.

The fund will not accept risks which are assessed as having a high likelihood of causing substantial impact on its financial position or services and/or lead to widespread member or employer complaints. Any such risk identified will need to have a risk reduction plan implemented to return the risk to a tolerable level within an acceptable timescale.

These concepts are considered when the Officers update the ongoing risk register.

Roles & Responsibilities

Head of Fund/Governance & Communications Team:

- Maintenance of the risk register;
- Monitoring and reporting progress against identified action to manage/reduce risk;
- Risk scoring to facilitate analysis of risks across the Fund and 'Direction of Travel' for known risks;
- Identification of new /emerging risks via use of internal knowledge of the Fund as well as external sources;
- Engagement with the Pension Fund Committee and Local Pension Board to update/report on the status of existing of existing and new/emerging risks.

Pension Fund Committee:

- Risk management falls within the Pension Fund Committee's overall responsibility for management of the Fund;
- Receive updates / reporting for review every quarter;
- Review and monitor the effectiveness of controls in place for each risk, ensuring these remain appropriate;
- Use the risk reporting to inform decisions in respect of actions required to manage/mitigate risk.

Local Pension Board:

- Review of the Oxfordshire Pension Fund Risk Register as it relates to the Scheme Manager function of the Authority;
- Review the Pension Fund Committee's formal periodic assessment of Fund risks, providing support and challenge to the assessment;

- Evaluate and challenge the way in which the Head of Fund/Governance & Communications Team and the Pension Fund Committee carry out their risk management roles;
- Review the Pension Fund Committee's periodic assessment of risk reporting and the appropriateness of decisions made in respect of risk management and mitigation;
- Review and challenge the Pension Fund Committee's controls in place, ensuring the Committee implements risk mitigation plans where appropriate.

Internal Audit and Information Governance Team

- Provide expert guidance on risk management as required;
- Carry out periodic audits of the Fund's risk management process.

Appendix 1: Fund objectives

Within each group below, strategic objectives have been identified. These are summarised below and full details of objectives are provided in other Fund documentation.

Governance - to ensure that the Pension Fund is effectively managed to the relevant regulatory requirements, and its services are delivered by highly motivated people who have the appropriate knowledge and expertise, and with access to appropriate systems.

Funding - Funding is the process of ensuring that the Fund has sufficient assets to provide benefits as they fall due – encompassing (amongst other things) setting contributions at an appropriate level, monitoring the progression of liabilities and managing changes in their value, and managing employer risk.

Operational - to deliver a high quality, cost-effective, user-friendly and informative service to all members, potential members and employers at the point where it is needed and demonstrate compliance with all relevant regulatory requirements. Also to provide good quality pension information, promoting pensions in the workplace and to actively promote the Fund to prospective members and their employers.

Investment - to ensure that all investments are aligned to the strategic direction set in the Investment Strategy Statement, meeting the fund's agreed responsible investments requirements, and its fiduciary duty.

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PENSION FUND COMMITTEE – 01 DECEMBER 2023

ADMINISTRATION REPORT

Report by the Executive Director of Resources & Section 151 Officer

RECOMMENDATION

The Committee is RECOMMENDED to:

- a) Note the progress against the Administration objectives for the year;
- b) Decide what, if any, additional information they require to be included in this report; and
- c) Agree the write off of the 5 historic debts in Section 1 of Annex 4 totalling £14,747.35; and
- d) Note the write off of the historic debts included in Section 2 of Annex 4 totalling £3,803.44, and the current debts of £43.66 written off as agreed under the Scheme of Delegation.

Executive Summary

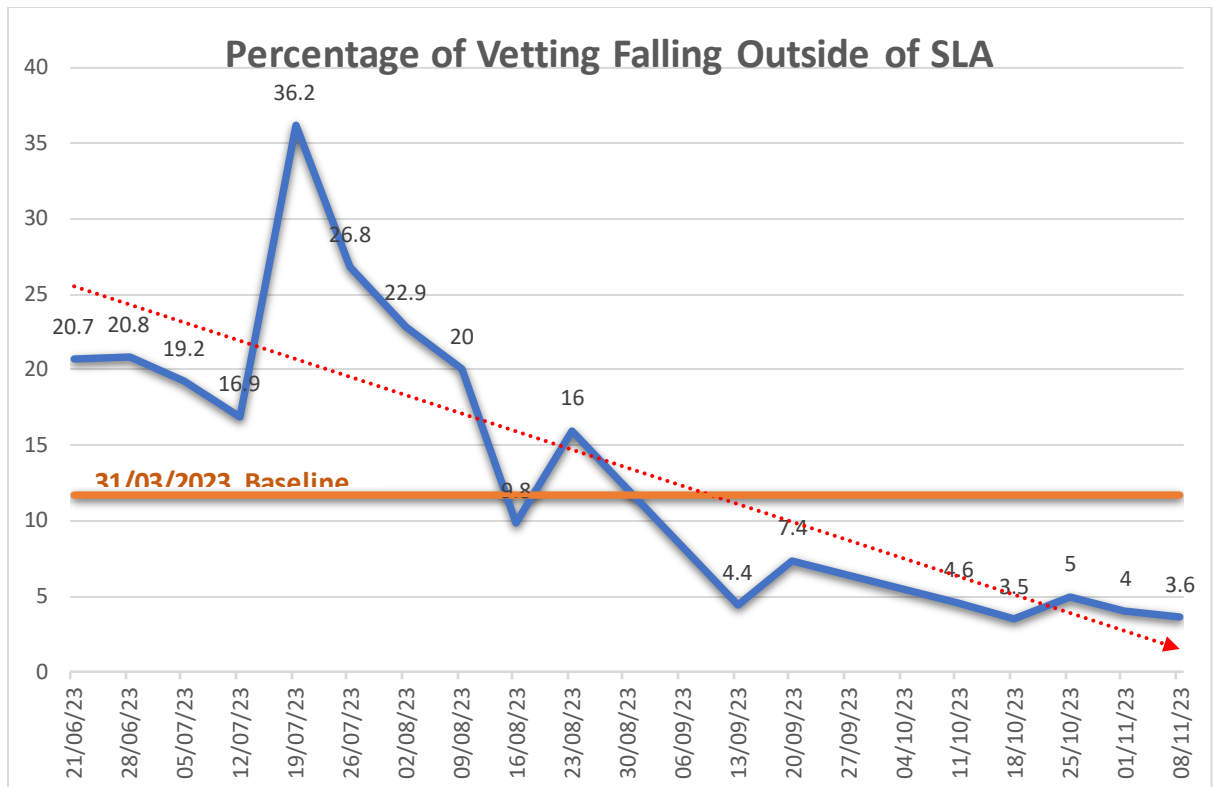
- 1. This report updates the Committee on the key administration issues including service performance measurement, the debt recovery process and any write offs agreed in the last quarter.

Staffing

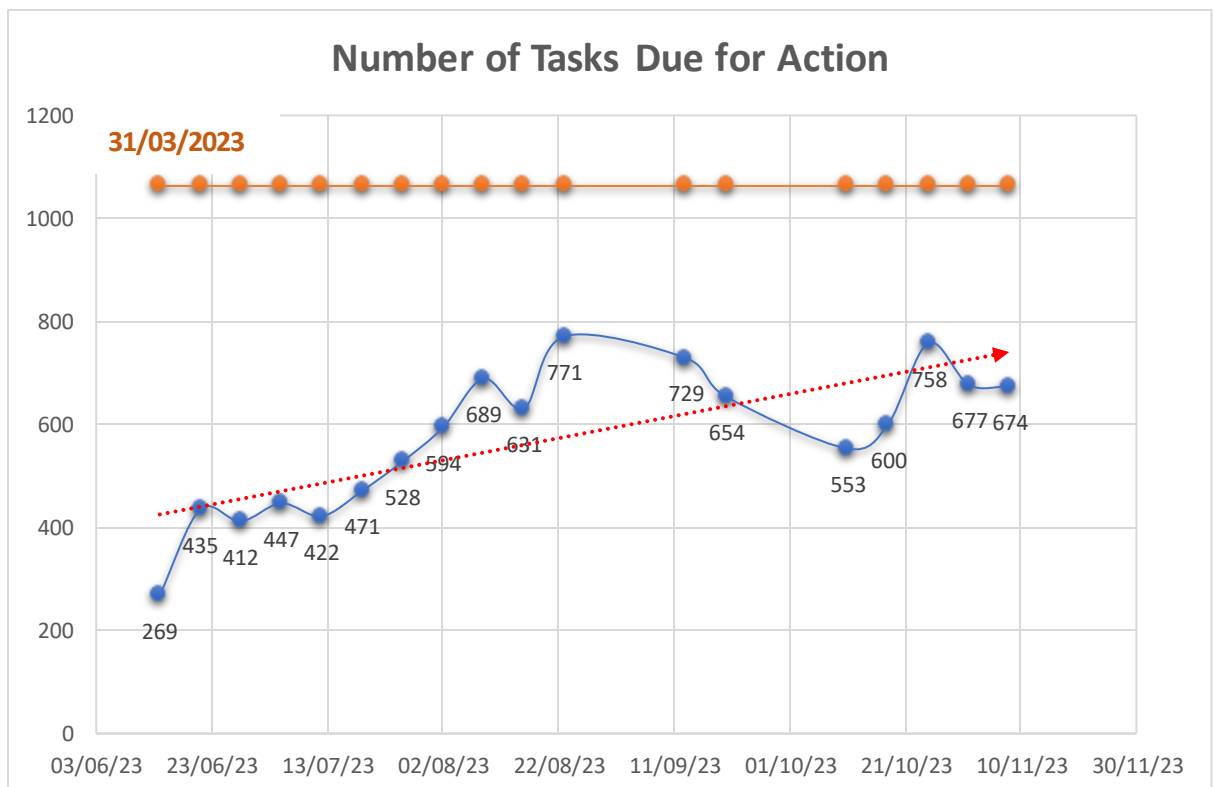
- 2. Three team members will be retiring in the quarter ending March 2024. This along with a vacancy created by a promotion move within the team means that recruitment is an ongoing issue, and it is planned that advertisements will be going out in early 2024.
- 3. Continuing, unresolved, staff performance issues however are still putting additional pressure on the whole team.

Performance Statistics

- 4. This Committee has asked for information to be presented using graphs rather than charts. This is still under development in some areas of the team.
- 5. There are no specific issues with scheme employer data returns, which is reflected in the vetting and processing of the incoming data as shown below. As at March 2023 11.7% of incoming returns were not vetted within SLA. As of November 2023, this has reduced to 3.6%.



6. Likewise, the number of tasks arising from the incoming data, which is still being analysed to determine the normal monthly levels, will in time give more detail on the number of tasks within the team. At present the chart is showing tasks which are still outstanding and overall, the number has reduced from 1,063 in March 2023 to 674 in November, as shown below:



7. Employer admissions are very quiet at present. However, there are several schools converting to academy status in the coming months.

Administration Statistics

8. Annex 1 give the details of the work subject completion against both SLA and statutory targets. During the period August to October the completion rate has increase by just over 100 cases, which is reflected in the overall completion rate, within SLA, sitting at 86.75% in October 2023.
9. Overall, the amount of incoming work has increased during this period by over 700 cases, which is in the main due to leaver records needing to be processed. This area of work – leavers, re-employments, and concurrent merges - continues to be the area of highest volume and the one furthest out of specification. Transfers in and out being the next area furthest out of specification.

Suspended Pensions

10. As of October 2023, a total of 412 pensions are suspended. Of these 208 cases are linked to the project closing old death cases, which leaves 204 cases where the fund is either waiting for confirmation of death notification, or tracing pensioners who have not informed the fund of a change of address.

Statutory Returns

11. All returns have been made in deadline, there are no issues to report.

Fire Service Administration

12. During the last quarter to 31 October 2023, 101 cases have been completed, of which 81 were within SLA deadline. The areas where work was not completed within SLA relates to 1 death case, 1 retirement quotation, 5 transfers out, 12 leavers and 1 member query. This leaves the team with 29 open cases. Detail shown at annex 2.

Complaints

13. In the year to November there have been ten informal complaints received, although one is duplicated via OCC complaint process.
14. The formal complaints received are detailed below:

Reference	Complaint	Stage 1 Decision	Stage 2 Decision	tPO
23/001	Transfer / refund	Not Upheld	Upheld	
23/002	Transfer	Not Upheld	Not upheld	
23/003	3 months' notice to take pension	Not Upheld		
23/004	Linking of records	Not Upheld	Not Upheld	
23/005	Ill-health retirement	Not Upheld		
23/006	Ill-health retirement	Not Upheld	Not Upheld	
23/007	Ill-health retirement	Not Upheld	Not Upheld	
23/008	Firefighter – Injury Pension Benefits	Not Upheld	In Progress	
23/009	Decision not to approve flexible retirement request	Not Upheld	In Progress	
23/010	Pension transfer request refused	In Progress		

Data Quality

15. The Pension Regulator has issued the annual return with a deadline for completion in January 2024 (this is normally in November). The data quality results are on a par with last year but the team are continuing to clear down any report fails ahead of the January deadline.

Contribution monitoring

16. The process is now being embedded and communications sent to scheme employers to remind them of the need to make payments on, or before the 19th of the month following payroll. This is being monitored by the team in line with the new process.
17. In the period August 2023 – October 2023 18 payments were made past deadline of 19th month following payroll. Of these two employers made late payment on more than one occasion. In all cases follow up with the scheme employer resulted in payments being made to the Fund.

Projects

18. The work identified as project work is detailed below.
19. Work has started on reviewing the death process which will include the review of the historic death cases where there is outstanding information which is needed to enable files to be finalised. Target date for completion was initially 31 May 2023, revised to October 2023 to tie in with the review of the death process. Continuing staffing issues and the need for further testing of the death review process has now pushed this to early 2024.
20. AVC – Following the review, the changeover to the new provider starts in November 2023 with first payments being received by L&G in December 2023.
21. Administration to Pay (A2P) – a revised project plan has been set out which will initially review the work already done on transfer out; interfund out and refunds. Existing workflow processes will then be amended so that the new process can be implemented. Again this has been pushed out to early 2024 for same reasons as above.
22. This leaves three subjects - retirements, deaths, and recalculations – to be reviewed and new workflow processes implemented. Work has started on death process which will be completed by early 2024. Other dates have yet to be finalised.
23. McCloud – a copy of the project plan is shown at annex 3. The data cleansing exercise is well under way with information being sent out to scheme employers, who have until 31 January 2024 to confirm that the correct data is held and there are no changes to this.
24. The fund is still waiting for the LGA guidance of the priority list setting out the order in which cases should be reviewed.

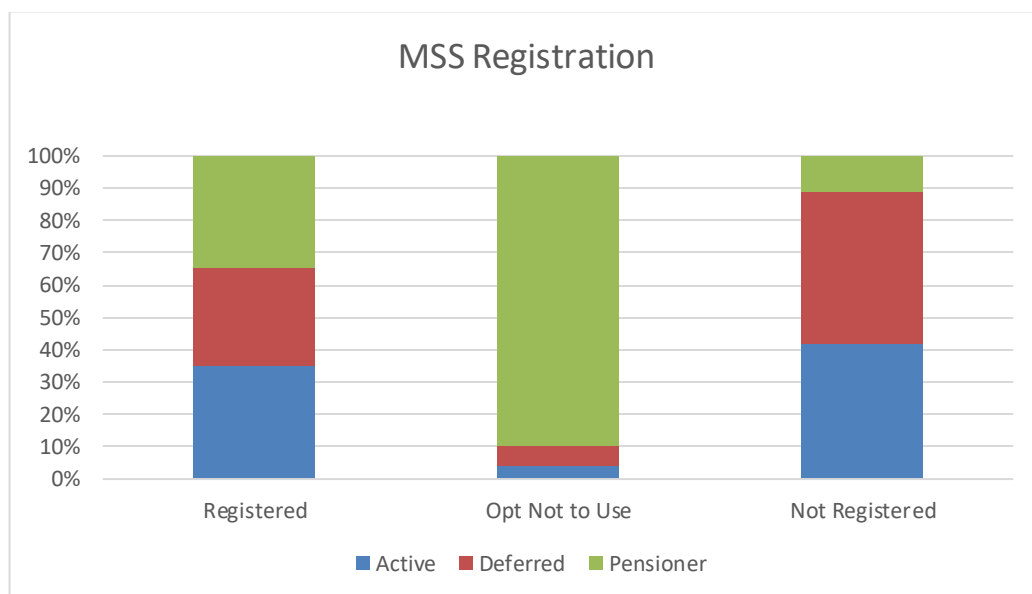
Debt Management

25. The information at annex 4 details the latest position with both historic and current invoices which have been issued.
26. Section 1 details 5 invoices with a total amount of £14,747.35 which are statute barred from recovery. The most significant amount here relates to a deceased pensioner where the fund was unable to recover the monies due.
27. Section 2 details 31 invoices amounting to £3,803.44 where charges have been made in line with the administration strategy but not paid.
28. In both above sections the advice from the Debt Recovery team is that these amounts cannot be recovered and so should be written off. Under the Scheme of Delegation Officers have agreed the write off of the smaller debts included in Section 2 and the Committee are recommended to write off the larger debts included in Section 1.

29. Section 3 details 29 invoices with a total value of £47,116.66 which are in the process of being followed up for payment.
30. Section 4 relates to costs, amounting to £21,556.91, arising from a scheme employer going into liquidation. The admission agreement was a pass through arrangement therefore our actuaries has confirmed that these costs will fall back on the scheme employer as part of the valuation process.
31. Section 5 again relates to an over payment to a deceased pensioner. The arrangement of this being repaid by instalments has fallen into arrears and the Fund is currently trying to trace the relative making these payments.
32. During the quarter to date a total of £43.66 has been written off in 4 cases where the member has died.

Member Self - Service

33. The table below shows the latest information on members signing up to use member self-service.



Lorna Baxter
Executive Director of Resources & Section 151 Officer

Contact Officer: Sally Fox - Pension Services Manager - Tel: 01865 323854

Email: sally.fox@oxfordshire.gov.uk

November 2023

Subject	SLA Target	October 2023								Notes
		Total Number Completed	Total Completed Within SLA Target	% Achieved in SLA Target	Up / Down / Same against previous month	% Achieved in Legal deadline	Total open cases	Total open cases in reply due	% in SLA Target	
Deaths	95%	104	97	93.27	Up	100.00	339	278	19%	155 are historical cases 113 payments completed 97.35% in SLA. Open cases include 54 cases referred to target tracing address and 30 cases due after 1 December 2023
Retirements	95%	353	322	91.22	Up	100.00	268	225	45%	
Annual Allowance	90%	20	20	100.00	Same		6	4	17%	
Trivial Commutation	95%	7	7	100.00	Same		5	0	100%	
Divorce	95%	15	14	93.33	Down	100.00	14	11	14%	
Interfund In	90%	119	101	84.87	Down		121	90	38%	
Transfer In	90%	28	20	71.43	Down	100.00	41	13	68%	
Interfund Out	95%	81	65	80.25	Down		61	27	64%	
Transfer out	95%	57	48	84.21	Down	100.00	24	8	54%	
Additional Pension Confs	90%	23	21	91.30	Down		17	5	65%	
Member Estimate	90%	14	12	85.71	Down	100.00	12	3	75%	
HR Estimate	90%	9	7	77.78	Down		8	2	50%	
Refunds	95%	134	123	91.79	Down		24	6	71%	
Leavers	90%	366	279	76.23	Up	76.23	1422	88	78%	
Concurrent Merges	90%	45	34	75.56	Down		68	12	53%	
Re-employments	90%	88	69	78.41	Up		389	15	84%	Includes 62 cases assigned to employer team
Member Enquiries	90%	429	395	92.07	Up		222	6	90%	
Member Updates	90%	62	61	98.39	Down		73	67	22%	
Informal Complaints	90%	1	1	100.00			2	0	100%	
Totals / Average		1,955	1,696	86.75		96.17	3116	860	58%	

NB Cases measured in %SLA include pending cases.

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Monthly SLA Statistics		Jul-23					Aug-23					Sep-23			
Subject	SLA Target	Total Number Completed	Number achieved in Target	Number over Target	% Achieved in SLA deadline	Open cases	Total Number Completed	Number achieved in Target	Number over Target	% Achieved in SLA deadline	Open cases	Total Number Completed	Number achieved in spec deadline	Percentage in spec	Open cases
Deaths	95%	2	2	0	100.00%	2				100.00%	5	1	0	0.00%	5
Retirement Quote	95%	3	3	0	100.00%	1				100.00%	2			100.00%	3
Retirement Actual	95%	3	3	0	100.00%	1				100.00%	1	1	1	100.00%	1
Divorce	95%				100.00%	4				100.00%	4			100.00%	4
After retirement adjustments	90%	2	2	0	100.00%	1				100.00%	2	1	1	100.00%	2
Payroll Input	95%	13	13	0	100.00%		6	6	0	100.00%	0	2	2	100.00%	
Transfer In	90%				100.00%	3				100.00%	3			100.00%	4
Transfer out	95%	1	1	0	100.00%	8	2	2	0	100.00%	8	1	0	0.00%	8
Member Estimate	95%				100.00%					100.00%	0			100.00%	
Additional Confs	95%	7	7	0	100.00%	1				100.00%	0			100.00%	
HR Estimate	90%				100.00%					100.00%	0			100.00%	
Refunds	90%				100.00%					100.00%	0			100.00%	
Re-employments	95%	4	4	0	100.00%	1				100.00%	1			100.00%	2
Leavers	95%	18	18	0	100.00%	12	3	3	0	100.00%	17	11	5	45.45%	12
Member Queries	90%	4	4	0	100.00%	4	6	6	0	100.00%	10	5	5	100.00%	7
Pension Saving Statement / AA	95%				100.00%					100.00%	0			100.00%	
Remedy	62 working days				100.00%	5				100.00%	3			100.00%	3
IDRP					100.00%	1	2	2	0	100.00%	1			100.00%	1
Member changes	90%				100.00%					100.00%	1			100.00%	
Totals / Average Overall		57	57	0	100.00%	44	19	19	0	91.41%	58	22	14	63.63%	52

* Frozen, Deferred, Concurrent

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

*** Address, Name, Nomination, IFA Requests

SLA not met

Standard SLA met

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Project Start:

01/09/2023

Display Week:

1

TASK	ASSIGNED TO	RAG status	PROGRESS	START	DURATION (Weeks)	END
Workstream A - Bulk Data Cleanse						
Employer Contacts	Steph	A	88%	01/09/2023	8	31/10/23
Identify 'In-Scope' records for each employer	Rach and Bec	G	100%	18/09/2023	3	05/10/23
Draft email and spreadsheets to be used for data cleanse	Bec	G	100%	02/10/2023	1	05/10/23
Provide training to Steph and Ken for data cleanse exercise	Bec	G	100%	05/10/2023	1	05/10/23
Return 'In-Scope' Data to Employers for Confirmation	Steph and Ken	G	100%	05/10/2023	8	30/11/23
Employers Return Confirmed Data	Employers	A	5%	05/10/2023	17	31/01/24
Workstream B - Individual Urgent Cases						
Confirm process for urgent calculations	All Managers	G	100%	05/10/2023	1	19/10/23
Workstream C - Bulk data Rectification						
OCC data loaded to Altair records - Age 55+	Benefit Team Seniors	A	7%	16/10/2023		31/01/24
OCC data loaded to Altair records - Age below 55	Benefit Team Seniors	A	1%	16/10/2023		31/01/24
Non-OCC - confirmed data uploaded to Altair (no aggs)	Steph and Ken	A	1%	01/11/2023		31/12/24
Non-OCC - confirmed data uploaded to Altair (with aggs)						31/12/24
Altair 23.4 release - Awaiting dates	Rach					
Bulk calc - Create McCloud CARE tranche	Rach					00/01/00
Bulk calc - Create McCloud Rectification Data View	Rach					00/01/00
Bulk calc - Underpin	Rach					00/01/00
Workstream D - Benefit Team Day-to-Day Administration						
Clear erroneous McCloud dataviews (30,000)	Rach	G	100%	07/10/2023	1	14/10/23
Altair 23.4 release - Awaiting dates	Rach					
Run bulk CARE tranche and McCloud dataview creation on status 4 records (3886)	Rach			14/10/2023	1	21/10/23
Resolve errors from bulk CARE tranche creation (154)						00/01/00
Run bulk PROVISIONAL Underpin calculation on status 4 records	Rach			14/10/2023	1	21/10/23
Resolve errors from PROVISIONAL underpin creation						00/01/00
Run bulk ACTUAL McCloud Rectification Dataview Creation on status 4 records	Rach					00/01/00
Resolve errors from ACTUAL bulk dataview creation						00/01/00
Club Transfers and IFAs for In-Scope members to suspend until further guidance from GAD	Vic and Xaviah					00/01/00
						00/01/00
Workstream E - Communications						
Satisfy Disclosure regs	Becky O			01/11/2023	8	31/12/23
Amendments to Standard Letters	Becky O					
Employer Comms - Collect age 65 Final Pay via i-Connect	Jules and Becky O					00/01/00
Attend Weekly McCloud drop-in sessions with Heywood	Bec and Rach	G		04/10/2023		04/10/23
						00/01/00
						00/01/00

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	Account	SG	LC amnt	Recommendation	Reason	Notes
Section 1	1144743	Scheme Employer	870.00	write off	statute barred	JR to write off - report to Dec PFC
	1155693	Scheme Member	1,143.42	write off	statute barred	JR to write off - report to Dec PFC
	1155619	Scheme Employer	1,800.00		statute barred	JR to write off - report to Dec PFC
	1170139	Scheme Member	10,687.94	write off	statute barred	Referred to Legal in 2016 - no other information
	1191008	Scheme Employer	245.99	Statute barred but investigate / follow up		14,747.35 Write off - report to Dec PFC
Section 2	1145319	Scheme Employer	75.00	write off if no recovery action within 2022-23	age / low value	
	1187396	Scheme Employer	75.00	write off if no recovery action within 2022-23	age / low value	
	1243688	Scheme Employer	150.00	write off if no recovery action within 2022-23	age / low value	
	1196679	Scheme Employer	150.00	write off if no recovery action within 2022-23	age / low value	
	1209934	Scheme Employer	150.00	write off if no recovery action within 2022-23	age / low value	
	1242516	Scheme Employer	150.00	write off if no recovery action within 2022-23	age / low value	
	1186521	Scheme Employer	75.00	write off if no recovery action within 2022-23	age / low value	
	1186521	Scheme Employer	75.00	write off if no recovery action within 2022-23	age / low value	
	1186521	Scheme Employer	75.00	write off if no recovery action within 2022-23	age / low value	
	1198322	Scheme Employer	75.00	write off if no recovery action within 2022-23	age / low value	
	1198322	Scheme Employer	75.00	write off if no recovery action within 2022-23	age / low value	
	1198322	Scheme Employer	75.00	write off if no recovery action within 2022-23	age / low value	
	1210389	Scheme Employer	75.00	write off if no recovery action within 2022-23	age / low value	
	1210389	Scheme Employer	150.00	write off if no recovery action within 2022-23	age / low value	
	1241778	Scheme Employer	75.00	write off if no recovery action within 2022-23	age / low value	
	1241778	Scheme Employer	150.00	write off if no recovery action within 2022-23	age / low value	

	1155619	Scheme Employer	150.00 write off if no recovery action within 2022-23	other £1800 stat barred	
	1155619	Scheme Employer	150.00 write off if no recovery action within 2022-23	other £1800 stat barred	
	1275371	Company	428.44 write off if no recovery action within 2022-23		
	1209979	Scheme Employer	150.00 write off if no recovery action within 2022-23	age / low value	
	1209979	Scheme Employer	150.00 write off if no recovery action within 2022-23	age / low value	
	1209979	Scheme Employer	150.00 write off if no recovery action within 2022-23	age / low value	
	1145363	Scheme Employer	150.00 write off if no recovery action within 2022-23		
	1145363	Scheme Employer	150.00 write off if no recovery action within 2022-23		
	1145363	Scheme Employer	150.00 write off if no recovery action within 2022-23		
	1145363	Scheme Employer	75.00 write off if no recovery action within 2022-23		
	1145363	Scheme Employer	150.00 write off if no recovery action within 2022-23		
	1145363	Scheme Employer	150.00 write off if no recovery action within 2022-23		
	1145363	Scheme Employer	150.00 write off if no recovery action within 2022-23		
	1145363	Scheme Employer	-150.00 write off if no recovery action within 2022-23		
	1145363	Scheme Employer	150.00 write off if no recovery action within 2022-23		3,803.44
Section 3	1186559	Scheme Employer	75.00 chase		To be followed up
	1146390	Scheme Employer	75.00 chase		To be followed up
	1317622	Scheme Employer	75.00 chase		To be followed up
	1317622	Scheme Employer	75.00 chase when overdue		To be followed up
	1146536	Scheme Employer	75.00 chase		To be followed up
	1210244	Scheme Employer	75.00 chase		To be followed up
	1210244	Scheme Employer	75.00 chase		To be followed up
	1148964	Scheme Employer	150.00 chase		To be followed up
	1146250	Scheme Employer	75.00 chase		To be followed up

Section 4	1146250	Scheme Employer	75.00 chase	To be followed up
	1146250	Scheme Employer	75.00 chase	To be followed up
	1146250	Scheme Employer	75.00 chase	To be followed up
	1254298	Scheme Employer	150.00 chase	To be followed up
	1254298	Scheme Employer	75.00 chase	To be followed up
	1254298	Scheme Employer	75.00 chase	To be followed up
	1254298	Scheme Employer	75.00 chase	To be followed up
	1209150	Scheme Employer	150.00 chase	To be followed up
	1209150	Scheme Employer	150.00 chase	To be followed up
	1209150	Scheme Employer	150.00 chase	To be followed up
	1209150	Scheme Employer	75.00 chase	To be followed up
	1274831	Scheme Employer	300.00 chase	To be followed up
	1274831	Scheme Employer	300.00 chase	To be followed up
	1274831	Scheme Employer	75.00 chase	To be followed up
	1144733	Scheme Employer	1,310.86 chase	To be followed up
	1144653	Scheme Employer	1,414.75 chase	To be followed up
	1144653	Scheme Employer	256.20 chase	To be followed up
	1247666	Scheme Employer	3,111.40 chase	To be followed up
	1327653	Scheme Member	18,000.00 chase	Member has repaid £13,000 and will repay remaining £5,000 by end of year.
	1145008	Scheme Employer	20,473.45 chase	47,116.66 To be followed up
Section 5	1145703	Scheme Employer	9,731.09 WO unless responsibility passed to another org	21556.91 GL has consulted with Actuaries - debt will fall back to OCC through valuation. Invoices to be cancelled.
	1145703	Scheme Employer	11,825.82 WO unless responsibility passed to another org	
	1166161	Scheme Member	21,074.03 chase - need to find out debtor status first	20634.03 Trace on person repaying debt as payment of instalments stopped.
	1166161	Scheme Member	-440.00	
			107,858.39	107858.39

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PENSION FUND COMMITTEE – 01 DECEMBER 2023

POLICY REVIEW REPORT

Report by the Executive Director of Resources & Section 151 Officer

RECOMMENDATION

The Committee is RECOMMENDED to receive this report and to agree the changes made to the Voluntary Scheme Pays Policy.

Executive Summary

1. This report is to update members of any changes to the following policies.

Early Release of Benefits Policy

2. There have not been any regulation changes since this policy was last reviewed in 2016. This policy remains as previously written. The policy is attached at Annex 1.

Administering Authority Discretionary Policies

3. There are no regulatory changes to update this discretionary policy which was last brought to this Committee in 2022 for an officer recommended changes regarding the commutation of small pension values. The table of discretionary decisions is attached at Annex 2.

Admission and Termination Policy

4. This policy is set out as part of the Funding Strategy Statement, which prepared by the Fund actuaries in September 2022. There have been no regulatory changes since that date. The relevant extract of the Funding Strategy Statement is attached at Annex 3.

Voluntary Scheme Pays Policy

5. This policy was last reviewed in December 2017. Changes have been made reflect the increase in pension savings before annual allowance applies and that fire-fighters will be able to retrospectively apply for scheme pays due to the outcome of remedy. The policy is attached at Annex 4.

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November 2023

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Oxfordshire County Council Pension Fund

Early Release of Benefits Policy Statement

Introduction

1. This Early Release of Benefits Policy Statement of the Oxfordshire County Council Local Government Pension Scheme Pension Fund is published under Regulation 38(2) of the Local Government Pension Scheme Regulations 2013. SI 2013 No. 2356 (as last amended by SI 2014 No. 44)
2. The Local Government Pension Scheme Regulations 2013 refers only to members with a deferred benefit due under the LGPS Regulations 2013. However, to ensure consistency the Oxfordshire County Council Pension Fund will also apply this policy to deferred and pensioner members to whom the 1995, 1997 and 2007 Regulations apply.

Purpose

3. This policy sets out the Oxfordshire County Council Pension Fund's strategy to deal with request for the early release of member benefits in cases where the former employer no longer exists, and there is no successor body, within the Oxfordshire County Council Pension Fund.
4. The policy applies, in the context of LGPS administration, to members as defined in Schedule 1 of the principal regulations to include:
 - Deferred members
 - Pensioner members with deferred benefits
 - Credit members
5. Employing authorities, as defined within the regulations: -
 - Statutory Scheduled Bodies such as the County and District Councils, Colleges of Further Education and Oxford Brookes University; Academies
 - Designating Bodies being the Town and Parish Councils
 - Admission Bodies, where the Pension Fund Committee have granted scheme admission

Aim

6. To ensure that any scheme member, leaving after 01 April 2014, whose former employer is no longer an active scheme employer, has access to a procedure to request early payment of their benefits on grounds of ill-health; release of deferred benefit, or waiving of the 85 year rule reduction.

7. To ensure that all scheme members, who left before 01 April 2014, whose former employer is no longer an active scheme employer, have access to a

procedure to request early payment of their benefits, in the following circumstances: -

a. Where a scheme member applies for early payment of benefits on, or after age 55 but prior to age 60, which requires the consent of their former employer for payment to be made.

b. Where a scheme member applies for early payment of benefits on the grounds of ill-health.

8. Note: Where a scheme member has deferred benefits under the 1995, 1997 or 2007 regulations, the provision of those regulations will apply to any application

Decision Making

9. In making any decision the Oxfordshire County Council Pension Fund will take account of:

Employing authorities' policy statements relating to the exercise of discretion, where available.

The cost of making any such decision (if these costs are not justifiable Oxfordshire County Council Pension Fund can refuse the request for early release of benefits)

How the costs will be met, doubtless by all current fund employers.

Waiving, on compassionate grounds, of any actuarial reduction to be applied on the payment of deferred benefits before Normal Retirement Age under the LGPS Regulations 1997, or

The early release of (unreduced) deferred benefits on compassionate grounds under the LGPS Regulations 1995.

Review of this Policy

10. This policy will be reviewed if there is a material change as a result of changes to the Regulations.

Discretion	Regulation	Exercised By	Decision
<input type="checkbox"/> The Local Government Pension Scheme Regulations 2013 [SI 2013/2356] [prefix R] <input type="checkbox"/> The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 [SI 2014/525] [prefix TP] <input type="checkbox"/> The Local Government Pension Scheme (Administration) Regulations 2008 [SI 2008/239] [prefix A] <input type="checkbox"/> The Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (as amended) [SI 2007/1166] [prefix B] <input type="checkbox"/> The Local Government Pension Scheme (Transitional Provisions) Regulations 2008 [SI 2008/238] [prefix T] <input type="checkbox"/> The Local Government Pension Scheme Regulations 1997 (as amended) [SI 1997/1612] [prefix L]			
Whether to agree to an admission agreement with a Care Trust, NHS Scheme employing authority or Care Quality Commission.	R4(2)(b)		In cases where a pass through arrangement has been agreed this decision has been delegated to Head of Pensions with details being report to the Pension Fund Committee. In all other cases a report will be submitted to the Pension Fund Committee for decision.
Whether to agree to an admission agreement with a body applying to be an admission body.	R3(1A), R3(5) & RSch2, Part 3. Para 1		In cases where a pass through arrangement has been agreed this decision has been delegated to Head of Pensions with details being report to the Pension Fund Committee. In all other cases a report will be submitted to the Pension Fund Committee for decision.
Whether to agree that an admission agreement may take effect on a date before the date on which it is executed.	RSch2. Part 3, Para 14		In cases where a pass through arrangement has been agreed this decision has been delegated to Head of Pensions with details being report to the Pension Fund Committee. In all other cases a report will be submitted to the Pension Fund Committee for decision.
Whether to terminate an admission agreement in the event of: - insolvency, winding up or liquidation of the body. - breach by that body of its obligations under the admission agreement. - failure by that body to pay over sums due to the Fund within a reasonable period of being requested to do so.	RSch2, Part 3, Para 9(d)		Decision making delegated to Head of Pensions and reported to PFC
Define what is meant by "in connection with"	RSch2, Part 3, Para 12(a)		Previously determined that this would mean that work would be same as prior to any TUPE and relate to Oxfordshire.
Whether to turn down a request to pay an APC/SCAPC over a period of time where it would be impractical to allow such a request (e.g. where the sum being paid is very small and could be paid as a single payment).	R16(1)		Pension Fund Committee has delegated this decision making to officers
Whether to require a satisfactory medical before agreeing to an application to pay an APC / SCAPC.	R16(10)		Pension Fund Committee has determined that in casess where payment is made over a period of 12 months, or less no medical assessment is required. However a medical assessment is required in all other cases

Discretion	Regulation	Exercised By	Decision
Whether to turn down an application to pay an APC / SCAPC if not satisfied that the member is in reasonably good health.	R16(10)		In cases where a medical assessment causes concern this will be referred to the Pension Fund Committee for decision
Decide to whom any AVC/SCAVC monies (including life assurance monies) are to be paid on death of the member.	R17(12)		This links to TP17 (5) to (8) & R40 (2), R43(2) & R46(2). Pension Fund Committee has delegated decision making to Officers unless a contentious case, in which instance the decision would be referred to the Pension Fund Committee
Pension account may be kept in such form as is considered appropriate.	R22(3)©		Pension accounts will kept in line with regulatory and system requirements
Where there are multiple ongoing employments, in the absence of an election from the member within 12 months of ceasing a concurrent employment, decide to which record the benefits from the ceased concurrent employment should be aggregated.	TP10(9)		That all records are merged with next record, as determined by start date of employment
Whether to require any strain on Fund costs to be paid "up front" by employing authority following payment of benefits under R30(6) (flexible retirement), R30(7) (redundancy / business efficiency), or the waiver (in whole or in part) under R30(8) of any actuarial reduction that would otherwise have been applied to benefits which a member voluntarily draws before normal pension age or to benefits drawn on flexible retirement.	R68(2); 80(5)		All strain costs associated with these decisions are paid in a lump sum once payment of benefits is processed
Whether to require any strain on Fund costs to be paid "up front" by employing authority if the employing authority "switches on" the 85 year rule for a member voluntarily retiring (other than flexible retirement) prior to age 60, or waives an actuarial reduction on compassionate grounds under TPSch 2, para 2(1).	TPSch 2, para 2(3)		All strain costs associated with these decisions are paid in a lump sum once payment of benefits is processed
Whether to extend the time limits within which a member must give notice of the wish to draw benefits before normal pension age or upon flexible retirement	R32(7)		The Pension Fund Committee has determined that a period of 3 months' notice should be given in line with the Regulations
Decide whether to trivially commute a member's pension under section 166 of the Finance Act 2004 (includes pension credit members where the effective date of the Pension Sharing Order is after 31 March 2014 and the debited member had some post 31 March 2014 membership of the 2014 Scheme).	R34(1)(a), R39(1)(b), T14(3) & 49(1)		The Pension Fund Committee has determined that small pension values can be commuted, after retirement at member request, in line with HMRC rules and limits.
Decide whether to trivially commute a lump sum death benefit under section 168 of the Finance Act 2004.	R34(1)(b), R39(1)(b & 49(1).		The Pension Fund Committee has determined that small pension values can be commuted, at member request, in line with HMRC rules and limits.

Discretion	Regulation	Exercised By	Decision
Decide whether to pay a commutation payment under regulations 6 (payment after relevant accretion, 11 (de minimis rule for pension schemes) or 12 (payments by larger pension scheme of the Registered Pension Schemes (Authorised Payments) Regulations 2009 (excludes survivor pensions and includes pension credit members where the effective date of the Pension Sharing Order is after 31 March 2014 and the debited member had some post 31 March 2014 membership of the 2014 Scheme)	R34(1)©, R39(1)©		The Pension Fund Committee has determined that small pension values can be commuted, at member request, in line with HMRC rules and limits.
Approve medical advisors used by employers (for ill health benefits)	R36(3) & 97(10) A56(2)		The Pension Fund Committee has delegated this approval process to Officers
Whether to use a certificate produced by an IRMP under the 2008 Scheme for the purposes of making an ill health determination under the 2014 Scheme.	TP12(6)	Employer (or Admin. Authority where Employer has become defunct)	The Pension Fund Committee has approved this use of 2008 certificate .
Decide whether deferred beneficiary meets criteria of being permanently incapable of former job because of ill health and is unlikely to be capable of undertaking gainful employment before normal pension age or for at least three years, whichever is the sooner.	R38(3)	Employer (or Admin. Authority where Employer has become defunct)	A report will be submitted to the Pension Fund Committee to advise of issues to be considered and to seek a decision.
Decide whether a suspended ill health tier 3 member is unlikely to be capable of undertaking gainful employment before normal pension age because of ill health.	R38(6) & B31(7)	Employer (or Admin. Authority where Employer has become defunct)	A report will be submitted to the Pension Fund Committee to advise of issues to be considered and to seek a decision.
Decide to whom death grant is paid.	TP17(5) to (8), R40(2), R43(2) & R46(2)B23(2), B32(2), B35(2), TSch1 , L155(4), 38(1) E8		Pension Fund Committee has delegated decision making to Officers unless a contentious case, in which instance the decision would be referred to the Pension Fund Committee
Decide, in the absence of an election from the member, which benefit is to be paid where the member would be entitled to a benefit under 2 or more regulations in respect of the same period of Scheme membership.	R49(1)© & B42(1)©		Pension Fund Committee has delegated decision making to Officers unless a contentious case, in which instance the decision would be referred to the Pension Fund Committee
Whether to set up a separate admission agreement fund.	R54(1)		The Pension Fund Committee determined no such fund should be set up
Whether to have a written pensions administration strategy and, if so, the matters it should include	R59(1) & (2)		An administration strategy is in place

Discretion	Regulation	Exercised By	Decision
Whether to extend the period beyond 3 months from the date an Employer ceases to be a Scheme Employer, by which to pay an exit credit.	R64(2ZA)	Administering Authority with agreement of Employer)	Decision making delegated to Head of Pensions and reported to PFC
Whether to suspend (by way of issuing a suspension notice), for up to 3 years, an employer's obligation to pay an exit payment where the employer is again likely to have active members within the specified period of suspension.	R64 (2A)		Decision making delegated to Head of Pensions and reported to PFC
Whether to obtain revision of employer's contribution rate if there are circumstances which make it likely a Scheme employer will become an exiting employer.	R64(4)		Pension Fund Committee has delegated decision making to Officers unless a contentious case, in which instance the decision would be referred to the Pension Fund Committee
Decide frequency of payments to be made over to Fund by employers and whether to make an admin charge.	R69(1)		Payments required to be paid monthly by 19th of month following deduction. Administration charges will be made in line with Administration Strategy
Decide form and frequency of information to accompany payments to the Fund.	R69(4)		Paperwork to be provided detailing monthly payments by 19th of the month following deduction.
Whether to issue employer with notice to recover additional costs incurred as a result of the employer's level of performance	R70 & TP22(2)		Administration charges will be made in line with Administration Strategy.
Whether to charge interest on payments by employers which are overdue	R71(1); 82(1)		Charges will be made in line with Administration Strategy
Decide procedure to be followed by admin authority when exercising its stage two IDRPs functions and decide the manner in which those functions are to be exercised.	R76(4) & TP23		Pension Fund Committee has delegated these roles to Officers unless a contentious case, in which instance the decision would be referred to the Pension Fund Committee
Whether administering authority should appeal against employer decision (or lack of a decision).	R79(2) & tp23		Pension Fund Committee has delegated this matter to Officers unless a contentious case, in which instance the decision would be referred to the Pension Fund Committee
Specify information to be supplied by employers to enable administering authority to discharge its functions.	R80(1)(b) & TP22(1) & TP23		Pension Fund Committee has delegated this matter to Officers.

Discretion	Regulation	Exercised By	Decision
Whether to pay the whole or part of the amount that is due to the personnel representatives (including anything due to the deceased member at the date of death) to: <input type="checkbox"/> personal representatives, or <input type="checkbox"/> anyone appearing to be beneficially entitled to the estate without need for grant of probate / letters of administration where payment is less than amount specified in s6 of the Administration of Estates (Small Payments) Act 1965.	R82(2) A52(2) & 95		Pension Fund Committee has delegated the decision making to Officers unless a contentious case, in which instance the decision would be referred to the Pension Fund Committee
Whether, where a person is incapable of managing their affairs, to pay the whole or part of that person's pension benefits to another person for their benefit.	R83		A report will be submitted to Pension Fund Committee for decision in each case
Agree to bulk transfer payment	R98(1)(b)	Employer / Administering Authority / Trustees of new scheme	Delegated to officers in conjunction with Fund Actuary
Extend normal time limit for acceptance of a transfer value beyond 12 months from joining the LGPS.	R100(6)	Employer and Administering Authority	Pension Fund Committee determined to endorse employing authority decision
Allow transfer of pension rights into the Fund.	R100(7)	Administering Authority	The Pension Fund Committee determined to continue to all transfers in of previous pension rights.
Where member to whom B10 applies (use of average of 3 years pay for initial pay purposes) dies before election, whether to make that election on behalf of the deceased member	TP3(6), TP4(6)(c), TP8(4), TP10(2)(a), TP17(2)(b) & B10(2)		The Pension Fund Committee has determined that officers should use the best option for the member
Make election on behalf of deceased member with a certificate of protection of pension benefits i.e. determine best pay figure to use in the benefit calculations (pay cuts / restrictions occurring pre 1 April 2008).	TP3(6), TP4(6)(c), TP8(4), TP10(2)(a), TP17(2)(b) & TSch 1 & L23(9)		The Pension Fund Committee determined to continue to all transfers in of previous pension rights.
Decide to treat child (who has not reached the age of 23) as being in continuous full-time education or vocational training despite a break.	RSch 1 & TP17(9)(a)		The Pension Fund Committee has determined that a gap year does not constitute a break in continuous education
Decide evidence required to determine financial dependence of cohabiting partner on scheme member or financial interdependence of cohabiting partner and scheme member.	RSch 1 & TP17(9)(b)		Pension Fund Committee has delegated the decision making to Officers unless a contentious case, in which instance the decision would be referred to the Pension Fund Committee. Note: this is now only required in event of member's death
Extend time period for capitalisation of added years contract.	TP15(1)(c) & TSch1 & L83(5)		The Pension Fund Committee confirmed that time periods should not be extended.

Discretion	Regulation	Exercised By	Decision
Decide whether to delegate any administering authority functions under the Regulations	R105(2)		No decision made
Decide whether to establish a joint local pension board (if approval has been granted by the Secretary of State)	R106(3)		Decision made - Pension Board already in operation
Decide procedures applicable to the local pension board.	R106(6)		Decision made - Pension Board already in operation
Decide appointment procedures, terms of appointment and membership of local pension board.	R107(1)		Decision made - Pension Board already in operation
Outstanding employee contributions can be recovered as a simple debt or by deduction from benefits.	A45(3) & 89(3)		Delegated to officers
Specify information to be supplied by employers to enable administering authority to discharge its functions	TP23, TP22(1) & R90(1)(b)		Delegated to officers
Whether to pay the whole or part of a child's pension to another person for the benefit of that child	B27 (5); G11 (2)		Delegated to officers
Whether, where a person (other than an eligible child) is incapable of managing their affairs, to pay the whole or part of that person's pension benefits to another person for their benefit	A52 A; 47(2)		Delegated to officers
Decide whether deferred beneficiary meets permanent ill health and reduced likelihood of gainful employment criteria	B31(4)	Employer (or Admin. Authority where Employer has become defunct)	A report will be submitted to the Pension Fund Committee to advise of issue to be considered and to seek a decision
Make election on behalf of deceased member with a certificate of protection of pension benefits i.e. determine best pay figure to use in the benefit calculations (pay cuts / restrictions occurring pre 1 April 2008).	TSch 1 & L23(9)		Delegated to officers
Apportionment of children's pension amongst eligible children.	47(1)		Delegated to officers
Decide whether to commute benefits due to exceptional ill-health (including Pension Credit members where the effective date of the Pension Sharing Order was pre 1 April 2014 or where the effective date of the Pension Sharing Order is after 31 March 2014 but the debited member had no post 31 March 2014 membership of the 2014 Scheme).	50 and 157		Delegated to officers
Timing of pension increase payments by employers to fund	91(6)		Delegated to officers

Discretion	Regulation	Exercised By	Decision
Specify information to be supplied by employers to enable administering authority to discharge its functions.	TP23 & TP22(1) & R80(1)(b)		Included in the Administration Strategy / Documentation out to Scheme Employers
Date to which benefits shown on annual deferred benefit statement are calculated	106A(5)		End of Financial Year
Retention of Contributions Equivalent Premium (CEP) where member transfers out.	118		Not held liabilities are transferred
Discharge Pension Credit liability.	147		Delegated to officers
Apportionment of children's pension amongst eligible children.	G11(1)		Delegated to officers
Agree to pay annual compensation on behalf of employer and recharge payments to employer.	31(2)		Delegated to officers
To decide whether it is legally able to offer voluntary scheme pays (to determine legality see paragraph 223 onwards of the Annual Allowance Guide) and, if so, to decide the circumstances (if any) upon which it would do so.	2		Voluntary Scheme Pays Scheme put in place following PFC decision December 2017
Discretion below needs review to determine previous decision			
Whether to pay spouse's pensions for life (rather than ceasing during any period of remarriage or co-habitation).	F7		

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1 What happens when an employer joins the fund?

1.1 When can an employer join the fund

Employers can join the fund if they are a new scheduled body or a new admission body. New designated employers may also join the fund if they pass a designation to do so.

On joining, the fund will determine the assets and liabilities for that employer within the Fund. The calculation will depend on the type of employer and the circumstances of joining.

A contribution rate will also be set. This will be set in accordance with the calculation set out in Section 2, unless alternative arrangements apply (for example, the employer has agreed a pass-through arrangement). More details on this are in Section 5.4 below.

1.2 New academies

New academies join the fund as separate scheduled employers. Only active members of former council schools transfer to new academies. Newly established academies do not transfer active members from a locally maintained school but must allow new active members to transfer in any eligible service.

Liabilities for transferring active members will be calculated (on the ongoing basis) by the fund actuary on the day before conversion to an academy. Liabilities relating to the converting school's former employees (ie members with deferred or pensioner status) remain with the ceding council.

New academies will be allocated an asset share based on the estimated funding level of the ceding council's active members, having first allocated the council's assets to fully fund their deferred and pensioner members. This funding level will then be applied to the transferring liabilities to calculate the academy's initial asset share, capped at a maximum of 100%. The council's estimated funding level will be based on market conditions on the day before conversion.

The fund treats new academies as separate employers in their own right, who are responsible for their allocated assets and liabilities. The new academy's contribution rate (where not joining an existing MAT or the academies pool) is based on the current funding strategy (set out in section 2) and the transferring membership.

Academies joining an existing MAT within the fund will be pooled with this MAT and will fully share all risks and costs. Academies within a MAT pay the same total contribution rate. If an academy leaves one MAT and joins another, all active, deferred and pensioner members transfer to the new MAT (unless it is not possible to identify all deferred and pensioner members of the transferring academy).

The fund's policies on academies may change based on updates to guidance from the Department for Levelling Up, Housing and Communities or the Department for Education. Any changes will be communicated and reflected in future funding strategy statements.

The Fund's Academies Policy is available [here](#).

1.3 New admission bodies as a results of outsourcing services

New admission bodies usually join the fund because an existing employer (usually a scheduled body like a council or academy) outsources a service to another organisation (a contractor). This involves TUPE transfers of staff from the letting employer to the contractor. The contractor becomes a new participating fund employer for the duration of the contract and transferring employees remain eligible for LGPS membership. At the end of the contract, employees typically revert to the letting employer or a replacement contractor.

There is flexibility for outsourcing when it comes to pension risk potentially taken on by the contractor. You can find more details on outsourcing options from the administering authority or in the contract admission agreement. However, in general, the funding arrangements are set up as one of the following two options:

(i) Pass-through admissions

The Fund's preference is that all new admission bodies will be set up via a pass-through arrangement. The Fund's pass-through policy is available [here](#).

(ii) Other admissions

Liabilities for transferring active members will be calculated by the fund actuary on the day before the outsourcing occurs. New contractors will then be allocated an asset share equal to the value of the transferring liabilities. The admission agreement may set a different initial asset allocation, depending on contract-specific circumstances.

1.4 Other new employers

There may be other circumstances that lead to a new admission body entering the fund, eg set up of a wholly owned subsidiary company by a Local Authority. Calculation of assets and liabilities on joining and a contribution rate will be carried out allowing for the circumstances of the new employer.

New designated employers may also join the fund. These are usually town and parish councils. Contribution rates will be set using the same approach as other designated employers in the fund.

1.5 Risk assessment for new admission bodies

Under the LGPS regulations, a new admission body must assess the risks it poses to the fund if the admission agreement ends early, for example if the admission body becomes insolvent or goes out of business. In practice, the fund actuary assesses this because the assessment must be carried out to the administering authority's satisfaction.

After considering the assessment, the administering authority may decide the admission body must provide security, such as a guarantee from the letting employer, an indemnity or a bond.

This must cover some or all of the:

- strain costs of any early retirements, if employees are made redundant when a contract ends prematurely
- allowance for the risk of assets performing less well than expected
- allowance for the risk of liabilities being greater than expected
- allowance for the possible non-payment of employer and member contributions
- admission body's existing deficit.

2 What happens if an employer has a bulk transfer of staff?

Bulk transfer cases will be looked at individually, but generally:

- the fund won't pay bulk transfers greater in value than either the asset share of the transferring employer in the fund, or the value of the liabilities of the transferring members, whichever is lower
- the fund won't grant added benefits to members bringing in entitlements from another fund, unless the asset transfer is enough to meet the added liabilities
- the fund may permit shortfalls on bulk transfers if the employer has a suitable covenant and commits to meeting the shortfall in an appropriate period, which may require increased contributions between valuations.

The bulk transfer policy is available [here](#).

3 What happens when an employer leaves the fund?

3.1 What is a cessation event?

Triggers for considering cessation from the fund are:

- the last active member stops participation in the fund. The administering authority, at their discretion, can defer acting for up to three years by issuing a suspension notice. That means cessation won't be triggered if the employer takes on one or more active members during the agreed time
- insolvency, winding up or liquidation of the admission body
- a breach of the agreement obligations that isn't remedied to the fund's satisfaction
- failure to pay any sums due within the period required
- failure to renew or adjust the level of a bond or indemnity, or to confirm an appropriate alternative guarantor

On cessation, the employer may be permitted to enter into a deferred debt arrangement (DDA) and become a deferred employer in the Fund (as detailed in Section 7.4). If no DDA exists, the administering authority will instruct the fund actuary to carry out a cessation valuation to calculate if there is a surplus or a deficit when the fund leaves the scheme.

3.2 What happens on cessation?

The administering authority must protect the interests of the remaining fund employers when an employer leaves the scheme. The actuary aims to protect remaining employers from the risk of future loss. The funding target adopted for the cessation calculation is below. These are defined in [Appendix D](#).

- (a) Where there is no guarantor, cessation liabilities and a final surplus/deficit will usually be calculated using a low-risk basis, which is more prudent than the ongoing participation basis. The low-risk exit basis is defined in [Appendix D](#).
- (b) Where there is a guarantor, the guarantee will be considered as part of the cessation valuation. For example:
 - the cessation may be calculated using the ongoing participation basis; or
 - it may be possible to transfer the employer's liabilities and assets to the guarantor without crystallising deficits or surplus. This may happen if an employer can't pay the contributions due and the approach is within guarantee terms.

However, where the guarantor is a 'guarantor of last resort' only, this will have no effect on the cessation valuation.

If the fund can't recover the required payment in full, unpaid amounts will be paid by the related letting authority (in the case of a ceased admission body) or shared between the other fund employers. This may require an immediate revision to the rates and adjustments certificate or be reflected in the contribution rates set at the next formal valuation.

The fund actuary charges a fee for cessation valuations. Fees and expenses are at the employer's expense and may be deducted from the cessation surplus or added to the cessation deficit. This improves efficiency by reducing transactions between employer and fund.

The cessation policy is available [here](#).

3.3 How do employers repay cessation debts?

If there is a deficit, full payment will usually be expected in a single lump sum or:

- spread over an agreed period, if the employer enters into a deferred spreading agreement (DSA)
- if an exiting employer enters into a DDA, it stays in the fund and pays contributions until the cessation debt is repaid. Payments are reassessed at each formal valuation.

Further details are set out in the cessation policy available [here](#).

3.4 What if an employer has no active members?

When employers leave the fund because their last active member has left, they may pay a cessation debt, receive an exit credit or enter a DDA/DSA. Beyond this they have no further obligation to the fund and either:

- a) their asset share runs out before all ex-employees' benefits have been paid, in which case the other fund employers will be required to contribute to the remaining benefits. The fund actuary will apportion the liabilities on a pro-rata basis at the formal valuation.
- b) the last ex-employee or dependant dies before the employer's asset share is fully run down, in which case the fund actuary will apportion the remaining assets to the other fund employers on a pro-rata basis at the formal valuation.

3.5 What happens if there is a surplus?

If the cessation valuation shows the exiting employer has more assets than liabilities – an exit credit – the administering authority can decide how much will be paid back to the employer based on:

- the surplus amount
- the proportion of the surplus due to the employer's contributions
- any representations (like risk sharing agreements or guarantees) made by the exiting employer and any employer providing a guarantee or some other form of employer assistance/support
- any other relevant factors.

The exit credit policy is set out within section 3.3 of the Fund's cessation policy, available [here](#).

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Scheme Pays Policy

Scheme Pays

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

Annual Allowances

3. The annual allowance is the limit of the tax relief given on pension savings during any financial year. If pension savings exceed this allowance, then a tax charge is payable. The current limit is £60,000.
4. Where employees have an annual threshold income over the specified amount the annual allowance is tapered. For these scheme members every £2 of income above the specified amount will reduce their annual allowance by £1, although this cannot be reduced below £10,000.

Mandatory Scheme Pays

5. Where a member has exceeded the £60,000 annual allowance and incurred a tax charge of £2,000, or more they can elect for the Fund to pay part or full amount of tax due to HMRC on basis that their future pension benefits will be reduced.

Voluntary Scheme Pays

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

December 2023

Administration

9. HMRC has different deadline for the payment of tax due under the above options and penalties for late payment is applied. In order to reduce administrative complications and avoid incurring any potential late payment charges it is suggested that for scheme members wishing to elect for voluntary scheme pays this election would be in line with the mandatory scheme pays option: -

- Tax charge must be in excess of £2,000
- Election must be made by 30 November following tax year end
- Payment of monies to HMRC by 31 January following tax year end

Fire Service Pensions

10. The option for voluntary scheme pays would also be applicable for members of the Firefighter Pension Schemes, which are administered within Oxfordshire Pension Fund.

11. Where Fire-fighters have a new, or additional annual allowance charge as a result of remedy to their former pension scheme between and including the tax years 2019 to 2020 and 2022 to 2023, members can elect for the scheme to pay on a mandatory basis. This will make the member jointly and severally liable to pay the annual allowance charge. This will apply even if:

- the pension input amount for the tax year does not exceed £40,000
- the tax is not £2,000 or more
- the member has crystallised all of their scheme benefits before they make the scheme pays election

12. For the scheme pays election to be made on a mandatory basis, the member must notify the fund by:

- 8 July 2025 — for active or deferred members
- 8 July 2027 — for pensioners

PENSION FUND COMMITTEE – 01 DECEMBER 2023

PENSION ADMINISTRATION STRATEGY REPORT

Report by the Executive Director of Resources & Section 151 Officer

RECOMMENDATION

The Committee is RECOMMENDED to receive this report and

- i) Confirm the current frequency of employer newsletters;**
- ii) To amend the administration strategy to reduce the number of days admission agreements have to be signed to 30 days ahead of a contract start date;**
- iii) Confirm the charge of £100 per record where no earnings / contributions have been posted during the financial year; and**
- iv) Ask Officers to report quarterly the value of charges made during each period.**

Executive Summary

1. This report is to update members with the results of the consultation on the changes to the administration strategy and to determine whether any changes should be made in light of the responses received.

Changes to Administration Strategy

2. A report detailing the proposed changes to the administration strategy was presented to this Committee in September. Following member's approval of the changes a consultation was sent out to all scheme employers seeking their views on the changes made.
3. During the consultation period an update was sent out to scheme employers, to update the wording around employer responsibilities for Additional Voluntary Contributions (AVC). A copy of the revised document is included at Annex 2 to this report.
4. The consultation closed on 31 October 2023. Responses were received from 8 scheme employers. These responses are detailed below:
 - Three employers had no comment, or anything to add to the proposed changes.
 - One small employer, a parish council, objected to the scale of changes for late / wrong data submission, due to the fact that the management of the pensions falls to one person and as a complex task that cannot reasonably

be shared amongst staff if the usual administrator is unavailable. Furthermore, the administration of the pensions has become more and more complex and expensive over the past few years and sometimes despite best efforts, errors or delays do happen. Every effort is made to get it right but a 'fine' for an error is an unreasonable burden on what is already a difficult task. The council understand your frustration with late and wrong submissions but really feel that assistance rather than penalty is a better way forward.

- Query on when fines become active and clarification sought on when 12 month period for casual staff, with zero earnings, would be applied.
- The remaining two responses raised various issues, which have been attached with responses at annex 1.

Issues Arising from Responses

5. In respect of the comments made by the Parish Council, it is noted that the deadlines set are a regulatory requirement, and consistent with the deadlines for tax returns to be made to HMRC. Whilst the Administration Strategy includes the provision for issuing fines, Officers will always use their discretion to waive a fine where a breach of the regulations is seen as one-off, and the scheme employer has fully communicated the position to the Administering Authority and it is clear that the breach is unlikely to reoccur. No changes are therefore proposed to the draft strategy in like of this feedback.
6. One scheme employer queried why a monthly newsletter was sent out. This employer also works with the Berkshire Fund who send a quarterly newsletter which they felt was less work for our team. Given the amount of content each month and the benefits officers see of keeping scheme employers up to date with pension issues no change is proposed to the frequency of these newsletters.
7. The administration strategy wants admission agreements signed 90 days ahead of a contract coming into effect. The employer thought that this was unrealistic as the whole TUPE / contract process works to a much shorter timeframe. Officers accept this comment and would propose to reduce this to 30 days.
8. Whilst understanding that we have software charges based on number of members records the employer didn't believe that a charge of £100 was reflective of the costs, to the fund, for casual employees with no earnings.
9. Employer had concerns that the charges imposed are used as a revenue generating mechanism and wanted to know whether the total charges received must be reported. The charge of £100 was based on the additional software costs of holding and maintaining these records plus the costs of the additional work in our team at end of year.

Next Steps

10. Once Committee has reviewed and determined any changes arising from this consultation the final strategy will be published and implemented from 01 January 2024.

Lorna Baxter
Executive Director of Resources and Section 151 Officer

Contact Officer: Sally Fox - Pension Services Manager - Tel: 01865 323854
Email: sally.fox@oxfordshire.gov.uk November 2023

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Consultation Responses

Employer 1:

Q1 - Inclusion of requirement to provide Assumed Pensionable Pay (APP) on data returns by 19th month following any change

Our data return is processed externally by Midland, and we download the report. Any changes to this report will need to be amended to include the additional information. There is a cost to us to revise the report and may take them time to update which is out of hands. When does this change take effect and what format is required – is there a template available?

Provision of APP is not new – this has been a requirement since 2014 and is part of the CARE pay that you submit. This is already part of the i-connect return template

Q2 - Inclusion of requirement to send in an opt out form by the 19th of month following payroll

Please can you clarify if this is for inclusion on i-connect? Or if this is sent separately via email for example?

Part of i-connect return.

Q4 - Inclusion of requirement to tell the Fund about any changes to your contracting out arrangements or information about your contractors withdrawing from contract / becoming insolvent.

Not sure of the effect on us, please could you provide further clarity.

This will apply if you have contracted out any services and your contractor has become a scheme employer.

Q5 - Updated procedure for requesting new or missing information with strict deadlines for escalation and issuing charges if information is not provided.

This doesn't give enough time and doesn't account for annual leave etc. Please can you confirm what the additional note means? It seems to indicate that we will be penalised for answering quickly – would be grateful if you could please clarify?

The necessity of meeting deadlines for submission of information and making payment is to meet statutory deadlines and prevent reporting issues to the Pension Regulator. If you are having any difficulties, then please do contact our employer team to discuss. The note means that if we receive an incorrect data submission, we are happy to go through this with the person making the return so that they

understand what information is needed and in what format. If they subsequently send through the same, incorrect, data then a fine will be applied.

Q6 - The scale of charges has also been updated to reflect the impact of scheme employers providing incorrect / no information. Where incorrect information is submitted, we will, in the first instance, offer training to staff making those submissions, but continued incorrect submissions will result in a charge being made.

If there are issues with report, will this be considered? Does this work both ways as it has been raised that on occasion, some information received from yourselves can also be incorrect. Again, as there is a third party involved in the reporting it may require time to implement.

I am assuming that as scheme employer you have set out the data requirements with your third party provider. These have not changed but obviously we would make you aware of any future regulatory requirements (& associated time scales) or future enhancements to i-connect returns.

Employer 2:

Section 6- why a monthly newsletter? We also work with Berkshire who produce a quarterly document and there is more to read within it because of the timeframe. If you commit to each month, you are creating more work for yourselves, surely?

The Pension Fund Committee agree communication policy – your comments will be included in the report.

Section 7A- p12- signing an admissions arrangement 90 days ahead of a contract (e.g., cleaning) starting isn't realistic. The TUPE/ contract process is likely to work to a much shorter timeframe.

We ask scheme employers to tell us as soon as outsourcing is being considered so that the pension issues can be included in the tendering process and the admission agreement completed and signed before the start date of the contract. I will amend the wording in my report to the committee.

P13- member data- whilst this isn't a change, we don't always get to know of life changes such as a divorce and it is unrealistic to expect employers to notify you of such a situation.

Obviously if the scheme employer doesn't have the information, then they cannot tell the fund however, if you do have this information then please update the fund.

Section 9- Scale of Charges

What is meant by an incorrect data return? More clarity is needed- that also seems punitive if a genuine error has been made and whilst 'training will be offered' that doesn't provide much reassurance that the scale of charges won't just be used as a revenue generating mechanism (do the total of fines have to be reported by OCC?)

We would classify incorrect data as **any** data which is wrong, or missing, that prevents us from processing / updating a record correctly. For example, if APP was not reported this would be incorrect. As you are aware this is a statutory scheme and there is a requirement for data to be correct – The Pension Regulator's expectation is that all data should be correct. We have a wide range of scheme employers and an equally wide range of reasons as to why data is either missing or incorrect. We will continue to work with scheme employers to ensure that they have all the information and training needed to make both data and contribution returns. However, employer non-engagement and continually providing the same incorrect information has a major impact on processing data which then impacts on statutory deadlines hence the charges for non-compliance.

I see no reason as to why the value of the charges made should not be published.

Whilst I can understand that each licence costs you, a charge of £100 for a non-active member at the end of the year surely doesn't reflect the cost of that one extra licence to you? **As above**

Employer 3:

The strategy is very clear, but your charging framework suggests you will fine where there is a lack of compliance. You have had charging frameworks in place previously, but you haven't actually made any charges for non-compliance. What has changed? If you don't charge because it might be one off, or you are aware of special circumstances, would it be more appropriate to have a charging policy that links to repeated instances of non-compliance rather than a charging policy that you don't actually adhere to?

This is to strengthen what we had previously and to take in to account the changes in The Pension Regulator's General Code of Practice so that we are recording and where necessary reporting breachesand the actions we have taken to ensure compliance with regulations.

As you are aware we have a wide range of scheme employers all of whom have different responses / staffing or other issues which may prevent them in supplying information we need. Rather than having a complicated strategy this is intended to give our team the ability to apply the charges as necessary to ensure compliance.

Talking to our partners in the IBC, they felt there could always be a one-off issue or query that got lost, that falls into the category of a fine, but would you realistically fine £150 for one query not being answered? You might apply this charging rule if queries were regularly not answered or some queries were regularly responded to out of the 10 day period, so they too felt that the strategy would be more realistic if written with a charging policy linked to a scale of non-compliance.

We do have employers with only one member of the scheme hence our reasoning to write strategy as queries not being answered. Appreciate your comments about non-compliance however The Pension Regulator guidance is based on 100% compliance

at all times, so it's written this way to give team flexibility and use of judgement in making these charges.

Queries from the iConnect return are now being received in a clear table format which makes the detail very easy to review, but this has identified that there are several queries that aren't really queries? Such as a query on zero pay when the return stated they were on maternity leave, or querying whether the contribution band was correct applying a rule that doesn't match the banding method used by the Council. They felt that the iConnect programme had been tested to ensure the data was being accurately collected and returned so these types of queries shouldn't be classed as data issue queries. Can this be reviewed to ensure that any real queries can be responded to within the 10 day timeline, rather than potentially spending time on queries that aren't really queries.

Thank you for this feedback – I will ensure team leaders pick this up and please do contact them if you get any further issues with these queries.

With regard to the fine for incorrect data, what classes as incorrect data? One record that is incorrect or a whole upload? Please can this be made clearer.

We would classify incorrect data as **any** data which is wrong, or missing, that prevents us from processing / updating a record correctly. For example, if APP was not reported this would be incorrect.

Casuals – Do you mean a full 12 months of zero pay will result in a fine or the 13th month of zero pay will result in a fine, or do you just want a cleanse at year end, so that casuals with zero pay are made leavers and removed from the year end return? We can make the changes to meet these criteria, we just need to be clear. We currently auto cleanse after 13 months on zero pay but this can be amended if required.

In March when processing your final i-connect return any records showing zero pay for the financial year will incur the charge.

Your own quarterly monitoring reports – these are quoted to be held on www.oxfordshire.gov.uk – they are not clearly identified/easy to find. Please could the location of these reports be more transparent.

These are part of the administration report made to the Pension Fund Committee. I will see if these can be made accessible on the pension web pages.

Oxfordshire Pension Fund Administration Strategy Statement

Version: August 2023

DRAFT

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1. Introduction

Oxfordshire County Council (the administering authority) as the scheme manager for the Oxfordshire Pension Fund (the 'Fund') has prepared this administration strategy ('the Strategy') in line with the Local Government Pension Scheme Regulations (LGPS) and the Code of Practice No 14¹ issued by the Pension Regulator (TPR) change to general code of practice.

This strategy prepared within the statutory framework covers

- The role of our scheme employers
- the information which the Fund must provide,
- outlines where the Fund can recover costs following unsatisfactory scheme employer performance, and
- outlines where the fund may make additional charges for work carried out beyond the general requirements included in the employer contribution rate.

The Fund is revising the Strategy to promote and ensure adoption of best practice and compliance with standards set by the Pensions Regulator regarding data quality, completeness and timeliness. This revised Strategy builds in more detail to incorporate changes to working practices following the introduction of i-connect, statutory time limits and the requirement for public service pension schemes to deliver efficiencies.

This version also introduces a wider schedule of charges for non-statutory administrative services and the ability to recover costs incurred by the Fund as a result of an employer not meeting the required pension performance standards.

This document follows consultation with scheme employers and the Local Pension Board setting out a framework outlining the policies, statutory requirements and performance standards for the fund and fund employers to achieve a cost-effective and high-quality pension administration service. These standards apply to all scheme employers.

This document will be reviewed bi-annually, or on receipt of any relevant changes, following consultation with Scheme Employers and Local Pension Board.

A copy of the Strategy will be circulated to all employers, available on the fund website and sent to the Secretary of State.

¹ The Pension Regulator Code of Practice 14 is due to be replaced by the General Code of Practice in 2023.

2. Legislative background

LGPS Regulations 2013

The Fund and Scheme Employers must have regard to this Strategy when carrying out their Scheme functions, and Regulation 59 sets out requirements to facilitate best practice and efficient customer service in respect of the following:

- The levels of performance which the administering authority and Scheme Employers are expected to achieve in carrying out their Scheme functions
- Ensuring the Fund and Scheme Employers comply with statutory requirements in respect of those functions
- Improving the communication between the administering authority and scheme employers of information relating to those functions

The Strategy includes a schedule of additional administration charges, in Section 9, Regulation 4(5) of the LGPS (Management and Investment of Funds) Regulations 2016 which provides scope for Funds to levy charges where disproportionate costs are being incurred for additional administration tasks relating to individual members or specific employers.

The Strategy outlines the circumstances where financial penalties will be incurred. Written notice will be provided to scheme employers in accordance with Regulation 70 for recovery of Fund costs and the Fund's 'escalation process'.

Levels of performance achieved, by both Fund and Scheme Employer, are reported as part of the Pension Administration Report at each Pension Fund Committee and Local Pension Board meeting and documented in the Fund's Annual Report and Accounts.

3. Purpose of this Strategy

The purpose of the Strategy is to ensure the fund and scheme employers understand their respective roles and responsibilities under the LGPS Regulations to deliver the administrative functions.

These responsibilities include, but are not limited to:

- Operating the Fund in accordance with LGPS regulations and the Pension Regulator Code of Practice in demonstrating compliance and scheme governance.
- Implementing communication processes to enable both the Fund and Scheme Employers to proactively and responsively engage with each other and partners.
- Maintaining accurate records for calculating pension entitlements and scheme employer liabilities.
- Ensuring all information and data is communicated accurately, on a timely basis and is secure and compliant.
- Ensuring the Fund and Scheme Employers have appropriate skills, and that training is in place to deliver the required service.
- Setting and monitoring standards to comply with the relevant regulations.
- Developing of digital administrative services to promote and streamline processes and minimise service costs.

4. Constituent Documents of the Strategy

With an increasing number of scheme employers, the supply and exchange of accurate and timely information is vitally important, to ensure effective management of liabilities. In addition, the Fund must demonstrate heightened governance and administrative efficiency to comply with the Pensions Regulator's General Code of Practice.

The following documents support the Strategy in meeting the governance and administrative objectives:

Performance framework (see section 7)

- Incorporates service level agreements
- Outlines roles and responsibilities of the Fund, the Scheme Manager and Scheme Employers
- Development of new technologies to build effective working of the Fund and enables both the Fund and Scheme Employers to deliver continuous improvement and move to a higher standard of service

Scale of charges (see section 9)

- Sets out the charges for non-statutory and additional work and part of escalation policy following the failing performance.

Communications policy (see section 10)

- Ensures members have accessible and timely information on all aspects of their pension benefits and informs them of decisions in respect of entitlements
- Enables scheme employers to make effective decisions in the management of risks and liabilities, and encourage engagement in the wider pension debate
- Encourages engagement in the wider pension debate through regular meetings and training to support Scheme employers and continue to enhance staff knowledge and skills.

Escalation process (see section 11)

- Provides a clear guide to the process the Fund will adopt following a failure to resolve issues or to comply with legislation, from first reminders to invoicing for fines.

5. Development areas

The Fund's administration processes are undergoing further changes as we develop our online processes

Member online access

The Fund is actively promoting ***My Oxfordshire Pension***, the secure on-line portal which allows members, (active, deferred or pensioner) to view pension records and scheme documents.

My Oxfordshire Pension is the default method of fund communication with members and improvement in customer service and information exchange. Changes due in the coming months are

- Ability for members to upload documents
- An updated version of the software

Scheme Employers are asked to encourage their employees to register for this service.

Automatic data transfer (i-Connect)

The implementation of i-connect is now complete for all scheme employers.

The most recent changes have been:

- Balancing of employer contributions
- Ability to upload documents

Further planned changes will allow scheme employers to run their own estimate calculations.

6. Supporting information for employers

Scheme Employers **must** nominate a pension liaison contact who will be the primary contact for the Fund on pension issues. The Fund must be advised of any changes to the nominated personnel as they occur.

The Fund will:

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

Scheme employers are encouraged to attend meetings and are welcome to put forward any suggestions for topics they would like to be discussed.

Find the full Communication Policy in Section 10.

Information for employers is also available online:

- at <https://www.oxfordshire.gov.uk/business/pensions/employer-toolkit>
- on the national website www.lgpsregs.org for:
- Detailed HR and Payroll guides
- Automatic enrolment guide

7. Performance framework

7A. Performance Standards - Scheme Employer

The following tables set out the Scheme Employers' Duties and Responsibilities:

Function/Task	Performance Target
Governance	
Designate a named individual to act as the main contact for any aspect of administering the LGPS.	Within 30 days of becoming a scheme employer or within one month of the change in officer role
Complete and return an "Employers Contact Form" detailing Authorised Signatories. Form available at: www.oxfordshire.gov.uk/employerforms check link	Within 30 days of becoming a scheme employer or within one month of the change in officer role
Confirm designated contact information for officers authorised to perform key policy decisions and administrative roles in the organisation	Within 30 days of becoming a scheme employer or within one month of the change in officer role
Appoint person for stage 1 of the Adjudication of Dispute process (AoD) and provide full up to date contact details to the Fund	Within 30 days of becoming a scheme employer or within one month of the change in officer role
Notify the Fund of the receipt of a complaint under the AoD process	Within 7 days of receiving the complaint
Notify the fund when the stage1 decision has been issued	Within 7 days of making the determination
Appoint an Independent Registered Medical Practitioner (IRMP) qualified in Occupational Health Medicine or arrange to contract to a third party to consider all ill health retirement applications and agree appointment with the Scheme Manager. www.oxfordshire.gov.uk/employerforms To find an Independent Registered Medical Practitioner – contact https://alama.org.uk	Within 30 days of becoming a scheme employer or within one month of the change in officer role

Function/Task	Performance Target
Formulate, publish and keep under review policies in relation to all areas where the scheme employer may exercise discretion within the LGPS	A copy of the policy document must be sent to the Fund within 30 days of becoming a scheme employer or within one month of a change in policy.
Distribute any information the Fund provides for scheme members / potential scheme members	Within 30 days
Financial Administration	
Apply the correct contribution banding to all active scheme members, each April when the table of bandings is published.	Prepare policy within 30 days of becoming a scheme employer setting out how and when employee contribution rates will be adjusted and advise scheme members of the policy
Pay employer and employee contributions to the Fund by 19 th month following payroll	<p>All payments to reconcile with monthly contribution return and monies cleared in bank by 19th of month following deduction (earlier date when 19th falls on weekend or bank holiday)</p> <p>Under the Pensions Act 2004 and the Public Service Pensions (Record keeping and Miscellaneous Amendments) Regulations 2014, the Pension Regulator may be notified of a breach if the above measurement is not met</p>
Implement changes to employer contribution rates as instructed by the Fund at the date specified by the Fund Actuary	In line with the Rates and Adjustment Certificate / Contributions Report issued by the Fund's Actuary
Ensure and arrange for the correct deduction of employee contributions from a member's pensionable pay including any period of child related leave, trade dispute or other forms of leave of absence from duty	As per your payroll cycle
Manage the deduction of all additional contributions or amend such deductions, as appropriate	As required
To deduct AVC contributions in line with member request and make payment to the Fund's AVC provider	All payments must reconcile with the monthly contribution return sent to the Fund's AVC provider and

Function/Task	Performance Target
	contributions paid to the Fund's AVC provider no later than 19 th month following payroll (earlier date when 19 th falls on bank holiday or weekend).
Opt-outs – where scheme employer has refunded contributions due to an opt-out in first three months or, For an opt-out at any other time, scheme employers must send the opt-out form to the fund	By 19 th of the month following payroll
Remit additional fund payments in relation to early payment of benefits from flexible retirement, redundancy or business efficiency retirement or where a member retires early with employer's consent and a funding strain cost arises	As per invoice issued by the Fund
Remit recharge payments in respect of pension members e.g., Compensatory Added Years	As per schedule sent at start of year. We will send separate letters for any variation
Make payments in respect of FRS102 and IAS19 work carried out on behalf of Scheme employers by the Fund's Actuary and Investment Team	As per invoice issued by the Fund
Make payments in respect of all other work carried out on behalf of Scheme Employers by the Fund's Actuary and connected data quality assurance undertaken by the Fund's Administration Team	As per invoice issued by the Fund
Alternative Service Delivery Models / TUPE Transfer – New Employer	
Notify the Fund of any contracting out of services which will involve a TUPE transfer of staff to another organisation so that the Fund can provide information to assist in the decision	This must be in advance of any tender process
Notify Fund of lead decision making and operational officers in circumstances where a prospective new scheme employer or admitted body may request to join the Fund following re-organisation or TUPE transfer	At commencement of business review / ahead of any tender process

Function/Task	Performance Target
Work with Fund Officers to arrange for the admission agreement to be signed	A minimum of 90 days in advance of the date of the contract
Notify the Fund if the employer ceases to admit new scheme members or is considering terminating membership of the Fund	As soon as the decision is made
Notify the Fund of any changes to your contractor	As soon as you are aware of the change
Member Information / Data Quality and General Administration	
Provide information in the format specified on the i-connect monthly upload	By 19 th month following payroll
Maintain records of final pay details in line with 2007 Regulations definition of final pay	Information to be held for all scheme members.
Keep pay information to comply with any Regulation 10 decisions	To maintained for all members until after benefits have been brought into payment in line with prevailing data protection regulation
Provide new joiners / prospective members with information about LGPS; how contributions are assessed by employer, who to contact, in their organisation. www.lgpsmember.org/ www.oxfordshire.gov.uk/pensions	At date of appointment
Scheme employers are responsible for the completeness and accuracy of the data submitted to the Fund. Any queries will be referred back to the scheme employer	To fully answer all queries from the Fund within 10 working days Note: if answered in time given then timescales for queries may be shorter than 10 days.
Keep the Fund up to date with member events which may affect their pension entitlement such as child related leave, death or divorce	Within a reasonable timescale
Assumed Pensionable Pay - To provide Assumed Pensionable Pay in your monthly return and on leavers when a member is on reduced pay due to sick pay, maternity pay or unpaid leave	By 19 th month following payroll

Function/Task	Performance Target
Auto-enrolment – ensure that any staff who are not scheme members are auto-enrolled	Within statutory deadline

Function / Task	Performance Target
Changing payroll provider	<p>You must tell the Fund before this change takes place. The information you will need to provide is date of change; name and address of new provider – contact details including both telephone number and email address for the primary payroll contact.</p> <p>You must also make arrangement regarding the storage and access of previous payroll data to ensure that you, as scheme employer, are able to answer any future data queries</p>

7B. Performance Standards – Scheme Manager (Administering Authority)

The following table sets out the Scheme Manager's Duties and Responsibilities:

Function/Task	Performance Target
Governance	
Regularly review the Funds' Pension Administration Strategy and consult with all scheme employers	Biannual review and revise following any material changes in policies relating to the strategy
Review the Fund's Funding Strategy Statement at each valuation, following consultation with scheme employers and the Fund's Actuary	Publish by 31 March following the valuation date, or as required
Review the Fund's Communication Policy	Annual review and publish within 30 days of any revision to the policy being agreed by the Pension Fund Committee

Function/Task	Performance Target
Review the Fund's Governance and Compliance Statement	Annual review and publish within 30 days of any revision to the policy being agreed by the Pension Fund Committee
Formulate and publish policies in relation to all areas where the Scheme manager may exercise a discretion within the scheme	Annual review and publish within 30 days of any revision to the policy being agreed by the Pension Fund Committee
Publish the fund's Annual Report & Accounts	By 30 September following the year end or following the issue of the Auditor's opinion
Notify the Scheme Employer of issues relating to the Scheme Employer's unsatisfactory performance	If no response to request for information received in days; second request marked "escalation" to be issued; if no response within 10 days third request issued and matter referred for fine / reporting to Pension Regulator
Financial Administration	
Consult with Scheme Employers on the outcome of the valuation	60 – 90 days in advance of signing the final Rates and Adjustment Certificate
Notify Scheme Employers of contribution requirements for 3 years effective from April following the actuarial valuation date	At least 30 days before signing final Rates and Adjustment Certificate
Notify new Scheme Employers of their contribution requirements	Within 60 days of receipt of data profile for submission to the Fund Actuary
Carry out termination valuations on admitted bodies / Scheme Employers ceasing participation in the Fund	Within 60 days of receipt of termination from exiting Scheme Employer
Notify Scheme Employer of decision to recover additional costs associated with the Scheme Employer's unsatisfactory performance	Within 10 working days of Scheme Employer failure to improve performance as agreed
Alternative Service Delivery Models / TUPE Transfer - New Employers	
Arrange for the setting up of separate admission agreement / new Scheme Employers including the allocation of assets and notification to the Secretary of State	Within 90 days of all necessary information being received

Function/Task	Performance Target
Arrange for all new prospective admitted bodies / new Scheme Employers to undertake, to the satisfaction of the Fund, a risk assessment of the level of bond or guarantee required to protect other Scheme Employers participating in the Fund	This must be completed prior to the body being admitted. Timings predicated on timely submission of staff profile information for submission to the Fund Actuary
Undertake a review of the level of bond/guarantee to protect other Scheme Employers	Annual review or upon material change in a Scheme Employer's structure
Member Information/Data Quality and General Administration	
Provide support for Scheme Employers through a dedicated page on website; monthly newsletter; forums; biannual meetings; quarterly training sessions and ad hoc bulletins and alerts	Dates published in monthly newsletter
Organise quarterly training sessions on Scheme Employer's roles and responsibilities	Provide quarterly
Notify Scheme Employers and Scheme Members of changes to the scheme regulations	Within 60 days of a regulatory change
Produce Annual Benefit Statements (ABS) to active scheme members as of 31 st March and deferred scheme members as at PI date each year	By 31 August following end of year
Produce and issue Pension Saving Statements (PSS) to Scheme Members who have exceeded their annual allowance	By 6 October following end of year (subject to receipt of all relevant information from the Scheme Employer)
Publish and keep up to date all forms required for completion by Scheme Employers or Scheme Members	Within 30 days of having all information of the revision
Issue and keep up to date links to web-based Scheme Employer guides	Within 30 days of any revision
Set up new scheme joiners and issue PPF	Within 40 working days of receipt of all information

Function/Task	Performance Target
Process changes in Scheme Member's circumstances which may impact on pension benefits	Within 10 working days of receipt of all information
Process transfer in quotations	Within 10 working days of receipt of all information
Transfer notification of credited membership / accrued pension account to be notified to the Scheme Member	Within 10 working days of receipt of all information
Process transfers out quotations	Within 10 working days of receipt of all information
Process transfers out payments	Within 10 working days of receipt of all information
Determine necessary category in relation to aggregation/interfund cases and issue notification to member of service credit and accrued pension account	Within 40 working days of receipt of all information
Process divorce quotation	Within 10 working days of receipt of all information
Member Information/Data Quality and General Administration	
Notify the Scheme Employer of any Scheme Member's election to pay additional pension contributions (APC) including all information to enable deductions to be made	<p>We ask members to return their application to their employer for assessment of any shared costs.</p> <p>We notify employer within 10 working days of receipt of all information</p>
To administer scheme member applications to pay, amend or cease deductions of AVC. Ensure that a) the information is uploaded to the Fund via the i-connect return and b) to the Fund's AVC provider via their portal	<p>A) By 19th of month following payroll</p> <p>B) Within time frame specified by Fund's AVC provider</p>
Process deferred benefits for payment	Within 40 working days of receipt of all information
Process refund of contributions	Within 10 working days of receipt of all information

Provide member estimate of benefits	Within 10 working days of receipt of all information
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Function/Task	Performance Target
Provide retirement options to Scheme Member	Within 10 working days of receipt of all information
Process payment of retirement benefits	Within 10 working days of receipt of all information
Acknowledgement of death	Within 5 working days
Process payment of death grant	Within 10 working days of receipt of all information
Notify dependents of benefits due	Within 10 working days of receipt of all information
Reply to general enquiries – Scheme Member	Within 10 working days of receipt of all information
Produce and send data queries to Scheme Employers	Within 30 days of receipt of all information
Provide bulk estimate data to Scheme Employers	As agreed at time of request

*All performance targets relating to payments exclude BACS processing period

8. How is Administration Performance Monitored?

- The Fund will work collaboratively with Scheme Employers towards
 - meeting the TPR's general code of practice,
 - complying with the regulations and
 - delivering quality benefits paid accurately and on time to Scheme Members.
- This cannot override the statutory responsibility all employers accept as Scheme Employers, who must ensure adequate resources to enable them to fulfil these duties.
- The performance indicators set out in this document are monitored internally and reported to the Pension Fund Committee and the Local Pension Board on a quarterly basis. Copies of these reports are available online at www.oxfordshire.gov.uk
- Both the Pension Fund Committee and the Local Pension Board, which has both Scheme Employer and Scheme Member representation, will scrutinise and challenge performance in meeting these standards.
- Scheme Employers can either contact an employer representative on the Local Pension Board or the Pension Services Manager should they wish to raise any comment regarding the Fund's performance as set out in this document.

9. Scale of Charges

Event	Charge levied
Late receipt of contributions – due on, or before 19 th month following payroll	£150 plus Interest at 1% above bank rate as per regulation 71
Late upload of i-connect file – due on, or before 19 th of month following payroll	£150 per return plus £25 for every day after that deadline
Late submission of AVC information to the Fund's AVC provider – due on, or before 19 th of month following payroll	£150 per return
Late payment of AVC contributions to the Fund's AVC provider by 19 th month following payroll Note – Scheme employers will be responsible for any loss of contribution, profit or interest payable to a scheme member's AVC account resulting from failure to provide information or make payment within the specified time frames.	£150 per return
Submission of an incorrect data return	£150 per return plus £75 per hour for the administrator time to correct
For data submissions including scheme members who have not received any pay during the last 12 months	£100 per scheme member with no earnings submitted.
Failure to reply to queries within 10 working days	£25 for every day no response is received after deadline
Failure to provide a copy of scheme employer discretions policy	£150 plus a further £75 for each occasion that the policy is requested, or chased by an administrator
Failure to provide scheme employer contact details	£150 plus a further £75 for each occasion that the information is requested, or chased by an administrator
Failure to notify the Fund of key changes, or events e.g., outsourcing or change of payroll provider	£250 plus a further £100 for each time the information is requested, or chased and not supplied

Note: Where scheme employers are submitting incorrect data the fund will, in the first instance, offer training to staff making those submissions rather than implementing a fine. However, continuing incorrect submissions will result in a fine being issued.

10. Communications Policy

Introduction

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

Purpose

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

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

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

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

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

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

Aim

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

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

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

Communication Policy

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

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

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

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

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

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

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

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

Review of the Policy

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

DRAFT

Annex A - Fund Publications

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

Guides for New Employers	Scheme employers	Online employer toolkit, includes essential guidance for new employers Paper on request	As required
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Meetings and forums

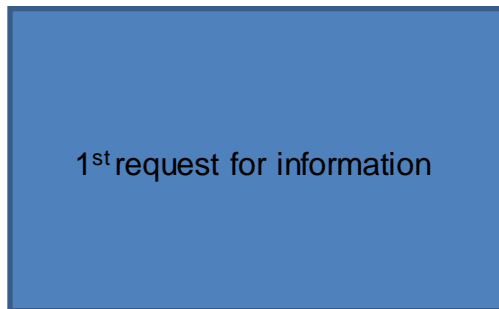
Meeting Type	Available to:	Purpose of meeting	Frequency
Employer Forum	Scheme employers	Review of topical issues in fund investment and scheme administration affecting fund employers and members benefits	Annual
Employer User Group	Scheme employers	Review administration, regulation changes, share experience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

Other Services

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

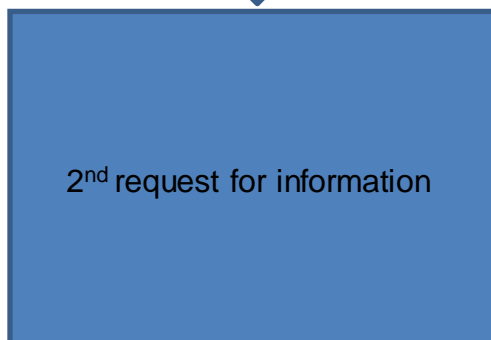
*" Scheme members" unless otherwise described includes prospective members, active members, deferred members, pensioners and members' representatives.

11. Escalation Process



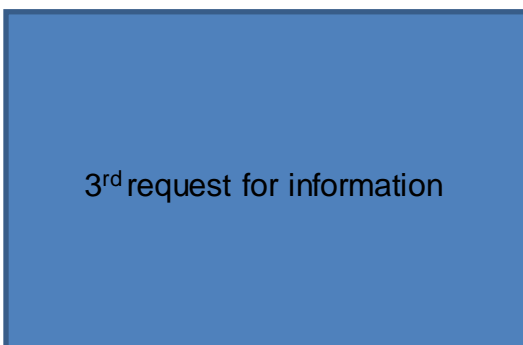
- E-mail to the Scheme Employer, with a copy to the 3rd party provider.
- Individual requests to be saved to member's Altair record.
- Bulk requests to be saved in employer e-mails folder. Please number accordingly.

5 Working Days



- Label this e-mail as '**Escalation**' in the subject line.
- Include link to administration strategy.
- Individual chases to be saved to member's Altair record.
- Bulk chases to be saved in employer e-mails folder. Please number accordingly.

5 Working Days



- Label the e-mail as 'Escalation' in the subject line.
- Send to senior escalation point in ERM and copy to any previous contacts.
- For bulk requests also escalate to Senior Pensions Management.
- Raise Invoice for fine.
- Do not stop chasing information.
- For individual chases, escalate to your line manager after 5 days.
- Include link to administration strategy.
- Individual chases to be saved to member's Altair record.
- Bulk chases to be saved in employer e-mails folder. Please number accordingly.
- Senior Management to take action on reporting a breach to the Pensions Regulator where required.

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Oxfordshire County Council

Pension Fund

Quarterly Investment Report

Q2 2023

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Key Indicators at a Glance

Index (Local Currency)		Q3 2023	Q3	YTD
Equities		Total Return		
UK Large-Cap Equities	FTSE 100	7,608	2.07%	3.82%
UK All-Cap Equities	FTSE All-Share	4,127	1.78%	2.91%
US Equities	S&P 500	4,288	-3.27%	13.51%
European Equities	EURO STOXX 50 Price EUR	4,175	-4.83%	11.51%
Japanese Equities	Nikkei 225	31,858	-3.36%	26.16%
EM Equities	MSCI Emerging Markets	953	-2.85%	2.09%
Global Equities	MSCI World	2,853	-3.36%	11.36%
Government Bonds				
UK Gilts	FTSE Actuaries UK Gilts TR All Stocks	2,895	-0.63%	-4.09%
UK Gilts Over 15 Years	FTSE Actuaries UK Gilts Over 15 Yr	3,283	-5.69%	-11.13%
UK Index-Linked Gilts	FTSE Actuaries UK Index-Linked Gilts TR All Stocks	3,714	-4.69%	-7.16%
UK Index-Linked Gilts Over 15 Years	FTSE Actuaries UK Index-Linked Gilts TR Over 15 Yr	3,839	-10.67%	-15.87%
Euro Gov Bonds	Bloomberg EU Govt All Bonds TR	208	-2.54%	-0.08%
US Gov Bonds	Bloomberg US Treasuries TR Unhedged	2,155	-3.06%	-1.52%
EM Gov Bonds (Local)	J.P. Morgan Government Bond Index Emerging Markets Core In	128	-3.65%	3.72%
EM Gov Bonds (Hard/USD)	J.P. Morgan Emerging Markets Global Diversified Index	818	-2.23%	1.76%
Bond Indices				
UK Corporate Investment Grade	S&P UK Investment Grade Corporate Bond Index TR	334	-1.01%	1.39%
European Corporate Investment Grade	Bloomberg Pan-European Aggregate Corporate TR Unhedged	219	0.70%	2.69%
European Corporate High Yield	Bloomberg Pan-European HY TR Unhedged	415	3.76%	6.76%
US Corporate Investment Grade	Bloomberg US Corporate Investment Grade TR Unhedged	2,969	-3.37%	0.02%
US Corporate High Yield	Bloomberg US Corporate HY TR Unhedged	2,314	2.21%	5.86%
Commodities				
Brent Crude Oil	Generic 1st Crude Oil, Brent, USD/bbl	95	19.48%	10.94%
Natural Gas (US)	Generic 1st Natural Gas, USD/MMBtu	2.93	32.18%	-34.55%
Gold	Generic 1st Gold, USD/toz	1,848	-6.14%	1.20%
Copper	Generic 1st Copper, USD/lb	374	-8.72%	-1.92%
Currencies				
GBP/EUR	GBPEUR Exchange Rate	1.15	1.44%	2.15%
GBP/USD	GBPUSD Exchange Rate	1.22	-1.12%	0.96%
EUR/USD	EURUSD Exchange Rate	1.06	-2.45%	-1.23%
USD/JPY	USDJPY Exchange Rate	149	12.43%	13.92%
Dollar Index	Dollar Index Spot	106	3.58%	2.56%
USD/CNY	USDCNY Exchange Rate	7.30	6.17%	5.79%
Alternatives				
Infrastructure	S&P Global Infrastructure Index	2,476	-7.27%	-4.04%
Private Equity	S&P Listed Private Equity Index	181	4.75%	18.84%
Hedge Funds	Hedge Fund Research HFRI Fund-Weighted Composite Index	18,215	1.43%	4.27%
Global Real Estate	FTSE EPRA Nareit Global Index TR GBP	3,383	-3.86%	-5.76%
Volatility		Change in Volatility		
VIX	Chicago Board Options Exchange SPX Volatility Index	18	-6.31%	-19.15%

Source: Bloomberg. All return figures quoted are total return, calculated with gross dividends/income reinvested and in local currency.

Performance

The Fund fell by -0.3% in the third quarter of 2023 to a value of £3,212m. As can be seen from the previous table, bonds were noticeably weak during the quarter and the major overseas equity markets also fell in local currency terms. In addition, infrastructure assets fell as the rise in bond yields finally impacted valuations. I would also ask you to note the rise in the price of oil and gas over the quarter as this will impact future inflation and was, in part, behind the rise in bond yields (fall in prices). Both have weakened slightly since quarter end.

Much of the underperformance against the benchmark was driven by the poor performance of the Brunel Global Sustainable Equity portfolio which returned -4.2% over the quarter against a 0.7% rise in the MSCI All Countries Global Equity benchmark. The Global High Alpha Equity portfolio also fell by -0.6% underperforming its benchmark by -1.2%. Against this the Fund's Private Equity allocation, both held directly and via Brunel, performed well as did the Private Debt allocation, however, Infrastructure and Secure Income performed more poorly.

Driven partially by this quarter's underperformance, the Fund is now lagging its benchmark over 3-years (by -2.0%); 5-years (by -0.7%) and 10-years (by -0.1%) but the returns of 7.2% per annum over the last 10 years, being above the Fund's actuarial discount rate assumption for future investment returns, will have driven much of the improvement in the funding ratio between the triannual actuarial revaluations.

Comment

The standout feature of the last quarter was the rise in longer duration bond yields. Short duration bonds across the developed world were fairly flat but longer duration bond yields rose (prices fell) particularly in the US. The driver for this was markets realising:

- a) that inflation is not beaten yet;
- b) that interest rates will stay higher for longer;
- c) that greater political uncertainty requires a higher yield premium;
- d) that high government debt levels will lead to higher interest charges with greater government bond issuance
- e) that Quantitative Tightening removes a major buyer from the bond markets as central banks let their existing holdings of bonds bought during Quantitative Easing mature and fall off their balance sheet.

But, particularly, in the US, it is the continuing strength of the US consumer and hence the US economy which is concerning markets.

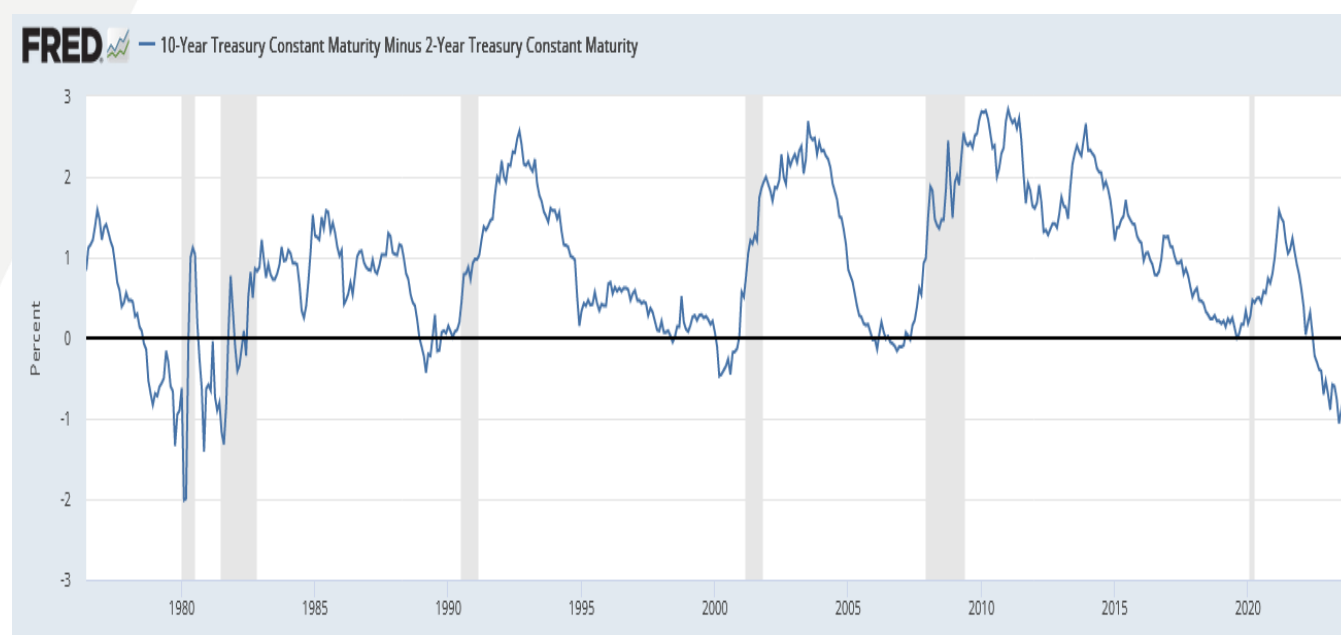
The rise in longer duration bonds meant that we did see a change in the shape of the yield curve over the period and this undermined market sentiment for risk assets towards the end of the quarter leading to a decline in international equity markets over the period.

The situation at the end of the second quarter of 2023 was that both the UK and US had inverted yield curves where short duration bonds were yielding noticeably more than longer duration bonds. This has traditionally been seen as the harbinger of a recession. An inverted yield curve is the market's way of saying that short-term interest rates are peaking because they have risen to an extent that is likely to cause a recession and thereby lead to lower interest rates in the future.

There are two ways a negative yield curve can unwind, either short-term interest rates fall as the economy enters a recession, forcing wages and inflation down and central banks to eventually react to the lower growth profile by cutting interest rates (termed a 'bull flattening' for bond investors) or, for long-term interest rates to rise as markets realise that the economy is not slowing enough to reduce inflation back to target and that rates will therefore either need to rise further or stay higher for longer (a 'bear flattening' for bond investors). Q3 2023 was very much the latter for the US market as the economy has stayed strong despite the sharp rise in interest rates seen over the last 18 months.

The chart below shows the US Treasury 10-year yield minus the 2-year yield. When the line is below zero, 2-year yields are higher than 10-year yields and bond markets are, thereby, predicting a US recession. The shaded areas are actual recessions in the US. As can be seen in the chart, the line only starts to move into positive territory when markets are confident the US economy is about to enter a recession and that interest rate cuts are firmly on the horizon. During the three most recent occasions when this has occurred (1991, 2001 and 2008) the yield curve normalised (long rates higher than short rates) through a fall in interest rates expectations pushing the 2-year bond yield down (bond prices up). As can be seen at the right end of the chart, during Q3 2023, it looks like this line is again reverting to normality with long-term yields moving towards short-term yields but this time it has been driven by a rise in long-term yields. This is not the market predicting an imminent recession and thereby cuts in interest rates, but is driven by the view that inflation is not completely under control in the US and that either interest rates are likely to rise further or stay elevated for longer or both. The market's view during Q3 2023 is that a US recession is not on the horizon.

Chart 1: US yield curve



Source: Federal Reserve Bank of St Louis

This further rise in long-term bond yields, whilst understandable given the strength of the US economy (and the US consumer in particular) acts as a further piece of monetary tightening as it raises the cost of longer term borrowing and does, therefore, increase the likelihood of a recession in 2024.

The US economy has been far stronger than predicted with annualised economic growth hitting 4.9% in Q3 2023, up from 2.1% in Q2, far above expectations at the start of the year. This has been driven mainly by the consumer although there are now signs of some productivity growth. The US consumer is showing remarkable resilience and like Rasputin seems impossible to kill off at present. Nonetheless, recent data does now show the US consumer with a negative savings rate (spending more than they earn) and this cannot continue indefinitely. I think what we are seeing is the effect of using averages for economic data when we increasingly have a bipolar situation with the well off commanding higher pay and supported by resilient equity markets so continuing to spend but the less well off, with less stable employment, struggling to make ends meet however, this element is lost within the data averages.

There now look to be three possible outcomes to the economic situation.

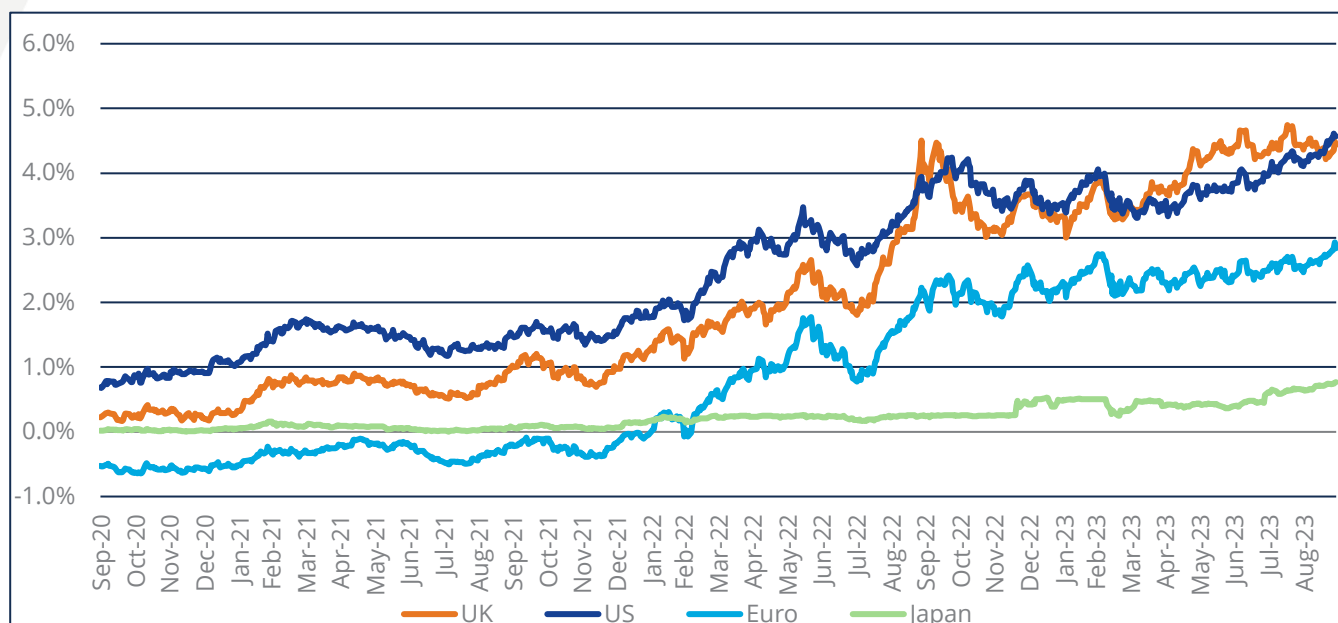
- 1) The US economy now begins to slow as the interest rate rises seen so far take effect. In this scenario the US Federal Reserve (US Fed) hold rates high throughout 2024 only cutting once they are confident inflation will return to the 2% level and stay there.

- 2) Economic growth continues to surprise forcing the US Fed to raise interest rates further. There is then a danger that they are forced into raising rates just as the cumulative effect of the existing interest rate rises hits the economy and forces a sharp slowdown.
- 3) Something breaks. We saw the effect of the rapid interest rate rises on the regional US banking system in spring of 2022 where a small number of banks holding long-term loans were unable to retain their deposit base as interest rates rose. There will still be other asset owners for whom the rapid rise in interest rates has undermined their investment model. The amount of volatility in long dated bonds is unprecedented. It is quite possible that the US Fed's hand could be forced if markets become particularly stressed. This could be either by a buyers' strike forcing the US Fed to raise rates to get their bond issuance away or by a collapse in a specific segment of the market which causes wider collateral damage and forces the US Fed to cut rates to calm markets. Either of these outcomes would be highly destabilising.

Despite the strong GDP growth in the US, it remains my opinion that there will be a US recession during 2024. It will be difficult for the global economy to show much growth in this scenario, particularly with China encountering structural economic change at the same time.

The chart below shows 10-year Government Bond yields. The weakness of the US 10-year bond in particular is noticeable over the last 3 months driven by the strength of the US economy but 10-year Government Bonds have been weak (yields rising, prices falling) across the spectrum of the developed world over the last six months and now sit at decade high yields.

Chart 2: 10-year Government Bond Yields



Source: Bloomberg. Notes: US Govt 10 Year Yield; UK Govt Bonds 10 Year Yield; Euro Govt Bond 10 Year; Japan Govt Bond 10 Year Yield

Outside of the US, in Europe and the UK we are seeing much greater economic weakness and in the UK's case, more stubborn inflation. Interest rates are having a more obvious effect on consumption in these markets and whilst inflation is falling and may continue to do so in the near term, in the UK in particular, it is unlikely to reach the Bank of England (BoE) target of 2% as an element of the inflation appears more structural.

Markets will be cheered by falling inflation but both core inflation (excluding energy and food) and wage inflation are not consistent with a target for CPI of 2% and whilst interest rates may well have peaked, the market may be too optimistic about the pace at which they will fall from here.

Table 1: Inflation

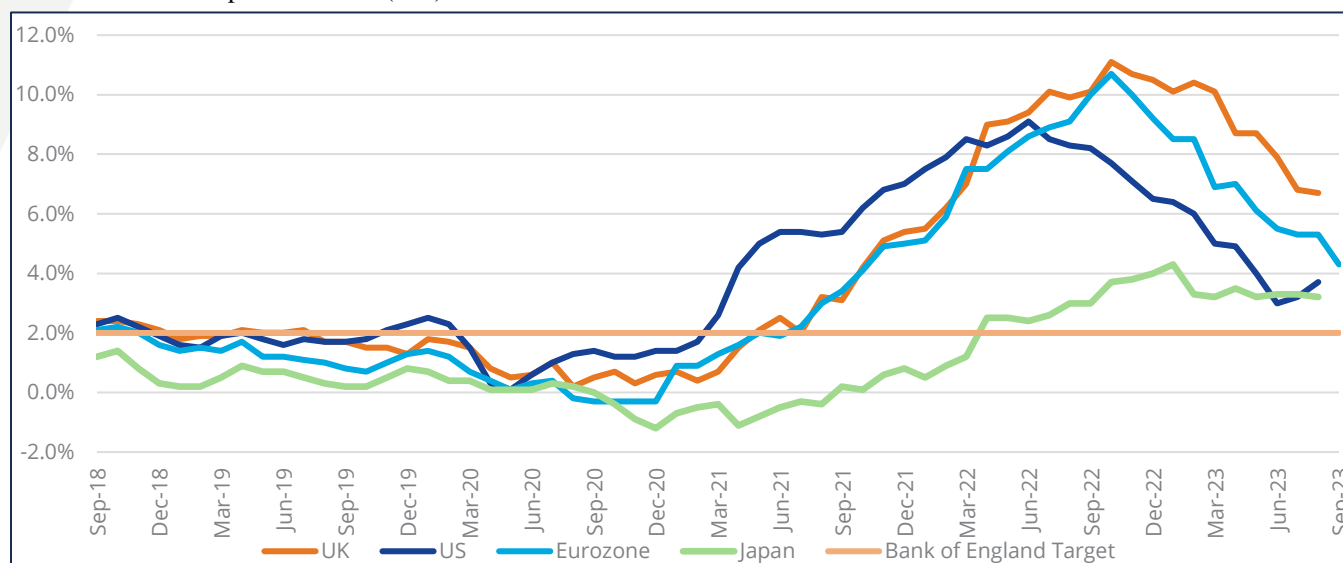
	CPI	Core Inflation	Wage Inflation	Unemployment Rate
US	3.2%	4.1%	4.6%	3.9%
EU	2.9%	5.1%	5.2%	6.0%
UK	4.6%	6.1%	7.9%	4.2%
Japan	3.0%	2.8%	1.2%	2.6%

Source : various

Longer term, it remains my opinion that we are moving into a period of more volatile inflation. The growth rate at which capacity constraints are encountered is lower than was previously thought, this is not helped by an unstable geopolitical situation. The effect of greater volatility in inflation will be felt in interest rates as central banks attempt to fulfil their twin briefs of low inflation and high employment. This is likely to cause shorter business cycles more akin to the 1970's and 1980's than the last two decades.

On a more positive note, long term returns, particularly from bonds, are becoming more attractive and the opportunity to earn a return higher than inflation is again feasible at a level of risk that is potentially acceptable to well-funded LGPS Funds.

Chart 3: Consumer price inflation (CPI)



Source: Bloomberg

Markets

Given the above, my expectation is for interest rates to stay high for the majority of 2024. This continues to make current yields quite attractive, particularly the shorter duration end of the yield curve as short rates are still slightly higher than long rates at present.

In this higher interest rate and slowing economic growth environment I would not expect equities to perform that well, on the one hand they are a partial inflation hedge but when the risks are of a slowing economy and stubborn inflation, the ability to pass costs on to consumers may become constrained.

For Alternatives, it has taken some time to see the effect of interest rate rises on valuations given the illiquid nature of these investments and the opaque nature of pricing but that is now coming through with Infrastructure valuations under some pressure this quarter. I see no rush to increase investments in this area at the current time and remain slightly wary of private equity valuations in particular as the one area where we have yet to see valuations fall but with limited transactions and very little pricing data this gives me little confidence in current valuations. Throughout the last decade an important element of the private

equity business model has been the use of cheap debt to leverage up businesses and this will have become more difficult to engineer over the last year.

Inflation is now falling across much of the developed world and with that we should see interest rates nearing a peak, in the US, EU and UK, although I believe any interest rate cuts are unlikely till late 2024 unless economies are much weaker than expected. Because of this, short duration bonds now look attractive with UK Corporate Investment Grade Bond funds with a duration of 2 years or less yielding close to 7%. Because the duration is short these bonds can be held to maturity giving little risk in exchange for a 7% yield. Obviously, such high yield is above the future investment return required by the actuary and is above the return I would expect from other asset classes over the next couple of years. Unfortunately, Brunel does not have an investment offering in this space. I am not yet convinced that inflation is truly under control enough for me to recommend investing into longer duration bonds which is where the Brunel bond offering is.

Table 2: The Fund's current asset allocation against the Strategic Benchmark

Asset class	Asset Allocation as at 31/3/23	Strategic Asset Allocation	Position against the SAA	Deviation in cash terms
Equities	54.3%	51%	+3.3%	-£40m
Fixed Interest	13.6%	16%	-2.4%	-£12m
Property	7.5%	8%	-0.5%	+£44m
Diversified Growth	2.1%	0%	+2.1%	
Secure Income	3.8%	5%	-1.2%	-£246m
Alternatives	17.1%	20%	-2.9%	+£308m
Cash	1.4%	0%	+1.4%	-£56m

Figures do not add up due to rounding. These figures are taken from the State Street report.

Points for Consideration

- 1) **UK Equity Mandate (Brunel):** The Fund is currently invested in UK Equities via an actively managed mandate through Brunel. This mandate is benchmarked against the FT All-Share ex Investment Trusts Index which includes all companies quoted on the UK's main market. The largest companies quoted in the UK are focused around the Oil, Banking and Mining industries with very little exposure to technology companies. This bias means a UK portfolio selected from stocks within the FT All-Share is likely to have some focus on cyclical industries and have relatively high carbon emissions.

Given the Fund's UK base there is some benefit in holding UK assets but better performance over the long-term with a lower carbon impact is likely to be found in the smaller companies' space and, as such, it would make sense to switch this mandate to the FT 250 or FT Smaller Companies Index. This is highly likely to require a change in managers but, in my opinion, is likely to increase the probability of the portfolio outperforming the benchmark over time.

Brunel continue to research changing the specification for this mandate. If the mandate is changed it will take time for new managers to be selected and the mandate to be operational.

- 2) **Sustainable Equities (Brunel):** This portfolio continues to perform poorly has returned -5.6% per annum behind its benchmark over 3-years. This level of underperformance is large given the level of risk taken within the portfolio. The portfolio aims to invest in stocks which make a positive impact on the climate transition. It is true that the timing of the inception of this portfolio in September 2020 was just as Covid and then the Russian invasion of Ukraine

occurred and this led to the sharp rise in interest rates and the strong performance of energy stocks. It has also meant that the portfolio was built when capital was cheap and freely available and so companies which were growing quickly but not very profitable could get finance based on future profitability. That has now changed, capital is no longer cheap and companies need to show profitability and certainty of cash flows to gain access to debt markets which will have altered the business model of some of the investments made in this portfolio. However, even with accepting the above, I suspect that the manager, having been given a very specific brief for this mandate has less of a focus on valuations than on sustainability criteria and business model. Given the scale of the underperformance and the importance of this portfolio to the Fund (16.2% of investments) it would seem reasonable to challenge Brunel on this portfolio and ask for an updated review of the manager.

- 3) **Alternative Investments:** The Fund has the opportunity to reallocate to the Alternative investment space with Brunel opening a further window to commit new allocations in April 2024 (cycle 4). In order to review allocations and whether the target weightings in the Fund's Strategic Asset Allocation are being met, it would be useful to review the expected cash distributions from existing holdings and conduct a cash flow analysis of where the Fund is currently and how this will develop into the future. I would expect Brunel to be able to provide the necessary data to conduct this review.

As part of the decision on whether to commit to cycle 4 of investments into Alternatives, it would be useful to hear Brunel's view on current valuations in the space. I believe that, due to their illiquid nature, some elements of the Alternative space have yet to fully reflect the effect of rising interest rates and bond yields in the valuation of their funds. I would not be surprised to see some weakness in values in the Private Equity space in particular over the next couple of years. The question is whether allocating capital now will allow managers to deploy that capital as prices fall back over the next few years or whether the managers will use any new capital to support existing investments which are struggling with high levels of leverage and the need to refinance their borrowings at today's higher rates?

Market Summary

- Inflation has broadly continued to fall throughout Q3 and whilst the US Fed, European Central Bank (ECB) and BoE all raised interest rates during the quarter, the rate of increase has slowed. With inflation decreasing across the board (with the exception of a slight rebound in the US) it is likely that rates will not increase much further. However, the slow pace of the decline in core inflation, as well as an uptick in the US over the quarter and the risk of renewed energy supply shortages as winter approaches, suggest that rates are likely to remain high for a longer period than previously thought: 10-Year UK rates rose very slightly over Q3 to 4.5%, but US 10-Year rates have risen nearly 1% to 4.6%. Labour markets remain robust, especially in the US (unemployment at 3.8% and job openings up 5.8% Year-on-Year in August) and GDP growth remains slow but largely positive.
- Q3 showed a reversal in the first half trend for equities. Global equities (MSCI World) fell -3.4% in local currency terms over the quarter, with Value (-2.5%) proving more resilient than Growth (-5.1%) as a style. Japanese and UK equities were notable exceptions to the downward trend, with Japanese equities returning 2.5% (TOPIX Index) in local currency and UK equities returning 1.8%. Performance in Japanese equities as a whole was largely down to the weakening yen which fell further against the US Dollar, however, large growth stocks were negatively affected by the rising interest rates and yields resulting in a -3.4% performance in the Nikkei 225 Total return. UK equities, due to their energy tilt, benefitted from the rising oil prices caused by Russia and Saudi Arabia's extension of voluntary output cuts. US equities fell (-3.3%) as expectations of near term cuts in rates were disappointed. Bonds continued to face headwinds caused by rising interest rates, with all government bonds performing negatively over the quarter and long dated index-linked down over 10%. Investment grade performed better and spreads over government bond yields remained stable over Q3: European Investment grade indices rose marginally, while the US index fell -3.4%. Tightening spreads and higher carry (coupon) allowed high yield to outperform credit. Interest rate-sensitive alternatives (e.g. Real Estate, Infrastructure) also showed a modest decline.

It is worth highlighting the following themes, impacting investment markets:

- **Core inflation proving sticky, so interest rates may stay higher for longer.** Inflation fell across the board this quarter (barring the US) with UK annual CPI falling to 6.7% in August, compared to 3.7% for the US and 4.3% for the Eurozone in September (UK data for September is not yet available). Core inflation (excluding energy and food prices) has also been falling, but much more slowly. US and Eurozone core inflation are both above headline inflation at 4.1% and 4.5% respectively. This all suggests the high inflation / high

rates environment may last for rather longer than previously thought. This was reinforced by the US Fed which revised median expected rates for 2024 and 2025 up by 0.5%.

- **The US Dollar – tension between reserve currency status and ratings downgrade might cause increased FX volatility.** The US Dollar Index (DXY) steadily increased throughout the first 10 months of 2022 (by around 17.5%) on strong economic data and ongoing geopolitical uncertainty. The net result of this is that the US Dollar is the strongest it has been (barring the 2022 peak) since the early 2000s. At the same time, Fitch became the second major ratings agency to downgrade US Treasuries from an AAA to an AA+ over concerns around the extent of the US government debt and deficit as well as political brinkmanship in the debt limiting process. Whilst the move from AAA to AA+ is unlikely to have major impacts in the short-term, it increases the risk of changes in sentiment toward the USD, causing significant volatility.
- **China's weak Covid recovery and ongoing property crisis remove a key engine of global growth.** Low consumption spending and industrial activity as well as the struggling real estate sector are likely to lead to weak Chinese growth. The composite PMI remains above 50 but is decreasing, with the largest fall seen in services. The property market accounts for a quarter of all Chinese economic activity with real estate employing millions and providing the bulk of most people's savings. As the property prices drop, many people's savings have reduced significantly and so spending has decreased. Local governments rely on land sales to developers, which have dropped and local governments are having to cut back on services as a result. Trust companies that invest heavily in development loans are now seeing significant losses too. In short, the size and heavily debt-funded nature of the Chinese housing economy has caused it to spill over significantly into the rest of the economy. This has led Chinese growth to dip below US growth, after having been a leader of global growth since the Global Financial Crisis of 2008/9.
- Global equities fell in Q3, following the rally in the first half of the year. The VIX increased over the quarter from 14 to 18, back towards its 2022 level. The sell-off of global bonds has increased yields and put pressure on risk assets.
 - In the US, the S&P 500 fell by -3.3% and the NASDAQ composite also fell by -4%. Optimism over the end of policy tightening proved premature as inflation actually rebounded slightly this quarter and the US Fed indicated median rates would remain higher than expected through 2024.
 - UK equities increased by 1.8%, outperforming global equities. Inflation fell noticeably from 8.7% in May to 6.7% in August. This is the second quarter of significant falls from the highs of around 11% experienced in 2022. Therefore, after the August hike to 5.25%, the BoE kept the rate unchanged during September. The rising oil price contributed strongly to outperformance given the UK's energy tilt.
 - The Euro Stoxx 50 fell by -4.8% in Q3. Inflation continued to move downwards, aided by the ECB's double hike during the quarter. The ECB began to loosen its hawkish rhetoric as a result. The composite Purchasing Managers Index (PMI) has remained in marginal territory at 48.7 (below 50 equating to an economic contraction).
 - Japanese equities continued their strong run in Q3 (TOPIX returned 2.5%), but large growth companies underperformed, hence the Nikkei returned -3.4%. A weakening Yen has boosted exporters, as the BoJ maintains very accommodative monetary policy with core inflation remaining at 2.7%. The Yen fell a further -3.4% against the USD over the quarter. The extent of its weakening is beginning to cause some concern.
 - Emerging market equities fell by -2.9% as concerns over a more extended period of high US interest rates reduced risk appetites. Political uncertainty in Poland and falling Lithium prices in Chile contributed to the negative performance, but the underwhelming Chinese recovery and resurfacing issues with its housing sector were more significant contributors. Turkey notably outperformed following two rate rises, indicative of a more orthodox policy by the Central Bank.
- Medium and longer term bond yields rose over the quarter, as a result of predictions of more persistent high rates. This resulted in negative performance across the main government bond markets. The inversion of the US yield curve, as measured by the 10-year minus 2-year yields, reduced, ending the quarter at around -50bps, as mid and long term yields rose more than shorter bond yields. August saw Fitch downgrade the US's rating from AAA to AA+ leaving Moody's as the only major rating agency keeping US treasury debt at AAA. Fitch cited the increasing debt and deficit as well as 'erosion of governance' and political partisanship in the debt limiting process. In corporate bonds, high-yield credit outperformed as credit spreads tightened over the quarter.
 - The US 10-year Treasury yield rose in Q3, ending at 4.57% from 3.81%, while the 2-year yield rose from 4.90% to 5.05%. US Fed policy rates rose by 25 basis points to 5.25-5.50% in July.
 - The UK 10-year Gilt yield rose from 4.39% to 4.44% while 2-year yields fell from 5.25% to 4.90% due to an increase in demand in shorter-dated Gilts. BoE policy rates rose from 5% to 5.25% in August.

- European government bonds fell in Q3 as yields rose. Yields rose more in the medium to long-term. German-Italian bond spreads widened as Italian bonds matured and were sold out, Italy's debt continues to grow a considerable amount and the Pandemic Emergency Purchase Program (PEPP) buyback scheme stopped buying new bonds.
- US high-yield bonds outperformed investment grade, returning +2.2% and -3.4% respectively. European high-yield bonds returned +3.8%, outperforming the +0.7% for European investment grade and -1.0% for UK investment grade.
- Energy prices rose during Q3, as gas prices continued to rebound this quarter, although still sharply down from the pre-winter figures. Oil prices were also a major driver as Russia and Saudi Arabias, extended their voluntary output cuts.
 - US gas prices rose 32% in Q3. Prices remain low compared to their 2021/ 2022 peaks.
 - Brent crude oil rose 19.5% over Q3, to \$95 per barrel. OPEC production cuts last quarter have now fed through into the price. The US started restocking its Strategic Petroleum Reserve, but slowly. However, it has as little as half of its pre-2022 inventory.
 - Gold and Copper fell -6.1% and -8.7% respectively over Q3. Precious metals prices generally fell, while industrial metals went up. Copper is a notable exception partly due to strong links to the Chinese markets. Gold fell given the high yields available on cash alternatives. Gold and Copper closed Q2 at 1,848 USD/toz and 374 USD/lb, respectively.
- Global listed property continued to decline, with the FTSE EPRA Nareit Global Index falling -3.9% in Q3.
 - The Nationwide House Price Index in the UK has declined after its increase last quarter, with the price index down -4.7% for the quarter, but up +4.5% for the last 12 months.
 - European commercial property has also continued to decline in the face of higher interest rates, with the Green Street Commercial Property Price Index down by -1.4% this quarter and -11% over the past 12 months.
- In currencies, the US Dollar strengthened generally throughout the quarter (DXY +3.6%), strengthening against Sterling, the Euro and the Japanese Yen. UK inflation is now in its second quarter of significant decrease. Bitcoin and Ethereum saw strong losses as the US increased regulation, although Ethereum's proof of stake concept has worked well so far since its introduction.

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Oxfordshire Pension Fund Performance Report

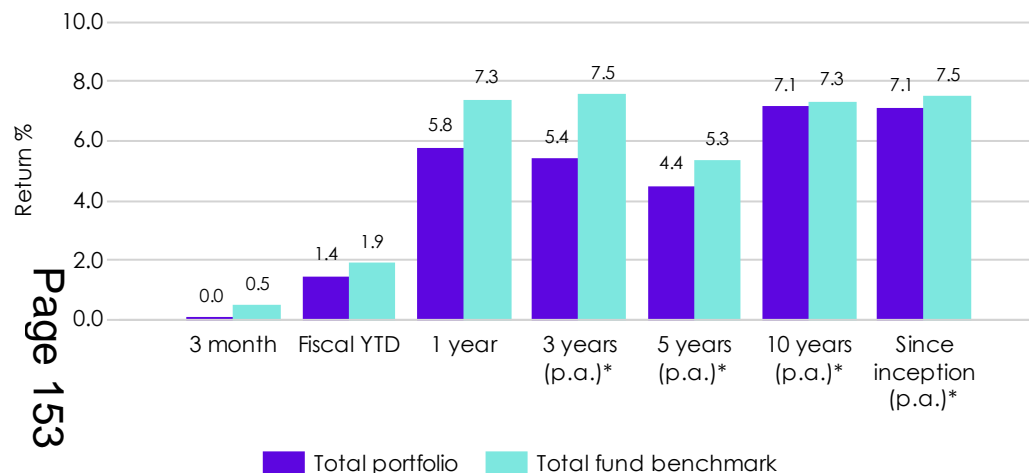
Quarter ending 30 September 2023

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Pension Fund performance

Performance (annualised)



Source: State Street Global Services
*per annum. Net of all fees.

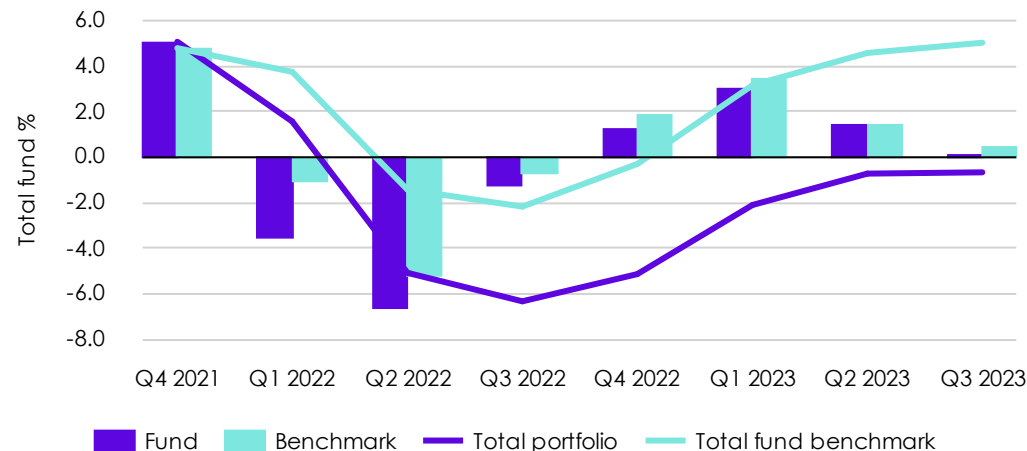
Key events

Quarter 3 saw a decided change in tone and outlook. Although interest rates are no longer rising rapidly, the expectation is that they will now remain at higher levels for longer. This weighed on both global equity and bond markets. The dollar was strong and energy prices pushed higher. Sterling continued to languish.

The total portfolio was flat during the quarter, whilst the benchmark increased by 0.5%. Over one year, the portfolio increased 5.8% against a 7.3% rise in the benchmark.

Brunel's portfolios were mixed during the quarter, with a number rising in absolute terms, whilst others fell. Unhedged portfolios tended to benefit from weaker Sterling. Multi-Asset Credit and Sterling Corporate Bonds both increased in value over the quarter, whilst Global High Alpha Equities fell slightly, underperforming its benchmark by 1.2%.

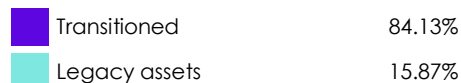
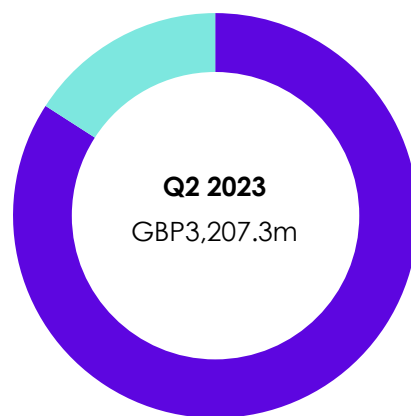
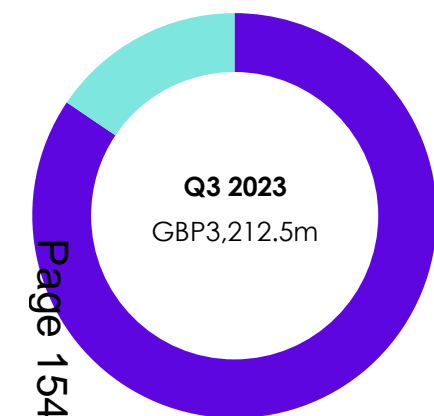
Quarterly performance



Source: State Street Global Services. Net of all fees.

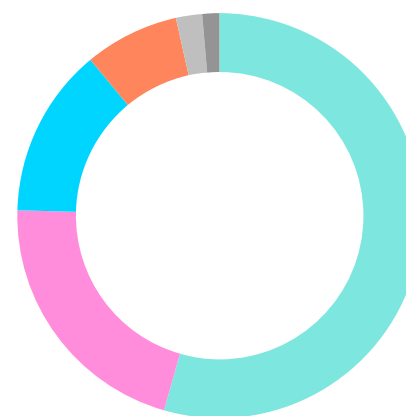
Asset summary

Assets transitioned to Brunel



Source: State Street Global Services. Net of all fees.

Asset allocation breakdown



Key:

Equities	54.43%
Private markets	20.99%
Fixed income	13.56%
Property	7.55%
Other	2.08%
Cash	1.38%

Source: State Street Global Services. Net of all fees.
Data includes legacy assets

Overview of assets

Detailed asset allocation

Equities	£1,748.64m	54.43%
PAB Passive Global Equities	£547.22m	17.03%
Global Sustainable Equities	£521.70m	16.24%
Global High Alpha Equities	£347.45m	10.82%
UK Active Equities	£332.17m	10.34%
Legacy Assets	£0.10m	0.00%

Fixed income	£435.66m	13.56%
Multi-Asset Credit	£139.61m	4.35%
Passive Index Linked Gilts over 5 years	£121.86m	3.79%
Sterling Corporate Bonds	£95.13m	2.96%
Legacy Assets	£79.06m	2.46%

Private markets (incl. property)	£916.80m	28.54%
UK Property	£160.55m	5.00%
Private Equity Cycle 1	£91.87m	2.86%
International Property	£58.20m	1.81%
Secured Income Cycle 1	£55.25m	1.72%
Infrastructure Cycle 1	£45.16m	1.41%
Private Debt Cycle 2	£44.08m	1.37%
Secured Income Cycle 2	£36.33m	1.13%
Private Equity Cycle 2	£34.59m	1.08%
Secured Income Cycle 3	£33.25m	1.04%
Infrastructure (General) Cycle 2	£15.51m	0.48%
Private Debt Cycle 3	£14.02m	0.44%
Infrastructure (Renewables) Cycle 2	£10.01m	0.31%
Infrastructure Cycle 3	£8.51m	0.26%
Legacy Assets	£309.48m	9.63%

Other	£66.88m	2.08%
Legacy Assets	£66.88m	2.08%

Cash not included

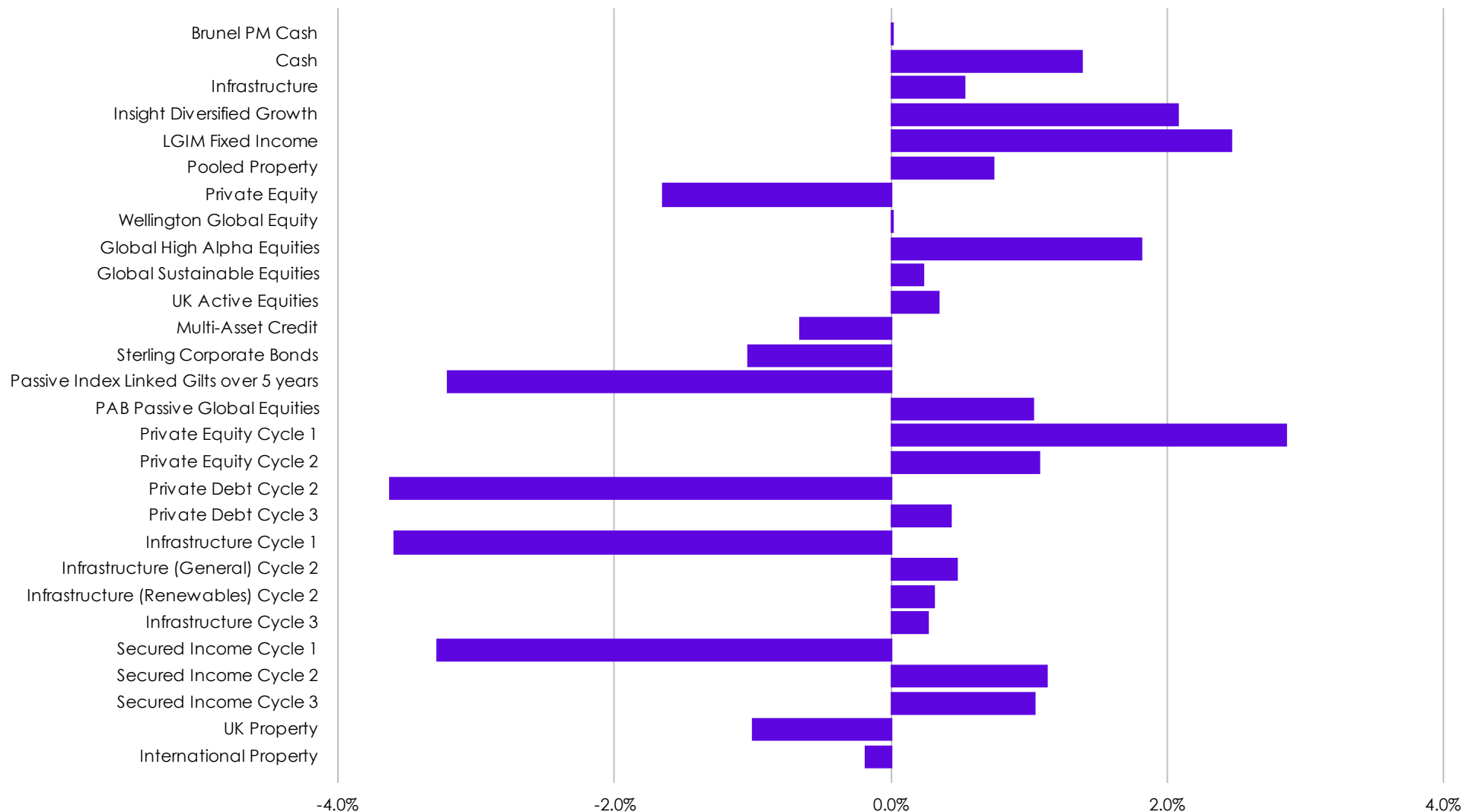
Overview of assets

Top 10 Equity Holdings at Pension Fund

ISIN	Security Name	Sector	Sub-sector	Country	Market Value (£)	% of Pension fund	ESG Score
US5949181045	MICROSOFT CORP	Information Technology	Systems Software	UNITED STATES	65,643,455.57	2.04%	15.06
US0231351067	AMAZON.COM INC	Consumer Discretionary	Broadline Retail	UNITED STATES	47,672,164.54	1.48%	30.61
US88160R1014	TESLA INC	Consumer Discretionary	Automobile Manufacturers	UNITED STATES	38,490,377.84	1.20%	25.23
US0378331005	APPLE INC	Information Technology	Technology Hardware	UNITED STATES	34,523,752.75	1.07%	17.22
US02079K3059	ALPHABET INC-CL A	Communication Services	Interactive Media &	UNITED STATES	33,262,641.07	1.04%	24.04
US07636Q1040	MASTERCARD INC - A	Financials	Transaction & Payment	UNITED STATES	28,540,378.75	0.89%	17.07
DK0062498333	NOVO NORDISK A/S-B	Health Care	Pharmaceuticals	DENMARK	27,097,418.73	0.84%	23.06
GB0009895292	ASTRAZENECA PLC	Health Care	Pharmaceuticals	UNITED KINGDOM	22,206,517.16	0.69%	21.81
GB00B10RZP78	UNILEVER PLC	Consumer Staples	Personal Care Products	UNITED KINGDOM	20,744,239.62	0.65%	24.57
US91324P1021	UNITEDHEALTH GROUP INC	Health Care	Managed Health Care	UNITED STATES	20,316,363.79	0.63%	15.30

Table excludes cash and legacy assets. This is an estimated aggregate position using Brunel Portfolios.

Strategic asset allocation



Performance attribution

Pension fund performance attribution - to quarter end

	End market value £'000	Actual % allocation at end of quarter	Strategic asset allocation (%)	Difference (%)	Fund return (%): 3 months	Contribution to return: 3 month
Brunel PM Cash	599	0.0%	-	0.0%	16.1%	0.0%
Cash	44,437	1.4%	-	1.4%	1.7%	0.0%
Infrastructure	17,023	0.5%	-	0.5%	-0.5%	-0.0%
Insight Diversified Growth	66,883	2.1%	-	2.1%	-1.2%	-0.0%
LGM Fixed Income	79,058	2.5%	-	2.5%	-1.4%	-0.0%
Pooled Property	23,725	0.7%	-	0.7%	0.5%	0.0%
Private Equity	268,127	8.3%	10.00%	-1.7%	3.9%	0.3%
Wellington Global Equity	102	0.0%	-	0.0%	1.1%	0.0%
Global High Alpha Equities	347,446	10.8%	9.00%	1.8%	-0.6%	-0.1%
Global Sustainable Equities	521,696	16.2%	16.00%	0.2%	-4.2%	-0.7%
UK Active Equities	332,171	10.3%	10.00%	0.3%	2.4%	0.3%
Multi-Asset Credit	139,614	4.3%	5.00%	-0.7%	1.9%	0.1%
Sterling Corporate Bonds	95,128	3.0%	4.00%	-1.0%	2.4%	0.1%
Passive Index Linked Gilts over 5 years	121,862	3.8%	7.00%	-3.2%	-6.3%	-0.3%
PAB Passive Global Equities	547,224	17.0%	16.00%	1.0%	0.2%	0.0%
Private Equity Cycle 1	91,867	2.9%	-	2.9%	N/M	N/M

Performance attribution

Pension fund performance attribution - to quarter end

	End market value £'000	Actual % allocation at end of quarter	Strategic asset allocation (%)	Difference (%)	Fund return (%): 3 months	Contribution to return: 3 month
Private Equity Cycle 2	34,594	1.1%	-	1.1%	N/M	N/M
Private Debt Cycle 2	44,078	1.4%	5.00%	-3.6%	N/M	N/M
Private Debt Cycle 3	14,025	0.4%	-	0.4%	N/M	N/M
Infrastructure Cycle 1	45,159	1.4%	5.00%	-3.6%	N/M	N/M
Infrastructure (General) Cycle 2	15,512	0.5%	-	0.5%	N/M	N/M
Infrastructure (Renewables) Cycle 2	10,006	0.3%	-	0.3%	N/M	N/M
Infrastructure Cycle 3	8,508	0.3%	-	0.3%	N/M	N/M
Secured Income Cycle 1	55,245	1.7%	5.00%	-3.3%	N/M	N/M
Secured Income Cycle 2	36,332	1.1%	-	1.1%	N/M	N/M
Secured Income Cycle 3	33,254	1.0%	-	1.0%	N/M	N/M
UK Property	160,548	5.0%	6.00%	-1.0%	N/M	N/M
International Property	58,199	1.8%	2.00%	-0.2%	N/M	N/M

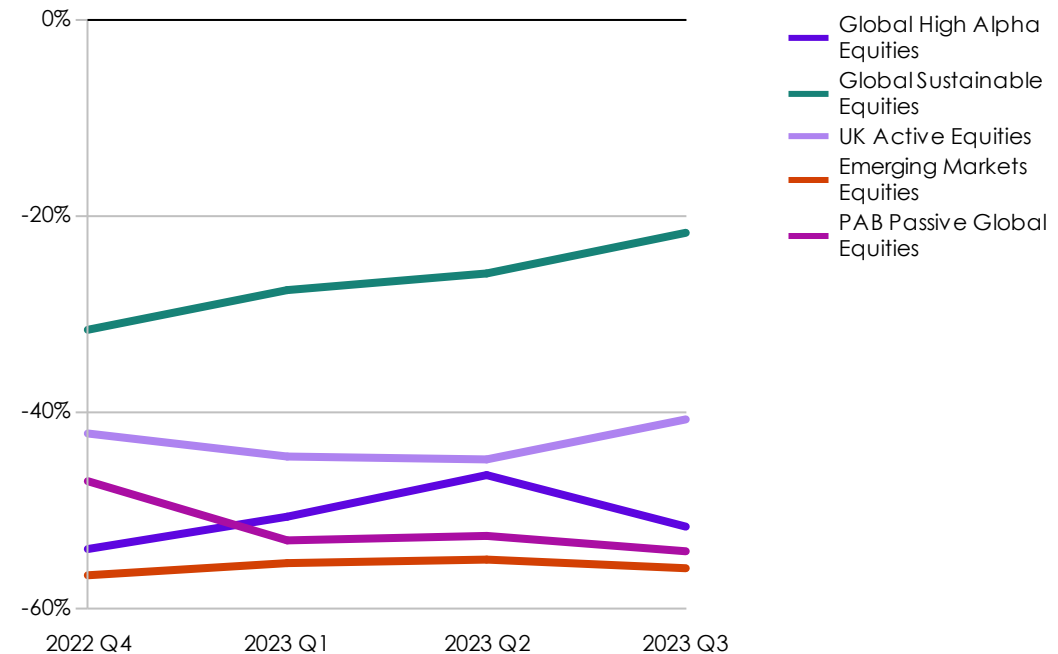
Private Markets 3 month performance is not material.

Stewardship and climate metrics

Portfolio	WACI		Total Extractive Exposure ¹		Extractive Industries (VOH) ²	
	2023 Q2	2023 Q3	2023 Q2	2023 Q3	2023 Q2	2023 Q3
Global High Alpha Equities	84	79	1.2	1.4	2.9	2.9
MSCI World*	157	163	3.1	3.8	8.4	9.2
Global Sustainable Equities	138	149	1.6	1.9	5.0	5.2
MSCI ACWI*	186	191	3.1	3.8	8.3	9.2
UK Active Equities	85	76	5.6	5.3	10.4	11.3
FTSE All Share ex Inv Tr*	153	129	6.2	6.1	18.8	20.2
Emerging Markets Equities	196	189	0.8	1.4	4.1	3.8
MSCI Emerging Markets*	437	429	3.2	3.4	8.1	8.5
PAB Passive Global Equities	76	76	0.6	0.7	3.2	3.4
FTSE Dev World TR UKPD*	160	167	3.0	3.7	8.6	9.5

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

Weighted Average Carbon Intensity relative to benchmark



Stewardship reporting links

Engagement records

www.brunelpensionpartnership.org/stewardship/engagement-records/

Holdings records

www.brunelpensionpartnership.org/stewardship/holdings-records/

Voting records

www.brunelpensionpartnership.org/stewardship/voting-records/

Risk and return summary

Brunel portfolio performance - 3 year

	Annualised return	Risk (standard deviation)	Benchmark return	Benchmark standard deviation
Global High Alpha Equities	8.3%	13.7%	10.7%	12.4%
Global Sustainable Equities	3.9%	14.7%	9.5%	11.7%
UK Active Equities	9.6%	13.2%	12.5%	13.0%
Private Equity Cycle 1	20.6%	12.8%	9.5%	11.7%
Infrastructure Cycle 1	6.5%	4.2%	6.6%	2.1%
Secured Income Cycle 1	-0.3%	5.3%	6.6%	2.1%
UK Property	3.4%	7.1%	2.1%	10.4%
International Property	1.0%	10.2%	5.8%	13.7%

Since portfolio inception

Risk and return summary

Legacy manager performance - 3 year

	Annualised return	Risk (standard deviation)	Benchmark return	Benchmark standard deviation
Brunel PM Cash	80.9%	75.1%	0.0%	0.0%
Cash	8.0%	4.7%	1.6%	0.5%
Infrastructure	11.3%	13.5%	9.7%	2.2%
Insight Diversified Growth	1.4%	5.7%	5.9%	0.6%
LGM Fixed Income	-9.1%	10.0%	-9.8%	9.6%
Pooled Property	6.7%	13.5%	3.2%	11.1%
Private Equity	20.5%	11.3%	17.5%	13.8%
Wellington Global Equity	-9.2%	13.3%	9.5%	11.7%
Oxfordshire County Council	5.4%	8.5%	7.5%	8.0%

Portfolio overview

Portfolio	Benchmark	Outperformance target	AUM (GBPm)	Perf. 3 month	Excess 3 month	Perf. 1 year	Excess 1 year	Perf. 3 year	Excess 3 year	Perf. SII*	Excess SII*	Initial investment
Equities (54.43%)			1,748.54									
Global High Alpha Equities	MSCI World	+2-3%	347.45	-0.6%	-1.2%	13.6%	1.5%	8.3%	-2.4%	11.3%	1.5%	15 Nov 2019
Global Sustainable Equities	MSCI ACWI	+2%	521.70	-4.2%	-4.9%	3.6%	-7.4%	3.9%	-5.6%	3.9%	-5.5%	30 Sep 2020
UK Active Equities	FTSE All Share ex Inv Tr	+2%	332.17	2.4%	0.3%	14.4%	-0.4%	9.6%	-2.9%	4.3%	-1.2%	21 Nov 2018
PAB Passive Global Equities	FTSE Dev World PAB	Match	547.22	0.2%	-	14.9%	-0.1%	-	-	3.2%	-0.1%	29 Oct 2021
Fixed income (11.10%)			356.60									
Multi Asset Credit	SONIA +4%	0% to +1.0%	139.61	1.9%	-0.3%	10.6%	2.4%	-	-	-0.5%	-6.7%	01 Jun 2021
Sterling Corporate Bonds	iBoxx Sterling Non Gilt x	+1%	95.13	2.4%	0.1%	8.8%	1.8%	-	-	-7.7%	0.5%	02 Jul 2021
Passive Index Linked Gilts over 5 years	FTSE-A UK ILG >5Y	Match	121.86	-6.3%	0.1%	-15.9%	0.3%	-	-	-19.9%	0.1%	09 Jun 2021
Private markets (incl. property) (18.91%)			607.33									
Private Equity Cycle 1	MSCI ACWI	+3%	91.87	N/M	N/M	-0.7%	-11.7%	19.6%	10.1%	17.9%	7.6%	26 Mar 2019
Private Equity Cycle 2	MSCI ACWI	+3%	34.59	N/M	N/M	-2.0%	-13.0%	-	-	8.4%	1.3%	05 Jan 2021
Private Debt Cycle 2	SONIA	+4%	44.08	N/M	N/M	11.0%	2.9%	-	-	13.8%	7.3%	17 Sep 2021
Private Debt Cycle 3	SONIA	+4%	14.02	N/M	N/M	-	-	-	-	9.1%	2.5%	20 Dec 2022
Infrastructure Cycle 1	CPI	+4%	45.16	N/M	N/M	4.2%	-2.4%	8.0%	1.5%	8.4%	3.9%	02 Jan 2019
Infrastructure (General) Cycle 2	CPI	+4%	15.51	N/M	N/M	9.3%	2.7%	-	-	6.7%	-	19 Oct 2020

Portfolio overview

Portfolio	Benchmark	Outperformance target	AUM (GBPm)	Perf. 3 month	Excess 3 month	Perf. 1 year	Excess 1 year	Perf. 3 year	Excess 3 year	Perf. SII*	Excess SII*	Initial investment
Private markets (incl. property) (18.91%)			607.33									
Infrastructure (Renewables) Cycle 2	CPI	+4%	10.01	N/M	N/M	7.4%	0.8%	-	-	8.8%	2.2%	12 Oct 2020
Infrastructure Cycle 3	n/a - absolute return target	net 8% IRR	8.51	N/M	N/M	-	-	-	-	-7.3%	-14.0%	13 Oct 2022
Secured Income Cycle 1	CPI	+2%	55.25	N/M	N/M	-13.5%	-20.1%	-1.4%	-8.0%	-1.3%	-5.9%	15 Jan 2019
Secured Income Cycle 2	CPI	+2%	36.33	N/M	N/M	-10.6%	-17.2%	-	-	-1.3%	-8.9%	01 Mar 2021
Secured Income Cycle 3	CPI	+2%	33.25	N/M	N/M	-	-	-	-	-	-0.5%	01 Jun 2023
UK Property	MSCI/AREF UK	+0.5%	160.55	N/M	N/M	-12.6%	1.2%	2.9%	0.8%	2.9%	1.0%	01 Jul 2020
International Property**	GREFI	+0.5%	58.20	N/M	N/M	-11.4%	-3.7%	-	-	-1.1%	-	01 Jul 2020
Total Brunel assets (excl. cash) (84.44%)			2,712.47									

*Since initial investment

**Performance data shown up to 30 June 2023

Private Markets 3 month performance is not material.

Portfolio overview

Legacy assets

Portfolio	AUM (GBPm)	Perf. 3 month	Excess 3 month	Perf. 1 year	Excess 1 year	Perf. 3 year	Excess 3 year	Perf. SII*	Excess SII*	Initial investment
Equities (0.00%)		0.10								
Wellington Global Equity	0.10	1.1%	0.4%	-25.5%	-36.6%	-9.2%	-18.6%	6.1%	-5.4%	01 Oct 2012
Fixed income (2.46%)		79.06								
LGI Fixed Income	79.06	-1.4%	-0.1%	-2.5%	1.4%	-9.1%	0.7%	4.1%	0.4%	01 Oct 2003
Private markets (incl. property) (9.63%)		309.47								
Infrastructure	17.02	-0.5%	-1.9%	0.8%	-10.1%	11.3%	1.5%	8.3%	1.2%	01 Oct 2017
Private Equity	268.13	3.9%	3.1%	14.2%	3.2%	20.5%	3.0%	12.4%	5.6%	01 Apr 2005
Pooled Property	23.73	0.5%	1.0%	-13.7%	0.7%	6.7%	3.5%	7.9%	1.8%	01 Jan 2010
Brunel PM Cash	0.60	16.1%	16.1%	48.9%	48.9%	80.9%	80.9%	44.1%	44.1%	14 Dec 2018
Other (3.47%)		111.32								
Cash	44.44	1.7%	0.5%	18.1%	14.1%	8.0%	6.4%	2.7%	1.1%	01 Apr 2005
Insight Diversified Growth	66.88	-1.2%	-3.6%	2.1%	-6.5%	1.4%	-4.5%	1.9%	-2.7%	01 Jan 2015
Total legacy assets (excl. cash) (15.56%)		499.96								

*Since initial investment

Chief Investment Officer commentary

Quarter three saw a decided change in tone and outlook. At the margin, as you can see on the chart below, this was enough to drive both global equities and global bonds lower. The only respite for UK investors was the weakness of the pound, which meant any unhedged global exposure benefited from a much in demand US dollar which pushed the greenback higher. Commodities and energy prices in particular enjoyed a buoyant quarter, with Brent crude oil up over 25%. This was predominantly driven by production cuts in Saudi Arabia and Russia limiting short-term supply, and doing so when the global economy is still more resilient than expected to interest rate rises introduced by central banks around the world. This was a significant headwind for our active equity franchise.

Emerging markets did not escape the general equity market malaise, but it was the weakness in the Chinese stock market in particular that dragged the broader benchmark down, as resurgent concerns around Chinese property companies – and their ability to repay debt – set a negative tone.

Whilst inflation over the period moderated, the continued resilience of the US economy led market participants and, indeed, Federal Reserve members to lower their conviction that the hitherto expected rate cuts of 2024 would materialise. This change in opinion seems eminently rational as it appeared incongruous that the Federal Reserve could engineer a soft landing, avoid a recession, and yet still see the need for rates to be cut. This change in heart was most obviously seen in what is called the “dot plot”, which maps out the interest rate forecasts of individual Federal Reserve members. This means that the prevailing wisdom of the markets today is that rates will be higher for longer and it was this opinion, along with concerns about an increasing supply-demand imbalance, that drove bond yields up (prices down), particularly at the long end. The exception to this global trend was in the UK, where the government bond market – which had previously been hit the hardest – showed signs of relative stability.

A secondary but much more muted consequence of this repricing of interest rate expectations was that Growth stocks underperformed Value stocks. The performance of the so-called ‘Magnificent Seven’ stocks was also much more moderate. Their performance was mixed in aggregate, and collectively they marginally underperformed the broader benchmark.

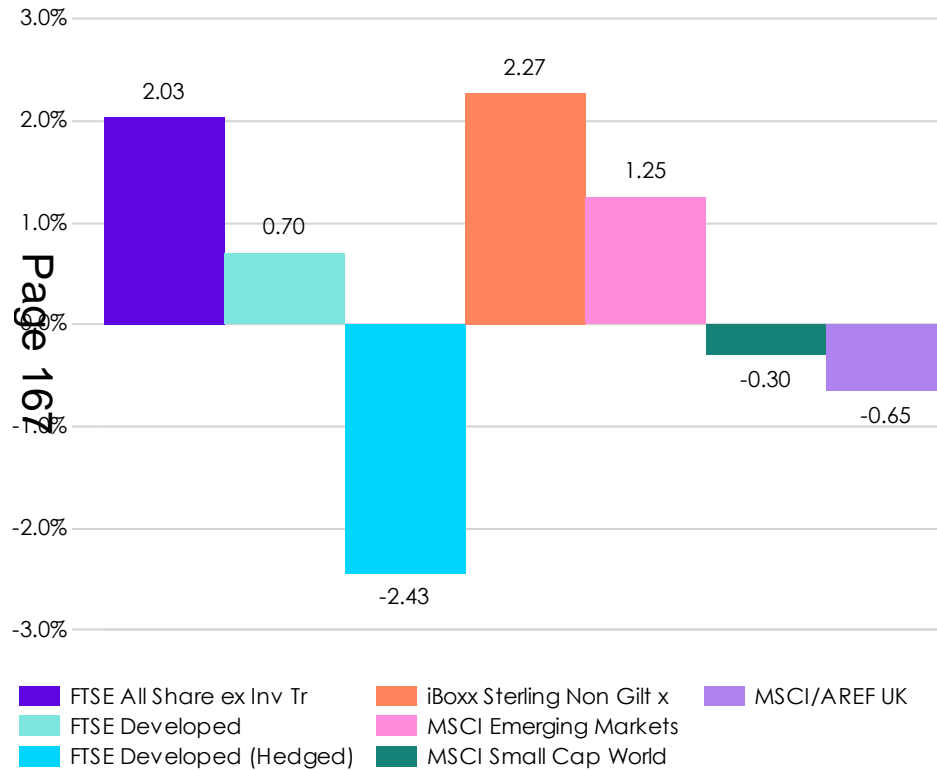
There has also been a creeping but marked change in view around the efficacy of previous episodes of quantitative easing, with market participants, academics and policy makers beginning to view the scale of quantitative easing as a policy error - albeit with hindsight. This raises the bar for its use in the future and so goes some way towards removing the so-called ‘Fed put’, whereby the FED bails out investors and companies by buying government securities to increase the domestic money supply and spur economic activity.

In private equity and private debt, deal flow has tentatively begun to pick up, thanks to the increased certainty in interest rate movements. However, capital-raising remains difficult, with many GP’s extending fundraising periods. We are also increasingly seeing that new deals are typically funded with a larger portion of equity, owing to increased cost of debt funding. In addition, whilst the IPO market has shown sporadic signs of reopening, it nevertheless remains subdued. Likewise, global property transactions are down some 57% according to CBRE, despite property funds continuing to be plagued by redemptions.

At the time of writing (just past quarter-end), there has been a rapid deterioration in the situation in Israel-Palestine and the Gaza Strip, which has left both the immediate and long-term future in the region highly uncertain. The humanitarian consequences look grave indeed and, whilst the financial impact today looks limited, it has certainly added to the concerns faced by global investors.

Chief Investment Officer commentary

Index Performance Q3 2023



Source: State Street

Global High Alpha Equities

Launch date

6 December 2019

Investment strategy & key drivers

High conviction, unconstrained global equity portfolio

Liquidity

Managed

Benchmark

MSCI World

Outperformance target

+0.8%

Total fund value

£3,742m

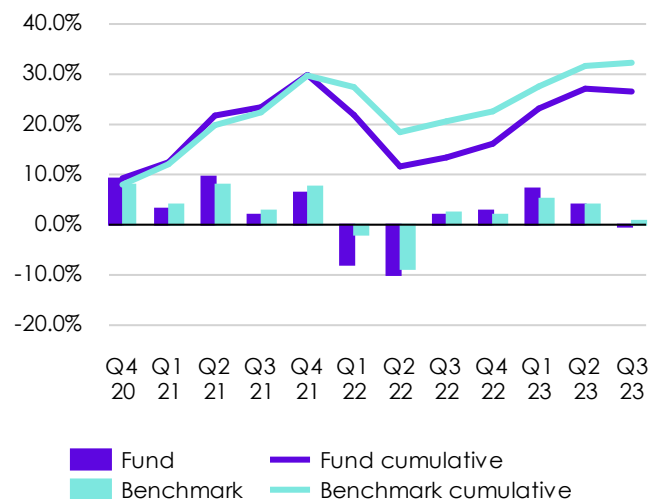
Risk profile

High

Oxfordshire's Holding:

GBP347m

Rolling 3yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	-0.6	13.6	8.4	11.9
Benchmark	0.7	12.1	10.7	10.4
Excess	-1.2	1.5	-2.3	1.5

Source: State Street Global Services
*per annum. Net of all fees.

Performance commentary

Global developed equities (as proxied by the MSCI World index) returned 0.7% in GBP terms over the quarter. This was the weakest quarterly performance since the second quarter of 2022, as markets reflected fears that interest rates would need to be higher for longer to achieve inflation targets. Among the most impacted were some of the large Growth and Tech names that have driven performance over recent quarters. Value outperformed Growth whilst Quality was neutral against the broad MSCI World index.

The portfolio returned -0.6% during the period, underperforming the benchmark by 1.2%.

Sector attribution showed a small negative impact from allocation which was largely a result of the underweight to the Energy sector, the strongest-performing sector due to oil

prices rising as inventories fell and production cuts were announced. The larger negative impact on relative performance came from stock selection, which was weakest in the IT, Healthcare and Financials sectors. The largest single detractor to relative returns over the quarter was Adyen (online payments platform), which fell 39% on the day it reported slower-than-expected revenue growth in its digital customer base in the US. This strong market reaction to companies unable to meet relatively high earnings expectations is an ongoing theme, as earnings come under pressure even while expectations remain high.

Performance among the underlying managers varied considerably, grouped according to their investment style. Those managers with a Value focus outperformed (Harris and

RLAM) whilst the two more Growth-focused managers (BG and AB) underperformed. Fiera, which has a Quality focus, also underperformed, impacted by an underweight to Energy and the underperformance of luxury giants LVMH and Richemont. The latter were both examples of companies being penalised for reporting quarterly results below consensus estimates.

From inception to quarter-end, the portfolio outperformed the benchmark by 1.5% p.a

Global High Alpha Equities

Top 5 holdings

	Weight %	B'mark weight %	Client value (GBP)*
MICROSOFT CORP	5.66	4.06	19,673,263
AMAZON.COM INC	3.67	2.13	12,742,409
ALPHABET INC	2.86	2.73	9,933,134
MASTERCARD INC	2.76	0.62	9,605,284
UNITEDHEALTH GROUP INC	2.34	0.87	8,141,737

*Estimated client value

Top 5 active overweights

	Weight %	Benchmark weight %
MASTERCARD INC	2.76	0.62
TAIWAN SEMICONDUCTOR	1.61	-
MICROSOFT CORP	5.66	4.06
AMAZON.COM INC	3.67	2.13
UNITEDHEALTH GROUP INC	2.34	0.87

Top 5 active underweights

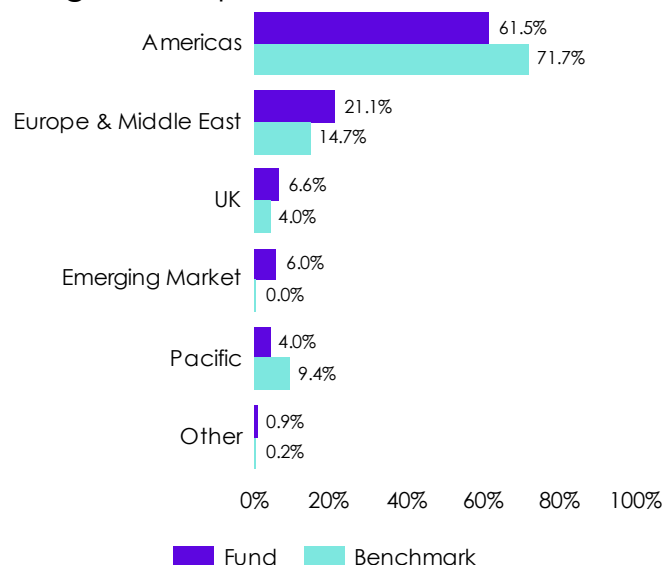
	Weight %	Benchmark weight %
APPLE INC	0.88	4.92
META PLATFORMS INC	-	1.23
EXXON MOBIL CORP	-	0.89
BERKSHIRE HATHAWAY INC	-	0.85
JPMORGAN CHASE & CO	-	0.79

Largest contributors to ESG risk

	ESG risk score*	
	Q2 2023	Q3 2023
AMAZON.COM INC	30.53	30.61
MICROSOFT CORP	15.32	15.06
ALPHABET INC-CL A	24.50	24.04
MASTERCARD INC - A	17.07	17.07
NESTLE SA-REG	27.29	27.25

*Source: Sustainalytics. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top. ESG Risk Score reference: 0-10 is Negligible, 10-20 is Low, 20-30 is Medium, 30-40 is High, 40+ is Severe.

Regional exposure

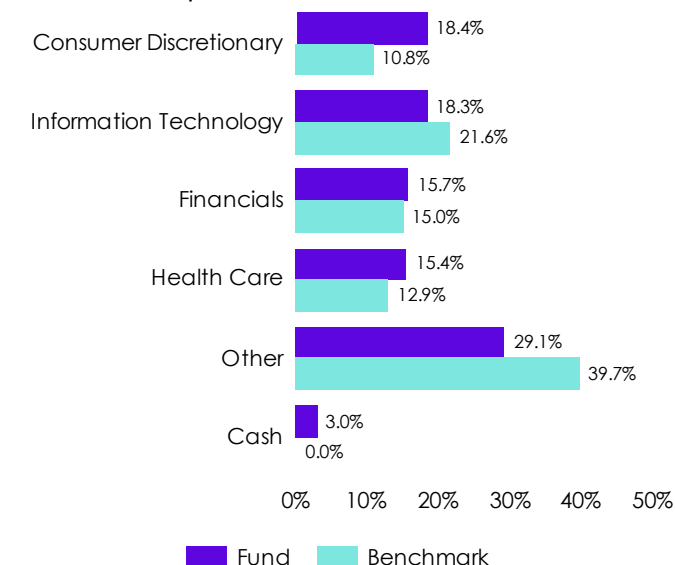


Carbon metrics

Portfolio	WACI		Total Extractive Exposure ¹		Extractive Industries (VOH) ²	
	2023 Q2	2023 Q3	2023 Q2	2023 Q3	2023 Q2	2023 Q3
Global High Alpha	84	79	1.24	1.39	2.89	2.92
MSCI World*	157	163	3.07	3.81	8.36	9.24

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

Sector exposure



Global Sustainable Equities

Launch date

20 October 2020

Investment strategy & key drivers

Global equity exposure concentrating on ESG factors

Liquidity

Managed

Benchmark

MSCI ACWI

Outperformance target

+2%

Total fund value

£3,213m

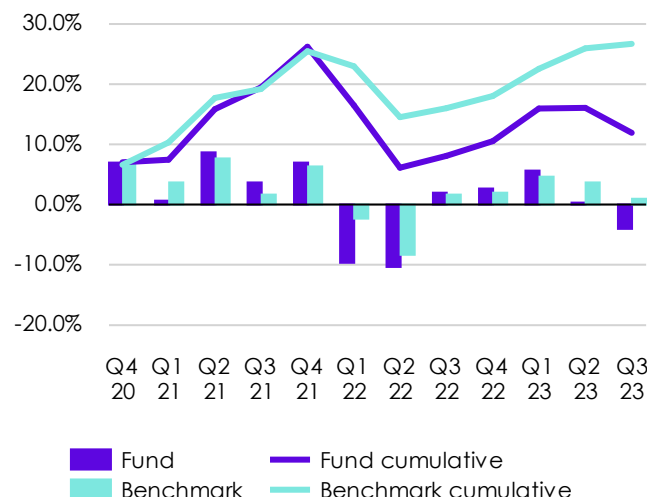
Risk profile

High

Oxfordshire's Holding:

GBP522m

Rolling 3yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	-4.1	3.6	-	3.3
Benchmark	0.7	11.0	-	8.9
Excess	-4.9	-7.4	-	-5.6

Source: State Street Global Services

*per annum. Net of all fees.

Performance commentary

The fund returned -4.1% over the quarter on a net basis, a relative underperformance of 4.9% against the MSCI ACWI benchmark. Over the 1-year period, the fund had returned 3.6% on a net basis, underperforming the MSCI ACWI by 7.4%, much of which came in the quarter covered here. Whilst disappointing, we note that all sustainable strategies struggled to outperform the benchmark this quarter. At the time of writing, performance data for 52 managers was available on our database - only 7 had outperformed the benchmark, and they had increased exposure to the Energy sector or the Financials sector. Outside of these top 7 managers, with their obvious Value-orientated exposure, the average sustainable manager underperformed by 4.1% gross. Two of the sub-managers underperformed by ~2.7%, whilst two others underperformed inline with peers.

Unfortunately, Ownership have a concentrated Growth bias that underperformed by -8%, giving back all their outperformance in the first 6 months of 2023.

This quarter saw market sentiment shift to favour more Value-orientated, defensive strategies. The oil price increased as Saudi Arabia and Russia cut back on production. Moreover, a more hawkish FED meeting in September confirmed rates were likely to stay higher for longer and the market ultimately discounted an imminent rate cut - which again favoured defensive stocks. This market environment favoured stocks with high ESG risks. The top decile of high-risk companies returned 6.6% against -1.7% for low-risk stocks.

We have undertaken a lot of work with the managers to understand the fundamental quality of the businesses we are

invested in. We look at metrics such as low leverage but also the quality of the debt, such as interest coverage ratios and what future financing looks like. Do the companies continue to operate with stable margins which should ensure growth over time and a secure income flow? Do the intrinsic valuations of these companies justify their current price? Most importantly, do these companies provide a net benefit to society and strive for a positive future, characteristics that will hopefully be rewarded over time?

However, the market has many participants, not all of which have a regard for the long-term outlook of a company, instead giving greater focus to short-term profits, such as the oil price.

Global Sustainable Equities

Top 5 holdings

	Weight %	B'mark weight %	Client value (GBP)*
MASTERCARD INC	2.82	0.55	14,688,079
MICROSOFT CORP	2.60	3.63	13,548,122
ANSYS INC	2.14	0.04	11,169,608
VISA INC	2.03	0.61	10,583,535
INTUIT INC	2.01	0.24	10,501,159

*Estimated client value

Top 5 active overweights

	Weight %	Benchmark weight %
MASTERCARD INC	2.82	0.55
ANSYS INC	2.14	0.04
INTUIT INC	2.01	0.24
SYNOPSIS INC	1.87	0.11
WORKDAY INC	1.52	0.07

Top 5 active underweights

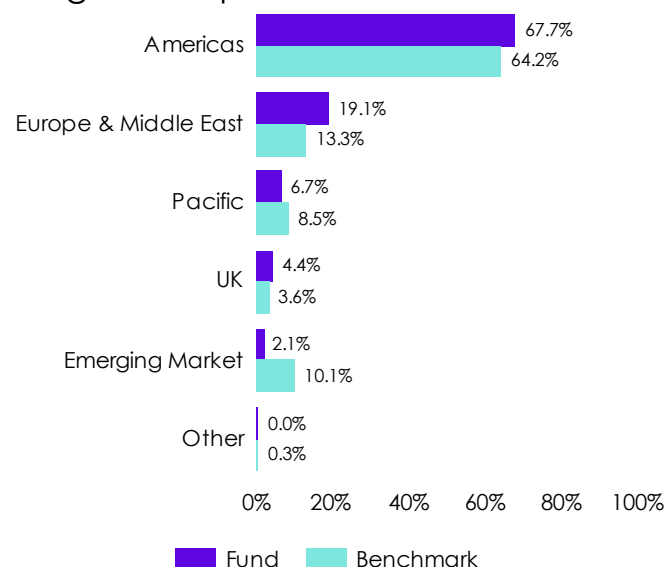
	Weight %	Benchmark weight %
APPLE INC	-	4.40
ALPHABET INC	1.07	2.44
TESLA INC	-	1.15
META PLATFORMS INC	-	1.10
MICROSOFT CORP	2.60	3.63

Largest contributors to ESG risk

	ESG risk score*	
	Q2 2023	Q3 2023
MASTERCARD INC - A	17.07	17.07
MICROSOFT CORP	15.32	15.06
INTUIT INC	16.41	17.95
FORTIVE CORP	34.76	34.76
ANSYS INC	15.53	15.89

*Source: Sustainalytics. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top. ESG Risk Score reference: 0-10 is Negligible, 10-20 is Low, 20-30 is Medium, 30-40 is High, 40+ is Severe.

Regional exposure

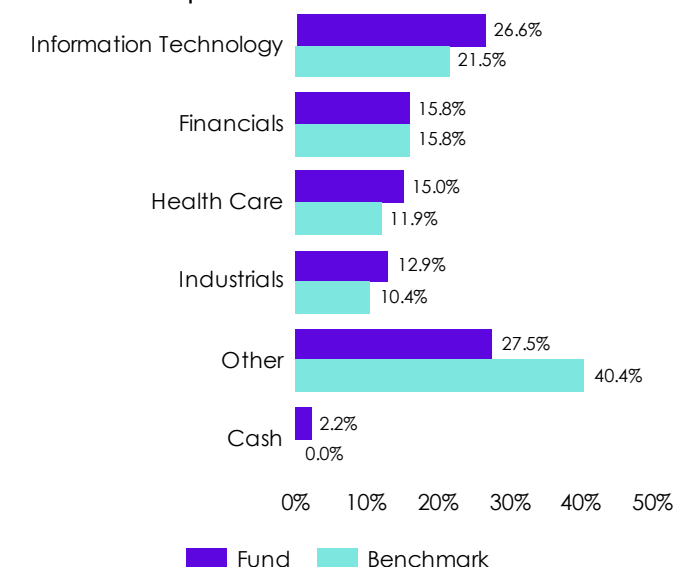


Carbon metrics

Portfolio	WACI		Total Extractive Exposure ¹		Extractive Industries (VOH) ²	
	2023 Q2	2023 Q3	2023 Q2	2023 Q3	2023 Q2	2023 Q3
Global Sustainable	138	149	1.55	1.90	4.99	5.25
MSCI ACWI*	186	191	3.07	3.81	8.33	9.16

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

Sector exposure



UK Active Equities

Launch date

1 December 2018

Investment strategy & key drivers

Active stock and sector exposure to UK equity markets

Liquidity

Managed

Benchmark

FTSE All Share ex Inv Tr

Outperformance target

+0%

Total fund value

£1,210m

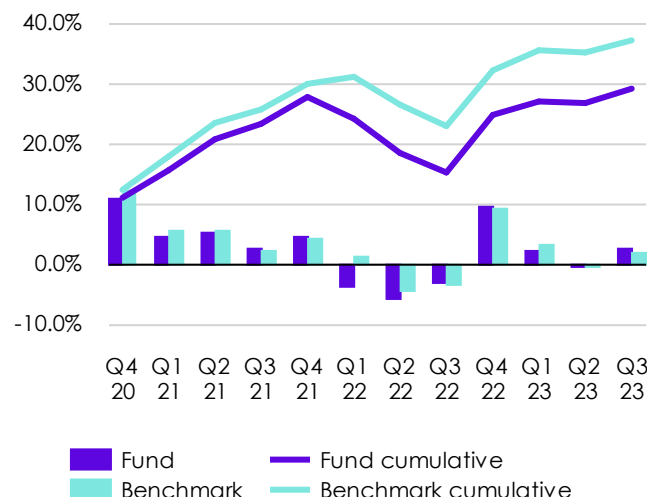
Risk profile

High

Oxfordshire's Holding:

GBP332m

Rolling 3yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	2.4	14.4	9.6	4.2
Benchmark	2.0	14.8	12.5	5.4
Excess	0.4	-0.3	-2.9	-1.2

Source: State Street Global Services
*per annum. Net of all fees.

Performance commentary

The FTSE All-Share Index excluding Investment Trusts returned 2% over the quarter, outperforming the developed market index (MSCI World). Outperformance reflected the UK's larger exposure to the Energy sector, which benefited as oil inventory levels fell and cuts in production caused a surge in the oil price. Within the UK, the FTSE 100 significantly outperformed the FTSE 250, led by oil and gas, metals, pharma and companies in or linked to the travel sector.

The portfolio returned 2.4% during the period, outperforming the benchmark by 0.4%.

Sector attribution shows that, the headwind of being underweight the Energy sector (which detracted c0.4% from relative returns) was more than offset by positive effects from stock selection, with particularly strong selection within the

Consumer Discretionary sector. M&S (retailer) performed strongly, as it reported gains in market share across several divisions, whilst continuing with operational improvements, including a store rotation-and-renewal programme. In a similar vein, Howdens (kitchen supplier) announced positive revenue growth and continued to take market share, whilst delivering industry-leading gross margins - all reflected in a strong return over the quarter.

Market cap allocation was another headwind for relative returns. Being underweight the largest quintile and overweight the smallest quintile both detracted. To frame this in terms of the ongoing concentration within the index, the five largest index constituents make up 31% of the index by weight and delivered 1.7% towards the 2% index return. The

portfolio's underweight position in aggregate in these five stocks detracted c. 0.7% from relative performance.

Invesco outperformed the index by 2.1% this quarter as the Value and Momentum factors both positively contributed to relative performance, whilst the third targeted factor (Quality) was neutral. By contrast, Baillie Gifford underperformed by 2.1% over the period, their underweight Energy allocation costing c.1.3% and smaller cap allocation costing c.0.5%. Selection was negative overall despite strong selection in Consumer Discretionary names, due to the strong overweights in M&S and Howdens mentioned above.

From inception to quarter-end, the portfolio underperformed the benchmark by 1.2% per annum.

UK Active Equities

Top 5 holdings

	Weight %	B'mark weight %	Client value (GBP)*
ASTRAZENECA PLC	6.28	7.67	20,867,541
UNILEVER PLC	5.32	4.76	17,666,438
SHELL PLC	4.37	8.34	14,527,053
HSBC HOLDINGS PLC	3.77	6.03	12,514,326
BP PLC	2.66	4.29	8,839,746

*Estimated client value

Top 5 active overweights

	Weight %	Benchmark weight %
MARKS & SPENCER GROUP PLC	1.77	0.22
STANDARD CHARTERED PLC	2.30	0.82
HOWDEN JOINERY GROUP PLC	1.65	0.18
INFORMA PLC	1.84	0.49
BUNZL PLC	1.79	0.46

Top 5 active underweights

	Weight %	Benchmark weight %
SHELL PLC	4.37	8.34
HSBC HOLDINGS PLC	3.77	6.03
BRITISH AMERICAN TOBACCO PLC	0.81	2.68
NATIONAL GRID PLC	-	1.68
BP PLC	2.66	4.29

Largest contributors to ESG risk

	ESG risk score*	
	Q2 2023	Q3 2023
SHELL PLC	36.10	33.68
ASTRAZENECA PLC	22.50	21.81
UNILEVER PLC	24.57	24.57
HSBC HOLDINGS PLC	19.51	25.47
BP PLC	35.12	35.10

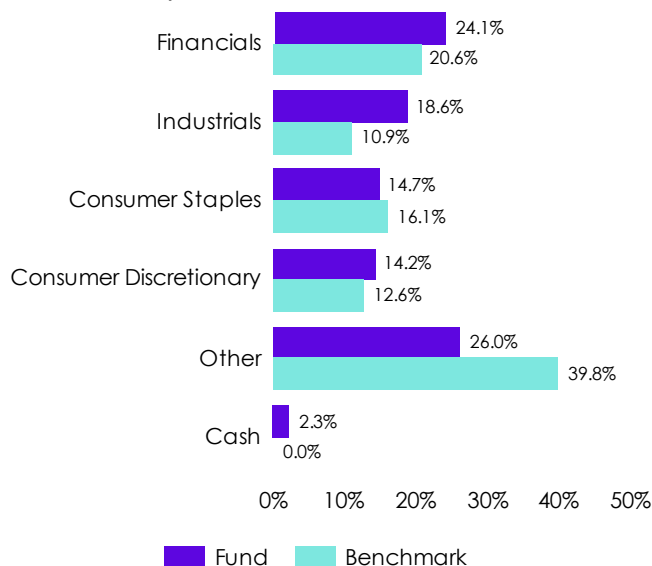
*Source: Sustainalytics. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top. ESG Risk Score reference: 0-10 is Negligible, 10-20 is Low, 20-30 is Medium, 30-40 is High, 40+ is Severe.

Carbon metrics

Portfolio	WACI		Total Extractive Exposure ¹		Extractive Industries (VOH) ²	
	2023 Q2	2023 Q3	2023 Q2	2023 Q3	2023 Q2	2023 Q3
UK Active Equities	85	76	5.63	5.27	10.41	11.31
FTSE All Share ex Inv	153	129	6.20	6.09	18.79	20.23

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

Sector exposure



Emerging Markets Equities

Launch date

8 November 2019

Investment strategy & key drivers

Equity exposure to emerging markets

Liquidity

Managed

Benchmark

MSCI Emerging Markets

Outperformance target

+0.8%

Total fund value

£933m

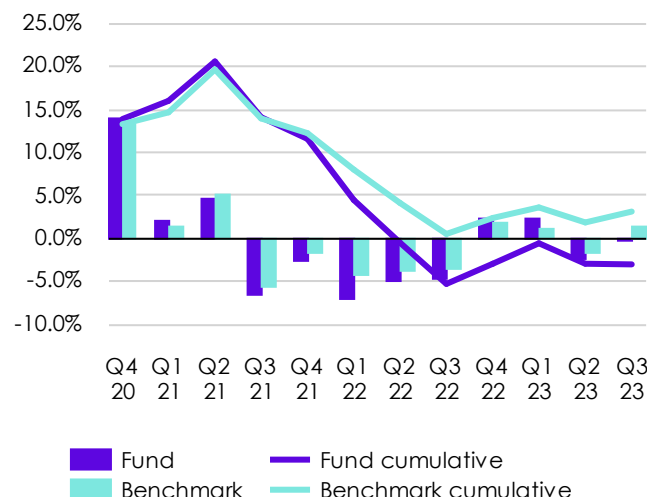
Risk profile

High

Oxfordshire's Holding:

GBP-m

Rolling 3yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	-0.1	2.2	-1.6	-1.0
Benchmark	1.3	2.6	0.6	1.1
Excess	-1.3	-0.4	-2.2	-2.0

Source: State Street Global Services
*per annum. Net of all fees.

Performance commentary

The third quarter saw a continuation of challenging trends in Emerging Markets (EM). Negative sentiment in China continued to weigh on equities, due to property fears and a faltering economic recovery. Nevertheless, China delivered a modest return of +2.3% through both targeted policy support and tentative economy stabilisation. Elsewhere, Indian markets continued to be the main beneficiary of negative sentiment on China. Indian equities returned an impressive +7.2% following a similarly impressive GDP growth result of +7.8% (year-on-year) in the second quarter.

The Emerging Markets portfolio returned -0.1% last quarter, which was behind the benchmark return – proxied by MSCI Emerging Markets – of +1.3%. Genesis, Wellington and Ninety-One all lagged the benchmark, returning +0.2%, +0.2% and

0.3% respectively. The quarter was ultimately a challenging one, given the dominant performance of factors such as Energy and Value, where the portfolio remained underexposed. Since-inception performance remained behind the benchmark. The portfolio has made an annualised return of -1.0% since inception, which lags the benchmark by 2.0%.

Sector-level positioning was not favourable for the portfolio over the quarter, given the +10.8% performance of Energy, where the portfolio remained underweight due to climate alignment concerns. The next-best sector – Consumer Discretionary – returned less than half of this over the same period. Energy returned a staggering +21.1% over quarters two and three – 22% more than the benchmark.

The most successful area was commodities, which exceeded MSCI Emerging Markets by +8% last quarter. All forms of Value and Quality styles generally outperformed, with Growth and Cyclical lagging. The fund is typically style-neutral with a mild Quality bias. Ultimately, the near-zero exposure to commodities hurt relative performance.

The longer-term outlook for EM remains positive. Lower valuations have provided managers with more opportunities for long-term bottom-up investments. However, investors should still be mindful of the slowdown in China, which could have worldwide repercussions. Most managers agree that China will experience slower growth, but stock picking opportunities remain present there and across all of EM.

Emerging Markets Equities

Top 5 holdings

	Weight %	B'mark weight %	Client value (GBP)*
TAIWAN SEMICONDUCTOR	7.37	6.18	-
SAMSUNG ELECTRONICS CO LTD	4.89	4.26	-
TENCENT HOLDINGS LTD	4.72	3.94	-
HDFC BANK LTD	2.62	0.79	-
ALIBABA GROUP HOLDING LTD	2.26	2.70	-

*Estimated client value

Top 5 active overweights

	Weight %	Benchmark weight %
HDFC BANK LTD	2.62	0.79
AIA GROUP LTD	1.74	-
NETEASE INC	1.78	0.58
TAIWAN SEMICONDUCTOR	7.37	6.18
KOTAK MAHINDRA BANK LTD	1.36	0.35

Top 5 active underweights

	Weight %	Benchmark weight %
CHINA CONSTRUCTION BANK CORP	0.10	0.84
RELIANCE INDUSTRIES LTD	0.59	1.32
PETROLEO BRASILEIRO SA	0.27	0.93
BAIDU INC	-	0.57
AL RAJHI BANK	-	0.55

Largest contributors to ESG risk

	ESG risk score*	
	Q2 2023	Q3 2023
TAIWAN SEMICONDUCTOR	14.23	14.62
TENCENT HOLDINGS LTD	22.03	19.25
SAMSUNG ELECTRONICS CO LTD	19.41	19.41
ALIBABA GROUP HOLDING LTD	26.53	26.53
HDFC BANK LIMITED	-	30.61

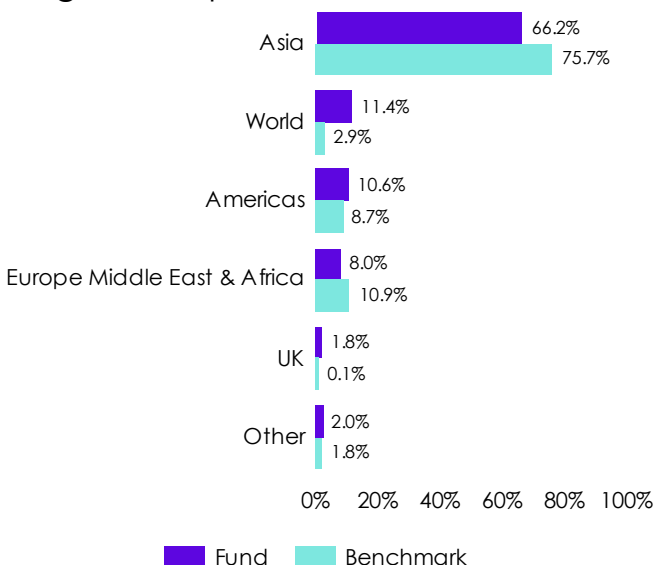
*Source: Sustainalytics. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top. ESG Risk Score reference: 0-10 is Negligible, 10-20 is Low, 20-30 is Medium, 30-40 is High, 40+ is Severe.

Carbon metrics

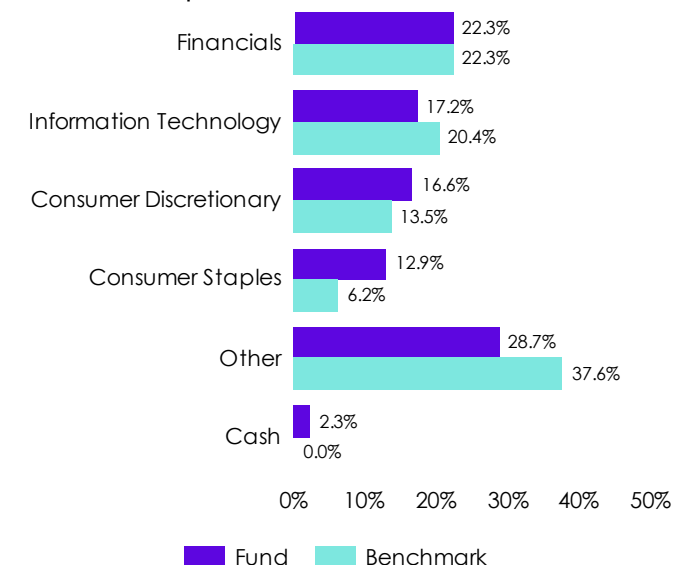
Portfolio	WACI		Total Extractive Exposure ¹		Extractive Industries (VOH) ²	
	2023 Q2	2023 Q3	2023 Q2	2023 Q3	2023 Q2	2023 Q3
Emerging Markets	196	189	0.84	1.38	4.08	3.76
MSCI Emerging	437	429	3.19	3.37	8.07	8.48

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

Regional exposure



Sector exposure



Multi-Asset Credit

Launch date

7 July 2021

Investment strategy & key drivers

Exposure to higher yield bonds with moderate credit risk

Liquidity

Managed

Benchmark

SONIA +4%

Outperformance target

0% to +1.0%

Total fund value

£2,745m

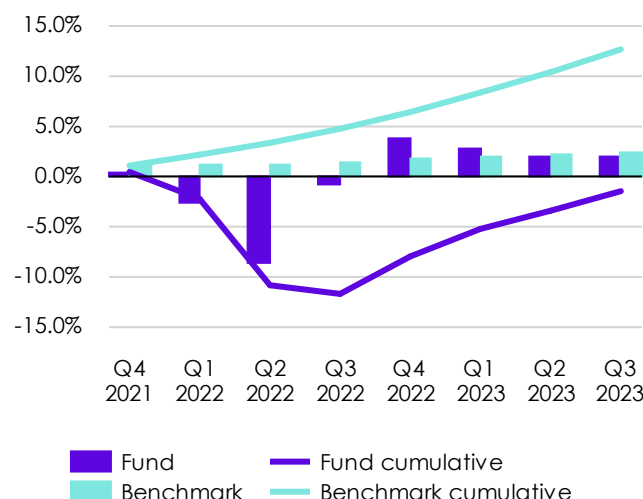
Risk profile

Moderate

Oxfordshire's Holding:

GBP140m

Rolling 2yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	1.9	10.6	-	-0.7
Benchmark	2.3	8.2	-	6.2
Excess	-0.3	2.4	-	-6.9

Source: State Street Global Services

*per annum. Net of all fees.

Performance commentary

Sub-investment grade credit produced a positive return last quarter, despite continued volatility in treasury markets. As mentioned in the CIO Commentary, a higher for longer mentality coupled with an increasing supply imbalance in longer dated treasuries resulted in rising yields. This resulted in heavy price pressure on longer dated issues. Shorter dated issues came through the quarter relatively unscathed.

The US yield curve steepened drastically due to pressures on the long end. The US 10yr yield rose to 4.57%, an increase of +76bps on the quarter. The US 2yr remained relatively stable, rising to 5.04%, a rise of +17bps. Spreads remained quite stable throughout the period.

Returns were mixed at an asset class level. Rate sensitive asset classes once again suffered because of rising yields. Global

High Yield bonds - proxied by Bloomberg Global High Yield Index - were flat on the quarter. Whereas the longer duration areas such as Investment Grade, proxied by Bloomberg Global Corporates, fell by -2.3% in local terms. Floating rate assets held up well. Leveraged Loans, approximated by Morningstar LSTA US Leveraged Loan Index, rose by +2.5% in local terms.

The portfolio returned +1.9% over the quarter, which was marginally behind the primary benchmark (SONIA +4%) and +0.3% ahead of the secondary composite benchmark, comprised of 50% Bloomberg Global High Yield and 50% Morningstar LSTA US Leveraged Loan Index. Neuberger Berman, CQS and Oaktree returned +1.3%, +3.1% and +2.7% respectively. Neuberger Berman lagged due to their rate

sensitive allocation to Investment Grade Corporates. Neuberger remain happy to hold investment grade as it offers attractive risk adjusted returns in higher rate environments.

Since inception performance is now -0.7%, which lags the primary benchmark by -6.9%. The composite benchmark has returned approximately -0.1% over the same period.

All three managers maintain a cautiously optimistic outlook. All-in yields remain over 9% for the Multi-Asset Credit portfolio with a duration of 2.6 years. Investors should remain cautious of the higher for longer narrative, given the potential default pressure it could exert on stressed credits with floating rate liabilities. Our managers have been heavily focussed on the quality of floating rate issuers, leaving them well positioned to undercut market default rates.

Sterling Corporate Bonds

Launch date

2 July 2021

Investment strategy & key drivers

Managed credit selection to generate excess sterling yield returns

Liquidity

Managed

Benchmark

iBoxx Sterling Non Gilt x

Outperformance target

+1%

Total fund value

\$2.30m

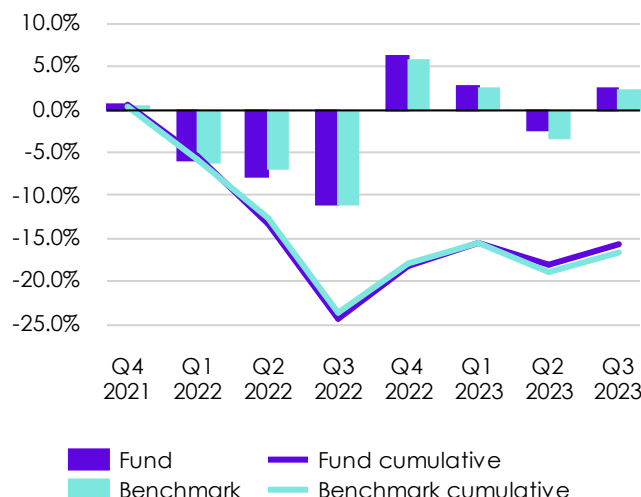
Risk profile

Moderate

Oxfordshire's Holding:

GBP95m

Rolling 2yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	2.4	8.8	-	-7.7
Benchmark	2.3	7.0	-	-8.2
Excess	0.1	1.8	-	0.5

Source: State Street Global Services
*per annum. Net of all fees.

Performance commentary

The sterling investment grade credit market (non-gilt) returned 2.3% over the quarter, as the negative impact of higher government bond yields was offset by tighter credit spreads and the greater proportion of short-dated bonds in credit indices. (Short-dated bonds performed well relatively to longer-dated equivalents.) Expectations that rates may be at a peak helped short-dated bonds start to anticipate cuts in late 2024, while longer-dated bonds remained weak due to concerns about the long-term inflation environment.

Over the period, the Sterling Corporate Bonds portfolio returned 2.4%, modestly outperforming the benchmark by 0.1%.

The portfolio's underweight in short-dated bonds (i.e. under five years) was detrimental to performance as short-dated

bonds materially outperformed long-dated bonds. This positioning was primarily an outcome of bottom-up stock selection.

Security selection contributed to relative returns, particularly in the structured sector and banks sector. Sector allocation was also positive, driven by the portfolio's overweight in banks and significant underweight in supra-nationals. Within banks, the overweight allocation to lower tier 2 bonds (lower in the capital structure than senior bonds) was the main contributor, whilst the modest overweight allocation to real estate also proved to be beneficial.

In terms of credit rating bands, the underweight exposure to AAA-rated bonds was the most significant detractor from relative returns, due to interest rate curve effects.

The overall impact of broad asset allocation (reflecting a small allocation to cash) and duration was slightly negative, whilst there was a small positive effect from yield curve positioning.

In terms of outlook, RLAM expects the downward trend in inflation to continue, as energy and food price increases moderate, and as sluggish GDP weakens the labour market. Nonetheless, UK interest rates are likely to rise slightly further as the Bank of England continues to focus on bringing inflation under control. While credit spreads remain at reasonably attractive levels, it is likely that higher rates will lead to a slowdown in the UK, impacting company earnings and leading to an increase in credit rating downgrades and default rates.

Passive Index Linked Gilts over 5 years

Launch date

9 June 2021

Investment strategy & key drivers

Passive exposure to index linked gilts with over 5 year duration

Liquidity

High

Benchmark

FTSE-A UK ILG >5Y

Outperformance target

Match

Total fund value

£643m

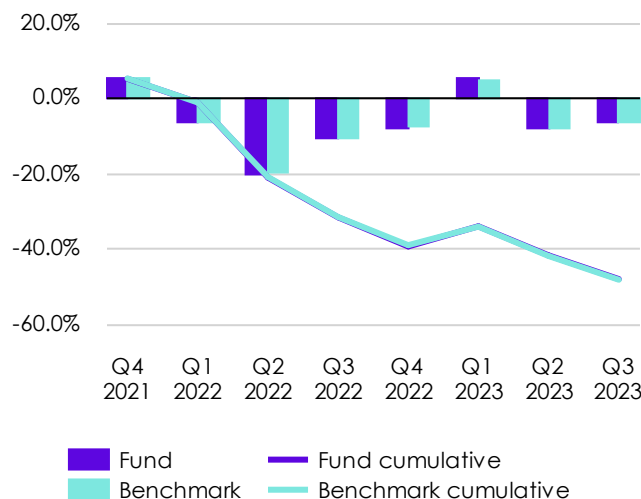
Risk profile

Low

Oxfordshire's Holding:

GBP122m

Rolling 2yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	-6.3	-15.9	-	-20.0
Benchmark	-6.4	-16.2	-	-20.0
Excess	0.1	0.3	-	0.1

Source: State Street Global Services
*per annum. Net of all fees.

Performance commentary

Global government bond markets continued to see yields move higher. The moves reflected market views that rising inflation would necessitate higher interest rates and that central banks and governments would ultimately have to withdraw the support measures put in place during the global financial crisis - and then used further to help mitigate the economic impact of Covid. With the end of the rate rising cycle possibly in sight, but issuance expected to remain high, markets have become more volatile.

UK government bonds struggled over the third quarter, impacted by the higher-than-expected inflation print. Gilts delivered a -0.63% return (FTSE Actuaries) over the third quarter with the benchmark 10-year gilt yield rising to 4.44%

from 4.39%, having pulled back from a 4.75% high seen in mid-August.

There was a marked difference in maturities, with short-dated bonds (under 5 years) materially outperforming longer-dated bonds, as expectations that rates may be at a peak helped short-dated bonds start to anticipate cuts in late 2024, while longer-dated bonds remained weak due to concerns about the long-term inflation environment and significant gilt supply.

PAB Passive Global Equities

Launch date

1 November 2021

Investment strategy & key drivers

Passive global equity exposure aligned to Paris Agreement climate goals

Liquidity

High

Benchmark

FTSE Dev World PAB

Outperformance target

Match

Total fund value

£1356m

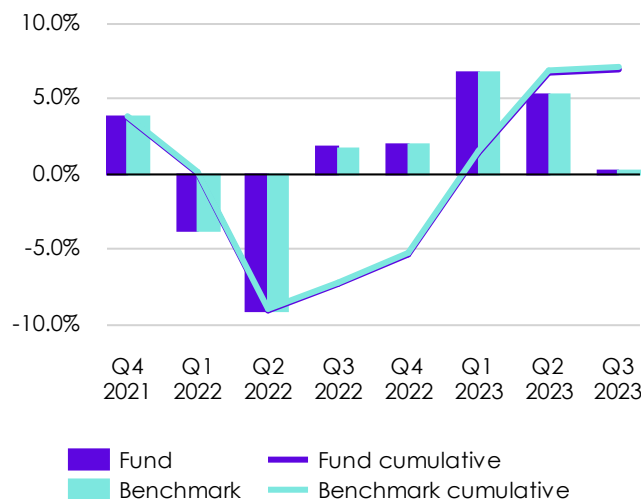
Risk profile

High

Oxfordshire's Holding:

GBP547m

Rolling 2yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	0.2	14.9	-	3.2
Benchmark	0.2	15.0	-	3.2
Excess	-	-0.1	-	-0.1

Source: State Street Global Services
*per annum. Net of all fees.

Performance commentary

The FTSE Developed Paris Aligned index (PAB) returned 0.2% over Q3 2023. The PAB Passive Global Equities product closely replicated the performance of the benchmark over this period. The product underperformed the market capitalisation parent benchmark which returned 0.7%.

This underperformance can be attributed to PAB having less exposure to the Energy sector which is expected given the decarbonisation objectives of the product. A higher allocation to the Consumer Discretionary sector, which underperformed the broader market, also contributed to underperformance relative to the market cap benchmark.

The PAB did gain a positive contribution to returns, relative to the market cap benchmark, through a higher allocation to Alphabet because of a strong positive tilt score on scope 3

emissions, green revenues and TPI management quality. The company's share price benefitted from profits beating analyst expectations, strong growth in its cloud division and positive reaction to news that its AI chat bot was being rolled out across Europe and Brazil. A higher allocation to Novo Nordisk, which scores well on both scope 1 and 2 emissions, scope 3 emissions and TPI management quality, also contributed positively as momentum behind the Wegovy weight loss drug continued.

At portfolio level, the PAB index has greater exposure to the Consumer Discretionary and Health Care sectors and less exposure to the Energy, Consumer Staples and Financials sectors than the market cap index. The PAB also has a higher

level of exposure to the US and companies at the top end of the market cap spectrum.

PAB Passive Global Equities

Top 5 holdings

	Weight %	Client value (GBP)*
TESLA INC	6.61	36,174,711
ALPHABET INC	6.13	33,548,640
MICROSOFT CORP	5.92	32,422,070
APPLE INC	5.75	31,481,338
AMAZON.COM INC	5.38	29,416,499

*Estimated client value

Largest contributors to ESG risk

	ESG risk score*	
	Q2 2023	Q3 2023
TESLA INC	27.25	25.23
AMAZON.COM INC	30.53	30.61
APPLE INC	16.43	17.22
MICROSOFT CORP	15.32	15.06
ALPHABET INC-CL A	24.50	24.04

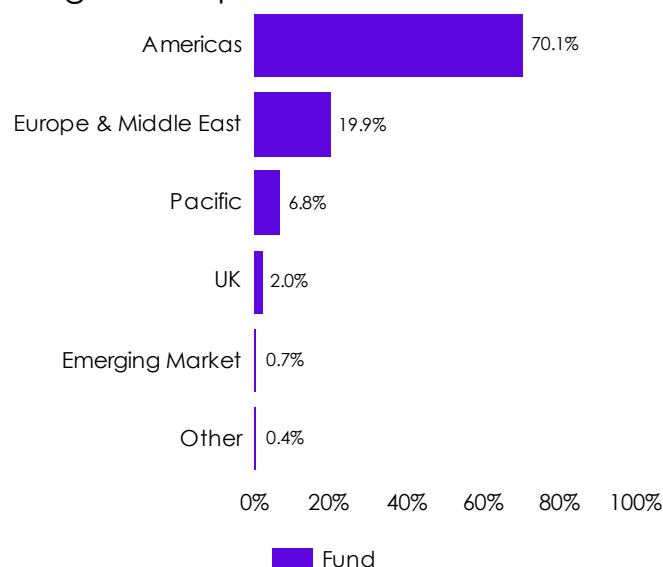
*Source: Sustainalytics. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top. ESG Risk Score reference: 0-10 is Negligible, 10-20 is Low, 20-30 is Medium, 30-40 is High, 40+ is Severe.

Carbon metrics

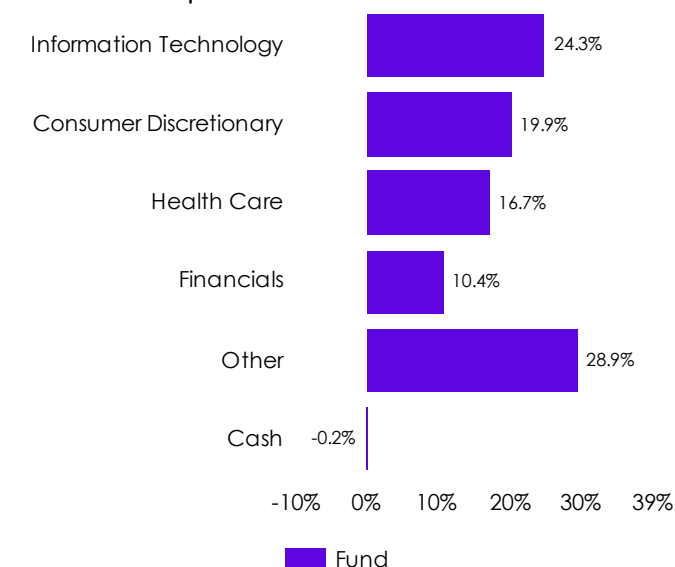
Portfolio	WACI		Total Extractive Exposure ¹		Extractive Industries (VOH) ²	
	2023 Q2	2023 Q3	2023 Q2	2023 Q3	2023 Q2	2023 Q3
PAB Passive Global	76	76	0.61	0.72	3.21	3.39
FTSE Dev World TR	160	167	2.99	3.67	8.64	9.52

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

Regional exposure



Sector exposure



Private Equity Cycle 1

Investment objective

Global portfolio of private equity investments

Benchmark

MSCI ACWI

Outperformance target

+3%

Launch date

1 October 2018

Commitment to portfolio

£100.00m

The fund is denominated in GBP

Commitment to Investment

£102.14m

Amount Called

£72.54m

% called to date

71.02

Number of underlying funds

7

Oxfordshire's Holding:

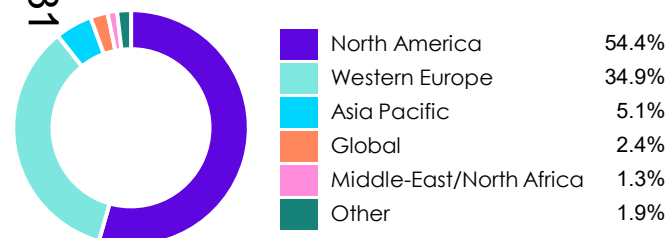
GBP91.87m

Performance commentary

Deal Activity has begun to pick up as GP's are acclimatising to the new environment. A contributing factor to this has been increased certainty amongst buyers and sellers around the future of interest rate movements. Deals are continuing to take place albeit with a larger portion of equity (owing to lower levels of more expensive debt funding). Fund raising remains difficult as GPs continue to extend fundraising periods. Headline inflation is beginning to come down however certain input costs continue to be high. Despite slight improvements in macroeconomic conditions, GPs continue to be inward looking, focussing on the resilience of their portfolios. Revenues have been largely stable/growing whilst EBITDA margins (a measure of operating profit) are contracting. This has been coupled with M&A synergies and GP investment theses taking longer to materialise. There has also been a tentative reopening from the IPO market, listings are beginning to take to place in certain sectors (reflected in recent high profile technology transactions).

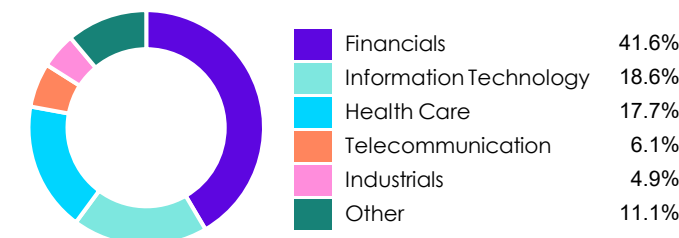
Portfolio deployment now stands at ~70% of total commitments. Portfolio performance remains positive and is flat vs the prior quarter. Performance was generally flat or upward trending across funds in the portfolio.

Country Invested in underlying investments



Source: Colmore
Country data is lagged by one quarter

Sector GICs level 1



Source: Colmore
Sector data is lagged by one quarter

Portfolio summary

Market value (GBP millions)	1 Year MWR*	Since Inception MWR*	Inflows	Outflows	Net cash flow latest quarter	Value added latest quarter	TVPI	Contribution to return: 1 year	Contribution to return: since inception
91.9	-0.7%	17.9%	5,815,766	220,339	5,595,428	3,657,850	1.39	-0.0%	0.0%

*Money weighted return. Net of all fees.

Private Equity Cycle 2

Investment objective

Global portfolio of private equity investments

Benchmark

MSCI ACWI

Outperformance target

+3%

Launch date

1 May 2020

Commitment to portfolio

£70.00m

The fund is denominated in GBP

Commitment to Investment

£71.52m

Amount Called

£32.14m

% called to date

44.94

Number of underlying funds

14

Oxfordshire's Holding:

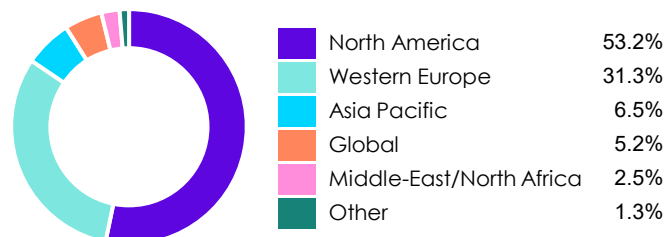
GBP34.59m

Performance commentary

Deal Activity began to pick up as GPs acclimatised to the new environment. A contributing factor was increased certainty amongst buyers and sellers around the future of interest rate movements. Deals continued to take place, albeit with a larger portion of equity (owing to lower levels of more expensive debt funding). Fundraising remained difficult as GPs continued to extend fundraising periods. Headline inflation began to come down. However, certain input costs continued to be high. Despite slight improvements in macroeconomic conditions, GPs continued to be inward-looking, focusing on the resilience of their portfolios. Revenues were largely stable/growing whilst EBITDA margins (a measure of operating profit) contracted. Added to this, M&A synergies and GP investment theses took longer to materialise. There was also a tentative reopening from the IPO market, and listings are beginning to take to place in certain sectors (reflected in recent high-profile technology transactions).

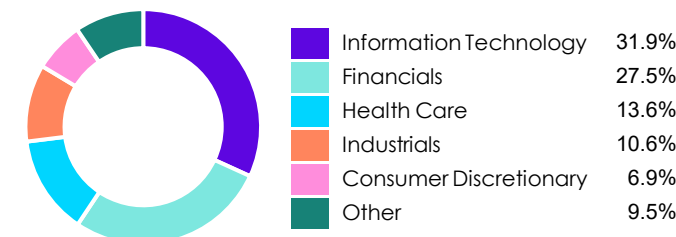
The pace of portfolio deployment remained strong, with the portfolio over ~40% invested at quarter-end. All funds in the portfolio had called capital at quarter-end. Portfolio performance showed a modest improvement over the period with a majority of funds showing progress in TVPI measures.

Country Invested in underlying investments



Source: Colmore
Country data is lagged by one quarter

Sector GICs level 1



Source: Colmore
Sector data is lagged by one quarter

Portfolio summary

Market value (GBP millions)	1 Year MWR*	Since Inception MWR*	Inflows	Outflows	Net cash flow latest quarter	Value added latest quarter	TVPI	Contribution to return: 1 year	Contribution to return: since inception
34.6	-2.0%	8.4%	5,826,960	1,789,297	4,037,663	1,406,600	1.10	-0.0%	0.0%

*Money weighted return. Net of all fees.

Private Debt Cycle 2

Investment objective

Global portfolio of senior direct loans, predominantly to PE-sponsored companies

Benchmark

SONIA

Outperformance target

+4%

Launch date

1 May 2020

Commitment to portfolio

£70.00m

The fund is denominated in GBP

Commitment to Investment

£70.00m

Amount Called

£42.56m

% called to date

60.80

Number of underlying funds

1

Oxfordshire's Holding:

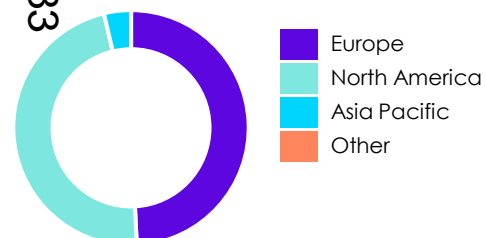
GBP44.08m

Performance commentary

Deal Activity began to pick up as GPs acclimatised to the new environment. A contributing factor to this was increased certainty amongst buyers and sellers around the future of interest rate movements. Deals continued to take place albeit with a larger portion of equity (owing to lower levels of debt funding). Fundraising remained difficult and GPs continued to extend offer periods. Inflation began to come down but certain input costs continued to be high. Despite slight improvements in macroeconomic conditions, GPs continued to be inward-looking, focusing on the resilience of their portfolios. Debt manager watchlists began to grow as underlying companies competed with persistent inflation and high interest costs. There was continued pressure on interest coverage ratios (though not to the point of serious stress). Against this backdrop it was especially important to invest with managers who have operated through multiple cycles and show conservatism in their underwriting practices. Large restructuring/workout teams were also at a premium (with many managers actively looking to build such teams out).

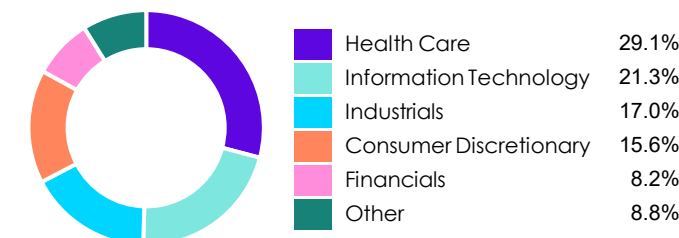
The portfolio ended the quarter ~60% invested. Portfolio performance was positive (and showed improvement vs the prior quarter), reflecting the impact of higher interest rates. The portfolio had one position that required restructuring (a US dental services organization). This business struggled to recover from some Covid-related issues. The business required additional liquidity in the form of equity from the sponsor. The company's credit metrics are beginning to look stronger, since the equity injection.

Country Invested in underlying investments



Source: Aksia and underlying managers
Country data is lagged by one quarter

Sector GICs level 1



Source: Aksia and underlying managers
Sector data is lagged by one quarter

Portfolio summary

Market value (GBP millions)	1 Year MWR*	Since Inception MWR*	Inflows	Outflows	Net cash flow latest quarter	Value added latest quarter	TVPI	Contribution to return: 1 year	Contribution to return: since inception
44.1	11.0%	13.8%	4,023,335	1,377,545	2,645,790	1,840,880	1.15	0.1%	0.0%

*Money weighted return. Net of all fees.

Private Debt Cycle 3

Investment objective

Global portfolio of senior direct loans, predominantly to PE-sponsored companies

Benchmark

SONIA

Outperformance target

+4%

Launch date

1 April 2022

Commitment to portfolio

£20.00m

The fund is denominated in GBP

Commitment to Investment

£48.15m

Amount Called

£13.83m

% called to date

28.72

Number of underlying funds

3

Oxfordshire's Holding:

GBP14.02m

Portfolio performance was flat vs the prior quarter (but remains positive) but we would note that investment measures are too young to be meaningful.

Performance commentary

Deal activity began to pick up as GPs acclimatised to the new environment. A contributing factor was increased certainty amongst buyers and sellers around the future of interest rate movements. Deals continued to take place, albeit with a larger portion of equity (owing to lower levels of more expensive debt funding). Fundraising remained difficult as GPs continued to extend fundraising periods. Headline inflation began to come down. However, certain input costs continued to be high. Despite slight improvements in macroeconomic conditions, GPs continued to be inward-

looking, focusing on the resilience of their portfolios. Debt manager watchlists began to grow as underlying companies competed with persistent inflation and high interest costs. There was continued pressure on interest coverage ratios (though not to the point of serious stress). Against this backdrop, it was especially important to invest with managers who operated through multiple cycles and showed conservatism in their underwriting practices. Large restructuring/workout teams were also at a premium (with many managers actively looking to build such teams out).

Portfolio summary

Market value (GBP millions)	1 Year MWR*	Since Inception MWR*	Inflows	Outflows	Net cash flow latest quarter	Value added latest quarter	TVPI	Contribution to return: 1 year	Contribution to return: since inception
14.0	-	9.1%	3,053,319	149,816	2,903,503	468,613	1.06	0.0%	0.0%

*Money weighted return. Net of all fees.

Infrastructure Cycle 1

Investment objective

Portfolio of predominantly European sustainable infrastructure assets

Benchmark

CPI

Outperformance target

+4%

Launch date

1 October 2018

Commitment to portfolio

£50.00m

The fund is denominated in GBP

Commitment to Investment

£49.82m

Amount Called

£41.53m

% called to date

83.37

Number of underlying funds

5

Oxfordshire's Holding:

GBP45.16m

Performance commentary

Global economic growth was resilient over the first half of 2023. Weak manufacturing impacted economies more reliant on exports, and a period of further economic weakness is expected. Consumer demand has yet to see a decline thanks to low unemployment & higher wages. Inflation has started to fall but pressure from the interest rate environment is set to continue.

Renewable developers, specifically in offshore wind, reported increased challenges in Q3 2023 due to rising CAPEX and cost of capital.

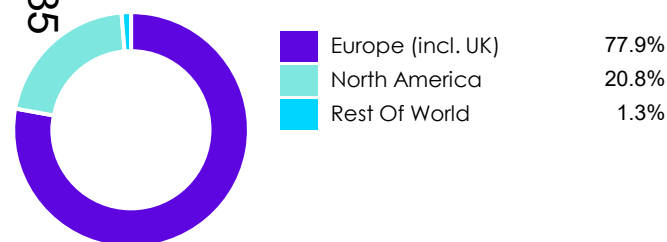
While renewables in general have shown resilience, a US specific renewables fund in Cycle 1 has been experiencing difficulties compounded by key team departures in 2021 that forced a governance restructuring. Whilst disappointing, the outlook is brighter now than earlier in 2023. Negotiations and arbitrations with key stakeholders have helped to recoup certain costs and improve the cashflow outlook.

Overall, Brunel's exposure to Renewables is well diversified by geography, technology and revenue profile and the risks discussed continue to be monitored.

As at the end of Q3 2023, Cycle 1 Infrastructure remained ~93% committed with overall deployment increasing to ~84%.

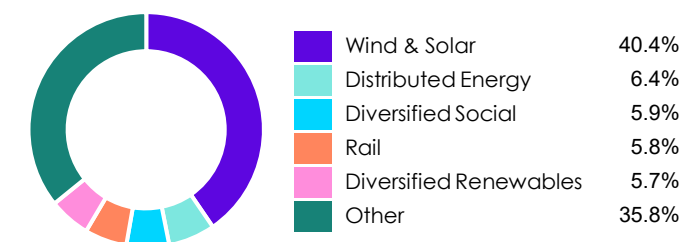
Project Anemoi, the final Tactical investment in Cycle 1, into an operating offshore wind farm in Scotland, was closed at the start of Q4 2023, thus completing Cycle 1. Focus is shifting to portfolio performance and monitoring. Early benchmarking metrics for Cycle 1 infrastructure are positive.

Country Commitment in underlying investments



Source: Stepstone
Country data is lagged by one quarter

Sector



Source: Stepstone
Sector data is lagged by one quarter

Portfolio summary

Market value (GBP millions)	1 Year MWR*	Since Inception MWR*	Inflows	Outflows	Net cash flow latest quarter	Value added latest quarter	TVPI	Contribution to return: 1 year	Contribution to return: since inception
45.2	4.2%	8.4%	717,698	258,096	459,602	1,284,710	1.20	0.1%	0.0%

*Money weighted return. Net of all fees.

Infrastructure (General) Cycle 2

Investment objective

Global portfolio of infrastructure with a focus on non-RE sectors and sustainable assets

Benchmark

CPI

Outperformance target

+4%

Launch date

1 May 2020

Commitment to portfolio

£20.00m

The fund is denominated in GBP

Commitment to Investment

£20.00m

Amount Called

£14.56m

% called to date

72.81

Number of underlying funds

1

Oxfordshire's Holding:

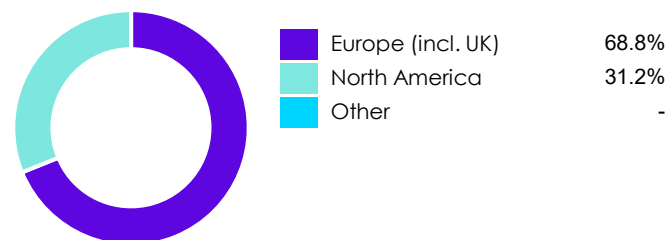
GBP15.51m

Performance commentary

Global economic growth was resilient over the first half of 2023, albeit a still relatively weak performance. With poor manufacturing data impacting those economies more reliant on exports, expectations are still for a period of further economic weakness across H2 2023 and into 2024. Consumer demand has yet to see a fall in activity, primarily driven by low unemployment rates, wage inflation and post pandemic financial support. Inflation rates have started to fall but pressure from the higher interest rate environment is set to continue, with rates likely to be higher for longer, leaving businesses and consumers likely to further tighten their expenditure to cover higher debt servicing costs.

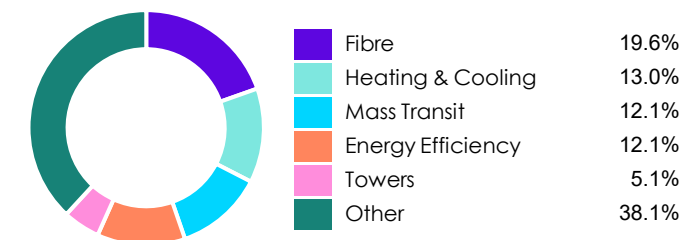
Cycle 2G is fully committed to 6 primary funds and 7 Tactical investments. As at the end of Q3 2023, the portfolio is ~72% invested. On the whole Cycle 2G's early performance indicates good resilience to market turbulence. Brunel is very pleased with how the Cycle 2G portfolio has developed. The portfolio is diversified across geographies and sectors and invested in quality opportunities that we believe will provide strong performance, both in terms of returns and societal and environmental sustainability.

Country Commitment in underlying investments



Source: Stepstone.
Country data is lagged by one quarter

Sector



Source: Stepstone
Sector data is lagged by one quarter

Portfolio summary

Market value (GBP millions)	1 Year MWR*	Since Inception MWR*	Inflows	Outflows	Net cash flow latest quarter	Value added latest quarter	TVPI	Contribution to return: 1 year	Contribution to return: since inception
15.5	9.3%	6.7%	705,873	13,315	692,558	-106,880	1.09	0.0%	0.0%

*Money weighted return. Net of all fees.

Infrastructure (Renewables) Cycle 2

Investment objective

Global portfolio of renewable energy and associated infrastructure assets

Benchmark

CPI

Outperformance target

+4%

Launch date

1 May 2020

Commitment to portfolio

£20.00m

The fund is denominated in GBP

Commitment to Investment

£20.00m

Amount Called

£9.65m

% called to date

48.23

Number of underlying funds

1

Oxfordshire's Holding:

GBP10.01m

Performance commentary

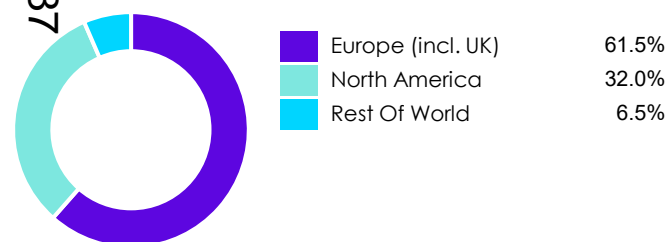
Global economic growth was resilient over the first half of 2023, albeit a still relatively weak performance. With poor manufacturing data impacting those economies more reliant on exports, expectations are still for a period of further economic weakness across H2 2023 and into 2024. Consumer demand has yet to see a fall in activity, primarily driven by low unemployment rates, wage inflation and post pandemic financial support. Inflation rates have started to fall but pressure from the higher interest rate environment is set to continue, with rates likely to be higher for longer, leaving businesses and consumers likely to further tighten their expenditure to cover higher debt servicing costs.

Renewable developers, specifically in offshore wind, reported increased challenges in Q3 2023 due to rising CAPEX and cost of capital thus impacting projects which had locked in PPA or government revenue contracts at prices now no longer financially viable.

While renewables in general have shown resilience, an investment in the 2R portfolio focusing on developing large offshore wind projects has been particularly impacted by these issues which have been further exacerbated by construction challenges.

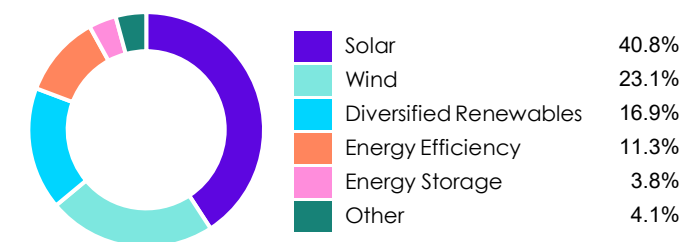
A very mild 2023 has negatively impacted many operating renewable businesses as a result of low production rates causing lower than anticipated revenues versus budget. The lower production rates were somewhat netted off by higher power prices. Brunel's exposure to Renewables is well

Country Commitment in underlying investments



Source: Stepstone
Country data is lagged by one quarter

Sector



Source: Stepstone
Sector data is lagged by one quarter

Portfolio summary

Market value (GBP millions)	1 Year MWR*	Since Inception MWR*	Inflows	Outflows	Net cash flow latest quarter	Value added latest quarter	TVPI	Contribution to return: 1 year	Contribution to return: since inception
10.0	7.4%	8.8%	209,867	52,261	157,606	111,050	1.13	0.0%	0.0%

*Money weighted return. Net of all fees.

Infrastructure (Renewables) Cycle 2

diversified by geography, technology and revenue profile and the risks discussed continue to be monitored.

As at the end of Q3 and not including the recently approved deal, Cycle 2R is ~80% committed and ~48% invested across 6 primary funds and 10 Tacticals. If all approved investments were to be signed and closed, one more Primary allocation will be required to complete the Cycle 2 Renewables' portfolio construction.

As reported to clients in Q3 2023, an approved commitment to the final primary fund has been put on pause and a new search has begun. On a more positive note, the primary commitment into Q-Energy V and a co-investment into Silicon Ranch Corporation have now been finalised. Q-Energy aims to form a diverse portfolio of platform businesses across renewable energy and energy transition in select market segments across Europe. The Tactical investment into Silicon Ranch Corporation is a co-investment into a fully integrated US solar company. A UK solar opportunity and an infrastructure debt co-investment deal in onshore wind & solar in the Nordics has been approved by Brunel and is in final stages of StepStone DD. Together the two investments complete the Tactical allocation for Cycle 2R.

Infrastructure Cycle 3

Investment objective

Global portfolio of infrastructure assets, mainly focussed on climate solutions, energy transition and efficiency

Benchmark

n/a - absolute return target

Outperformance target

net 8% IRR

Launch date

1 April 2022

Commitment to portfolio

£60.00m

The fund is denominated in GBP

Commitment to Investment

£60.00m

Amount Called

£9.01m

% called to date

15.02

Number of underlying funds

1

Oxfordshire's Holding:

GBP8.51m

Performance commentary

Global economic growth was resilient over the first half of 2023. Weak manufacturing impacted economies more reliant on exports, and a period of further economic weakness is expected. Consumer demand has yet to see a decline thanks to low unemployment & higher wages. Inflation has started to fall but pressure from the interest rate environment is set to continue.

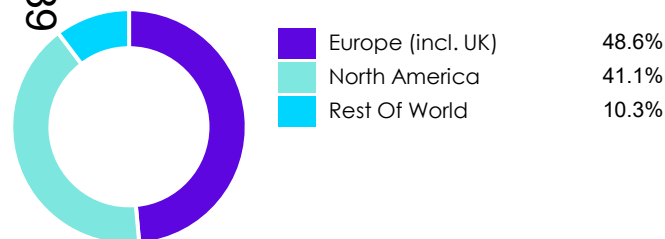
Renewable developers, specifically in offshore wind, reported increased challenges in Q3 2023 due to rising CAPEX and cost of capital. A very mild 2023 has negatively impacted many operating renewable businesses. The lower production rates were somewhat netted off by higher power prices. Brunel's exposure to Renewables is well diversified by geography, technology and revenue profile.

As at the end of Q3, Cycle 3 is ~35% committed and ~16% invested. During Q3, two primary commitments, ICG Infra Equity Fund II and CIP Fund V, have been closed, providing European mid-market exposure and traditional renewable energy exposure across diversified technologies and geographies respectively.

Activity continues at a good pace and post Quarter end the portfolio is ~43% committed including deals subject to final StepStone due diligence. In Q3 2023 a European Natural Capital Primary Fund was approved in addition to two Tacticals: A GP-led secondary opportunity and a Co-investment in a midwestern telecommunications infrastructure platform focusing on Fibre to the Home.

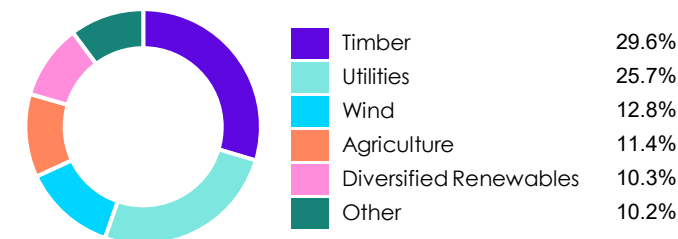
Country

Commitment in underlying investments



Source: Stepstone
Country data is lagged by one quarter

Sector



Source: Stepstone
Sector data is lagged by one quarter

Portfolio summary

Market value (GBP millions)	1 Year MWR*	Since Inception MWR*	Inflows	Outflows	Net cash flow latest quarter	Value added latest quarter	TVPI	Contribution to return: 1 year	Contribution to return: since inception
8.5	-	-7.3%	550,278	39,126	511,152	-136,579	0.94	-0.0%	-0.0%

*Money weighted return. Net of all fees.

Secured Income Cycle 1

Investment objective

Portfolio of long-dated income streams, a majority of which are UK inflation-linked

Benchmark

CPI

Outperformance target

+2%

Launch date

1 October 2018

Commitment to portfolio

£60.00m

The fund is denominated in GBP

Commitment to Investment

£60.00m

Amount Called

£59.95m

% called to date

99.91

Number of underlying funds

3

Oxfordshire's Holding:

GBP55.25m

behind with its sales programme, having only paid back 35% of its redemption queue. Further sales are expected.

Greencoat Renewable Income (GRI) has continued to draw down investor commitments in Q3. These recent calls have funded further investment into Solar II, the solar PV fund managed by Greencoat, and purchased a stake in the London Array offshore wind farm. The London Array is located in the Thames Estuary 12 miles from the Kent and Essex coasts. The Array consists of 175 wind turbines with a total capacity of 630MW and benefits from Renewable Obligation Certificates (ROCs).

Performance commentary

The two long lease property funds held in the portfolio have been impacted by rising interest rates, resulting in valuation declines. Despite economic uncertainty, both funds are confident about their tenant credit ratings, though they are monitoring the situation closely. Rent collection is back up to pre-pandemic levels. M&G Secured Property Income Fund (SPIF) has 100% occupancy, and ASI Long Lease Property (LLP) has only one void in the portfolio (1.9% vacancy), which they are in the process of leasing. Neither fund is leveraged.

Both long lease property funds received large redemption requests after June 2022 (close to 20% of NAV). M&G Secured Property Income Fund (SPIF) made good progress towards clearing their redemption queue, having paid down approximately 77% of the requests as at August. The fund has completed on £860m of disposals of assets, including recent sales of a large office asset in London and a small asset in Derby, both at premiums to book value. Abrdn Long Lease has been selling selective assets strategically but is further

Portfolio summary

Market value (GBP millions)	1 Year MWR*	Since Inception MWR*	Inflows	Outflows	Net cash flow latest quarter	Value added latest quarter	TVPI	Contribution to return: 1 year	Contribution to return: since inception
55.2	-13.5%	-1.3%	232,741	486,406	-253,664	-1,263,960	0.98	-0.3%	-0.0%

*Money weighted return. Net of all fees.

Secured Income Cycle 2

Investment objective

Portfolio of long-dated income streams, a majority of which are UK inflation-linked

Benchmark

CPI

Outperformance target

+2%

Launch date

1 May 2020

Commitment to portfolio

£40.00m

The fund is denominated in GBP

Commitment to Investment

£40.00m

Amount Called

£39.99m

% called to date

99.97

Number of underlying funds

3

Oxfordshire's Holding:

GBP36.33m

behind with its sales programme, having only paid back 35% of its redemption queue. Further sales are expected.

Greencoat Renewable Income (GRI) has continued to draw down investor commitments in Q3. These recent calls have funded further investment into Solar II, the solar PV fund managed by Greencoat, and purchased a stake in the London Array offshore wind farm. The London Array is located in the Thames Estuary 12 miles from the Kent and Essex coasts. The Array consists of 175 wind turbines with a total capacity of 630MW and benefits from Renewable Obligation Certificates (ROCs).

Performance commentary

The two long lease property funds held in the portfolio have been impacted by rising interest rates, resulting in valuation declines. Despite economic uncertainty, managers on both funds are confident about their tenant credit ratings, though they are monitoring the situation closely. Rent collection is back up to pre-pandemic levels. M&G Secured Property Income Fund (SPIF) has 100% occupancy, and ASI Long Lease Property (LLP) has only one void in the portfolio (1.9% vacancy), which they are in the process of leasing. Neither fund is leveraged.

Both long lease property funds received large redemption requests after June 2022 (close to 20% of NAV). M&G Secured Property Income Fund (SPIF) made good progress towards clearing their redemption queue, having paid down approximately 77% of the requests as at August. The fund has completed on £860m of disposals of assets, including recent sales of a large office asset in London and a small asset in Derby, both at premiums to book value. Abrdn Long Lease has been selling selective assets strategically but is further

Portfolio summary

Market value (GBP millions)	1 Year MWR*	Since Inception MWR*	Inflows	Outflows	Net cash flow latest quarter	Value added latest quarter	TVPI	Contribution to return: 1 year	Contribution to return: since inception
36.3	-10.6%	-1.3%	143,434	361,114	-217,681	-956,508	0.96	-0.1%	-0.0%

*Money weighted return. Net of all fees.

Secured Income Cycle 3

Investment objective

Portfolio of long-dated income streams, a majority of which are UK inflation-linked

Benchmark

CPI

Outperformance target

+2%

Launch date

1 April 2022

Commitment to portfolio

£60.00m

The fund is denominated in GBP

Commitment to Investment

£31.92m

Amount Called

£31.92m

% called to date

100.00

Number of underlying funds

3

Oxfordshire's Holding:

GBP33.25m

behind with its sales programme, having only paid back 35% of its redemption queue. Further sales are expected.

There is approximately £19m to commit to the fund for Cycle 3, either via a primary subscription or via a further secondary market trade, should the opportunity arise. The allocation to Greencoat Renewable Income (GRI) is expected to be drawn down by the end of this year, given the fund's strong pipeline.

Performance commentary

The two long lease property funds held in the portfolio have been impacted by rising interest rates, resulting in valuation write downs. Despite economic uncertainty, both funds are confident about their tenant credit ratings, though they are monitoring the situation closely. Rent collection is back up to pre-pandemic levels. M&G Secured Property Income Fund (SPIF) has 100% occupancy, and ASI Long Lease Property (LLP) has only one void in the portfolio (1.9% vacancy), which they are in the process of leasing. Neither fund is leveraged.

Both long lease property funds received large redemption requests after June 2022 (close to 20% of NAV). M&G Secured Property Income Fund (SPIF) made good progress towards clearing their redemption queue, having paid down approximately 77% of the requests as at August. The fund has completed on £860m of disposals of assets, including recent sales of a large office asset in London and a small asset in Derby, both at premiums to book value. Abrdn Long Lease has been selling selective assets strategically but is further

Portfolio summary

Market value (GBP millions)	1 Year MWR*	Since Inception MWR*	Inflows	Outflows	Net cash flow latest quarter	Value added latest quarter	TVPI	Contribution to return: 1 year	Contribution to return: since inception
33.3	-	-	6,980,774	1,826,416	5,154,358	-292,379	1.04	0.0%	0.0%

*Money weighted return. Net of all fees.

UK Property

Investment strategy & key drivers

Portfolio of active UK property funds seeking capital & income returns

Liquidity

Illiquid

Benchmark

MSCI/AREF UK

Outperformance target

+0.5%

Commitment to portfolio

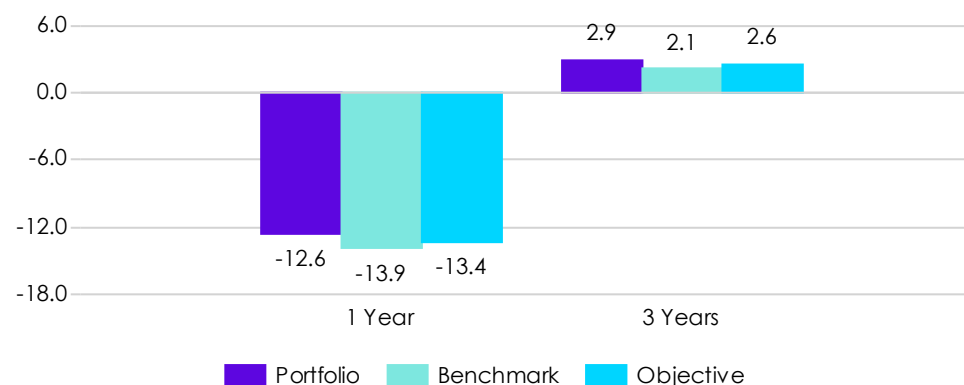
£150.0m

Amount Called

£149.4m

Number of portfolios

16



Performance commentary

Investment volumes remained subdued over the last quarter, with 2023 investment levels expected to reach only half those of 2022 by end-December. Retail, office and industrial yields rose in August by around 10bps, responding to the macro backdrop of 'higher for longer' expectations for interest rates.

Surprisingly, office rental growth continued to rise in London and elsewhere, though the outlook for secondary offices remained poor, as corporates adapted to hybrid working and responded to low economic growth.

Speculative development in the industrial sector was at a peak, with a further 8m sq ft of new space set to reach

completion by end-December. Though industrial rental growth had slowed from an annual rate of 13.3% last August, the 6.8% rental growth figure continued to attract investors.

Residential and Healthcare remained the resilient sectors, with limited capital declines and the benefits of a structural tailwind, given the UK supply shortage in both sectors.

Property holdings summary

Holding	Cost (GBP millions)	Market value (GBP millions)	Perf. 3 month	Perf. FYTD	Perf. 1 year	Perf. 3 year	Perf. 5 year	Inception Date
Brunel UK Property	95.2	160.5	0.2%	0.4%	-12.6%	2.9%	-	Jul 2020

International Property

Investment strategy & key drivers

Portfolio of active International property funds seeking capital & income returns

Liquidity

Illiquid

Benchmark

GREFI

Outperformance target

+0.5%

Commitment to portfolio

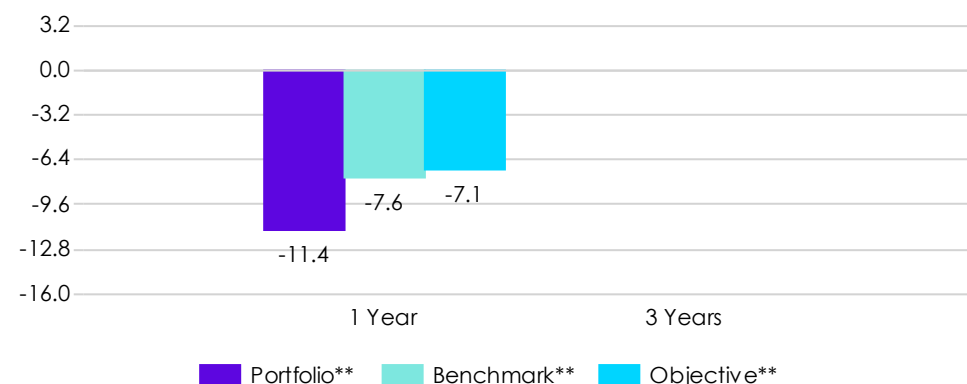
£61.0m

Amount Called

£56.2m

Number of portfolios

10



**Performance data shown up to 30 June 2023

Performance commentary

Global monetary policy was restrictive over 2023, but there were hopes that peak rates were now close in Europe and the US, with inflation appearing to be on a downward trend.

The high cost of debt and general uncertainty resulted in historic lows in real estate transactions. According to CBRE, global transactions to June were down 57% year-on-year. Secondary market activity also remained subdued over the summer.

Many funds across the globe continued to pay down their redemption queues, particularly in the US where some of the larger funds had redemption queues representing around 20% of NAV. While this is a very high level, US redemption

mechanisms differ to those in the UK and do not force funds to sell within a set time-frame; investors often rescind some of their initial request. This allows managers to fund redemptions using selective, strategy-led sales rather than fire sales, mitigating the effect for the remaining investors.

The benchmark INREV GREFI index in Q2 fell -1.8%, approximately the same fall as in Q1. Over the 12-month period it fell -7.6%. All regions delivered negative returns, though Europe fell only -0.5%, compared with APAC's -2.5% and US' -2.7%. In all three regions, core funds underperformed their riskier counterparts. Negative capital movement tended to offset positive income return, though the occupier market remained resilient in most sectors.

Global real estate markets do not appear to have revalued sufficiently yet and CBRE are forecasting that most markets outside the UK will continue to see write-downs to the end of 2023. Traditional office is expected to be hit the hardest due to structural headwinds and adaptation challenges. "Beds, sheds and alternatives" remain Brunel's preferred sectors.

Property holdings summary

Holding	Cost (GBP millions)	Market value (GBP millions)	Perf. 3 month**	Perf. FYTD**	Perf. 1 year**	Perf. 3 year**	Perf. 5 year**	Inception Date
Brunel International Property	17.5	58.2	-5.6%	-5.6%	-11.4%	-	-	Jul 2020

**Performance data shown up to 30 June 2023

Glossary

Term	Comment
absolute risk	Overall assessment of the volatility that an investment will have
ACS	Authorised Contractual Scheme - a collective investment arrangement that holds and manages assets on behalf of a number of investors
active risk/weight	A measure of the percentage of a holding that differs from the benchmark index; can relate to an equity, a sector or a country/region
amount called	In private investments, this reflects the actual investment amount that has been drawn down
amount committed	In private investments, this is the amount that a client has committed to an investment - it will be drawn down (called) during the investment period
annualised return	Returns are quoted on an annualised basis, net of fees
asset allocation	Performance driven by selecting specific country, sector positions or asset classes as applicable
basis points (BP)	A basis point is 0.01% - so 100bps is 1.0%. Often used for fund performance and management fees
CTB	Climate Transition Benchmark - targets 30% lower carbon exposure from 2020 and then a 7% annual reduction
DLUHC	Department for Levelling Up, Housing & Communities; the government body with oversight of pooling
DPI	Distributed to Paid In; ratio of money distributed to Limited Partners by the Fund, relative to contributions. Used for private markets investments
duration	A measure of bond price sensitivity to changes in interest rates. A high duration suggests a bond's price will fall by relatively more if interest rates increase than a bond with a low duration

Term	Comment
EBITDA margin	An EBITDA margin is a profitability ratio that measures how much in Earnings a company is generating Before Interest, Taxes, Depreciation, and Amortization, as a percentage of revenue.
ESG	ESG is an umbrella term to capture the various environmental, social and governance risks investors factor into their assessment of a company's sustainability profile. Brunel views assessing ESG factors as a central part of our fiduciary duty
ESG Score	MSCI (Morgan Stanley Capital International) score based on its assessment of the ESG credentials of an underlying investment. If the portfolio score is below the index, the portfolio is assessed by MSCI to be investing in companies with a better ESG score
extractive exposures VOH	Value of Holdings of invested companies which derive revenues from extractive industries
GP or general partner	In Private Equity, the GP is usually the firm that manages the fund
gross performance	Performance before deduction of fees
Growth	Growth stocks typically exhibit faster long term growth prospects and are often valued at higher price multiples
IRR	Internal Rate of Return - a return that takes account of actual money invested
legacy assets	Client assets not managed via the Brunel Pension Partnership
Low Volatility	Low Volatility is a strategy that attempts to minimise the return volatility.
LP or limited partner	In private equity, an LP is usually a third party investor in the fund
M&A	Mergers and acquisitions

Glossary

Term	Comment
Momentum	An investment strategy that aims to capitalize on the continuance of existing trends in the market
Money-weighted return	A performance measure that takes into account the timing and size of cash flows, including contributions and withdrawals.
MWR	Money weighted return - similar to an IRR - it reflects the actual investment return taking into account cashflows
NAV	Net asset value
net performance	Performance after deduction of all fees
PAB	Paris-Aligned Benchmark - targets a 50% lower carbon exposure from 2020 and then a 7% annual reduction
Quality	Quality stocks typically have a high Return on Equity, a very consistent profit outcome and exhibit higher and stable margins
relative risk	Relative volatility when compared with a benchmark
sector/stock selection	Performance driven by the selection of individual investments within a country or sector
since inception	Period since the portfolio was formed
since initial investment	Period since the client made its first investment in the fund
SONIA	Sterling Overnight Index Average - Overnight interbank interest rate - replacement for LIBOR
source of performance data	Source of performance data is provided net of fees by State Street Global Services unless otherwise indicated

Term	Comment
standard deviation	Standard deviation is a measure of volatility for an investment using historical data. Volatility is used as a measure of investment risk. A higher number may indicate a more volatile (or riskier) investment but should be taken in context with other measures of risk
time-weighted return	A performance measure that eliminates the impact of cash flows, focussing solely on the investment's rate of return over a specific time period. It does not account for the timing and size of contributions and withdrawals.
total extractive exposure	Revenue derived from extractive operations as a % of total corporate revenue
total return (TR)	Total Return - including price change and accumulated dividends
tracking error	A measure of relative volatility around a benchmark. A fund which differs greatly from the benchmark is likely to have a high tracking error
transitioned assets	Client assets that have been transferred to the Brunel Pension Partnership
TVPI	Total Value to Paid In; ratio of the current value of remaining investments within a fund, plus the total value of all distributions to date, relative to the total amount of capital paid in
Value	Value stocks typically have a low valuation when measured on a Price to Book or Price to earnings ratio
WACI	Weighted Average Carbon Intensity; measures the carbon intensity of businesses rather than total carbon emissions. It is expressed as tonnes of CO2 equivalent per million GBP of investment exposure
yield to worst	Lowest possible yield on a bond portfolio assuming no defaults

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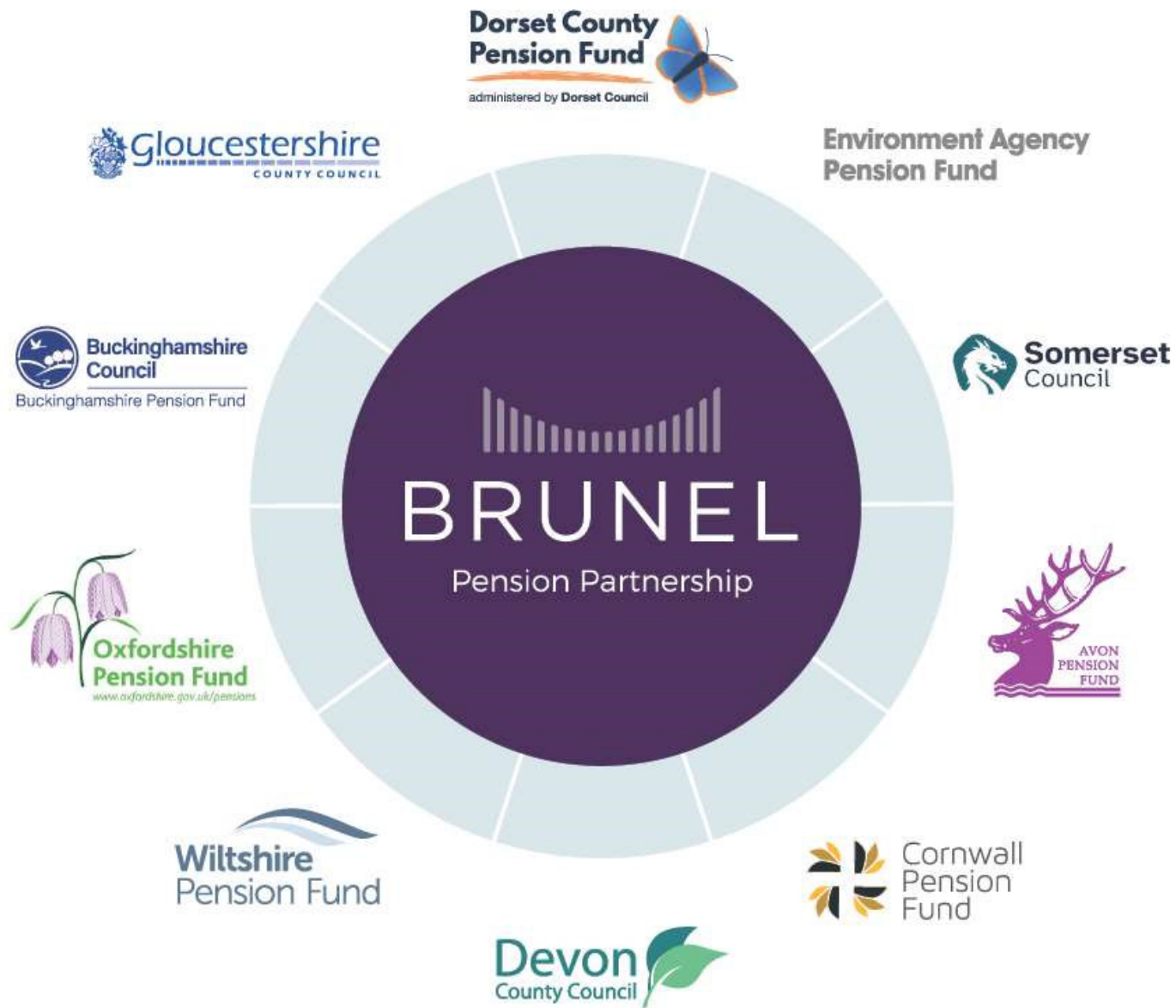
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PENSION FUND COMMITTEE – 01 DECEMBER 2023

INVESTMENT STRATEGY STATEMENT

Report by Executive Director of Resources and Section 151 Officer

RECOMMENDATION

- 1) **The Committee is RECOMMENDED to**
 - a) **approve the revised Investment Strategy Statement;**
 - b) **instruct Officers to set-up a workshop to develop the Fund's Responsible Investment Policy prior to the 01 March 2024 Pension Fund Committee Meeting; and**
 - c) **change the Climate Change Working Group to the Responsible Investment Working Group to take effect once the Fund has agreed a Responsible Investment Policy**
- 2) The Fund's Investment Strategy Statement has been updated to reflect the current position of the Fund and to include changes from the latest Fundamental Asset Allocation Review that were agreed at the Pension Fund Committee on 3rd March 2023.
- 3) The Fund's Climate Change Policy, which forms part of the Investment Strategy Statement, has been included as an annex. No changes are proposed to this policy.
- 4) A further annex has been included that sets out the work undertaken to date to develop a Responsible Investment Policy for the Fund. This includes the proposed high-level structure of the policy, initial feedback on the results of the member survey, and analysis of the Fund's investments to identify risks to which the Fund is most exposed.
- 5) There is a proposal for a Workshop to be held prior to the 1st March 2024 Pension Fund Committee meeting for all Committee and Local Pension Board Members. The aim of the workshop will be to develop a set of investment beliefs and identify the responsible investment areas that are priorities to the Fund. The outcomes from the Workshop will then be used to produce a draft Responsible Investment Policy for consideration at the 1st March 2024 Pension Fund Committee.

Lorna Baxter
Executive Director of Resources and Section 151 Officer
November 2023

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Investment Strategy Statement

Introduction

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

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

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

Governance Overview

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

The Director of Finance has delegated powers for investing the Oxfordshire Pension Fund in accordance with the policies determined by the Pension Fund Committee. The Committee is comprised of five County Councillors (voting members) plus four employer representatives and a scheme member representative (non-voting members).

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

Investment Objectives

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

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

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

Asset Allocation

The decision on asset allocation determines the allocation of the Fund's assets between different asset classes. The Committee believes that this is the single most important factor in the determination of the Fund's investment outcomes. In setting the asset allocation the Fund has considered advice from its Independent Investment Adviser and has used the latest cash flow forecasts provided by the Fund Actuary.

Every three years, following the actuarial valuation, there is a fundamental review of how the assets are managed. This review considers the most appropriate asset allocation for the Fund in order to achieve its investment objectives and considers advice from the Fund's Independent Financial Adviser. A balance is sought between risk, return and liquidity. The most recent review was undertaken in March 2023.

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

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

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

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

The Fund last reviewed its fundamental asset allocation at their meeting on 3rd March 2023 and agreed a target allocation and range for each asset class as set out in the table below.

Asset Class	Target Allocation (%)	Range (%)
UK Equities	15	13 - 17
Global Equities	32	30 - 34
Emerging Market Equities	4	3 - 5
Total Equities	51	46 - 56
Index Linked Gilts	7	
Corporate Bonds	4	
Multi-Asset Credit	5	
Total Bonds	16	14 - 18
Property	8	6 - 10
Private Equity	10	8 - 12
Secured Income	5	4 - 6
Infrastructure	5	4 - 6
Private Debt	5	4 - 6
Cash	0	0 - 5
Total Other Assets	33	26 - 45

Investment Implementation

It is the Fund's Policy to implement its asset allocation through the portfolios offered by Brunel (Brunel Pension Partnership Limited – the pool company established by the Fund alongside 9 other LGPS Funds to manage their pooled investments). Where Brunel do not offer a current portfolio, a request will be made under the agreed Brunel policy for the creation of new portfolios. New investments will only be made outside the pool where Brunel are unable to offer a requested portfolio, normally as a result of the current FCA permissions, or as an interim measure whilst waiting for a Brunel Portfolio to be established, or commitments to the private markets to be called.

When overseeing the selection processes of the Brunel Pension Partnership, the Pension Fund will look at the most cost-effective way of delivering the required investment outperformance rather than have a narrow focus on cost. Ultimately, it is the investment performance net of costs achieved by the Fund Managers which determines the success of the Fund in meeting its objectives.

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

investment solutions currently available but the Fund will monitor the market to identify any new products that are developed in the passive arena.

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

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

Asset Class	Investment Manager	Benchmark	Annual Target
UK Equities	Brunel	FTSE All-Share	+ 2.0%
Global Equities (Paris Aligned Benchmark)	Brunel	FTSE Developed World PAB Index	Passive
Global Equities	Brunel (Global High Alpha)	MSCI World Index	+ 2 - 3%
	Brunel (Sustainable Equities)	MSCI All Countries World Index	+ 2.0%
Fixed Interest - UK Index-Linked Gilts - Corporate Bonds - Multi-Asset Credit	Brunel	FTSE-A UK index linked gilts over 5 year	Passive
		iBoxx Sterling Non-Gilt All Maturities Bond Index	+ 1.0%
		GBP SONIA	+ 4 - 5%
Property	Brunel (UK Property)	MSCI/AREF UK Quarterly Property Fund Index	+ 0.5%
	Brunel (International Property)	INREV Global Real Estate Fund Index	+ 0.5%

Private Equity - Quoted Inv. Trusts	Executive Director of Resources & Section 151 Officer	FTSE Smaller Companies (Including Investment Trusts)	+ 1.0%
- Limited Partnerships	Adams Street Partners Group		
	Brunel	MSCI ACWI	+ 3.0%
Secured Income	Brunel	CPI	+ 2.0%
Infrastructure	Brunel	CPI	+ 4.0%
Private Debt	Brunel	GBP SONIA	+ 4.0%
Cash	Internal	GBP SONIA	-

Target performance is based on rolling 3-year periods

Rebalancing

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

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

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

Where a decision is made to undertake rebalancing the Fund aims to use cash to rebalance as far as possible, as this will minimise transaction costs and keep the cash

holding closer to target avoiding the need for future transactions with associated costs. The rebalancing action will not necessarily take place immediately after a decision has been made as consideration is given to market opportunities and transaction costs.

Restrictions on Investments

The 2016 Regulations have removed the previous restrictions that applied under the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009. These restrictions set limits for types of investment vehicles but not for asset classes. The Committee's approach to setting its investment strategy and assessing the suitability of different types of investment takes into account the various risks involved and rebalancing is undertaken as described above to ensure asset allocations are kept at appropriate levels. When making investment decisions the suitability of the proposed investment structure is considered to ensure that it is the most efficient in meeting the Fund's objectives. Therefore, it is not felt necessary to set any additional restrictions on investments.

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

Risk

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

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

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

Concentration

The Committee manages the risk of exposure to a single asset class by holding different categories of investments (e.g. equities, bonds, property, alternatives and cash) and by holding a diversified portfolio spread by geography, currency, investment

style and market sectors. Each asset class is managed within an agreed permitted range to ensure that the Fund does not deviate too far away from the Benchmark, which has been designed to meet the required level of return with an appropriate level of exposure to risk, taking into consideration the level of correlation between the asset classes.

Volatility

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

Performance

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

Where Brunel are responsible for the management of a portfolio, it is their responsibility to monitor the performance of the underlying investment managers and take any action necessary to address any performance issues. The Committee will receive reports from Brunel on the performance of their portfolios and can challenge them at Committee meetings. Brunel will also provide assurance reports to the Client Group and Oversight Board detailing the results of their monitoring processes, including setting out actions they are taking to address performance.

Illiquidity

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

Currency

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

Custody

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

Pooling

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

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

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

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

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

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

The Fund has certain commitments to long term illiquid investment funds which will take longer to transition across to Brunel. These assets will continue to be managed by the Fund until such time as they are liquidated, and capital is returned.

ESG Policy

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

Given the systemic nature of climate change risk to the Fund's investments the Pension Fund has produced a separate Climate Change Policy covering its approach on this topic. The Policy was developed following a Climate Change Workshop held by the Fund in November 2019 with participants including a range of stakeholders and expert speakers. Following the Workshop a smaller working group was formed to develop a draft Climate Change Policy based on the outcomes of the Workshop.

The Committee's principal concern is to invest in the best financial interests of the Fund's employing bodies and beneficiaries. Its Investment Managers are given performance objectives accordingly. The Council requires its Investment Managers to monitor and assess the environmental, social and governance considerations, which may impact on financial performance when selecting and retaining investments, and to engage with companies on these issues where appropriate. The Council believes that the operation of such a policy will ensure the sustainability of a company's earnings and hence its merits as an investment.

The Investment Managers report at quarterly intervals on the selection, retention and realisation of investments on the Council's behalf and on any engagement activities undertaken. These Reports/Review Meetings provide an opportunity for the Council to influence the Investment Manager's choice of investments and to review/challenge their stewardship activities but the Council is careful to preserve the Investment Manager's autonomy in pursuit of their given performance.

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

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

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

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

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

The Pension Fund will work with Brunel to develop a suite of reporting metrics to cover key ESG areas as defined by the Committee, but including climate change and the other UN Sustainable Development Goals to ensure that the priority given to climate change does not result in unintended consequences in respect of other key areas.

Policy on Exercise of Rights

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

The Fund recognises that encouraging the highest standards of corporate governance and promoting corporate responsibility by investee companies protects the financial

interests of pension fund members over the long term. Stewardship activities include monitoring and engaging with companies on matters such as strategy, performance, risk, capital structure and corporate governance, including culture and remuneration.

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

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

Brunel are responsible for the exercise of voting rights in respect of the Council's holdings in the pool portfolios. The Fund expects Brunel to exercise its voting rights in all markets and its investment managers are required to vote at all company meetings where practicable. Market conventions in some countries may mean voting shares is not in the best interests of the Fund, for example where share-blocking is in operation.

The Fund has successfully applied to become signatory to the UK Stewardship Code in 2022/23.

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

November 2023

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Oxfordshire Pension Fund Climate Change Policy

Foreword

The Pension Fund has a fiduciary duty to invest in the best financial interests of its members. The investment goals of the Pension Fund are set out in its Investment Strategy Statement. Climate change presents a material risk to the Pension Fund's investment returns over the long-term. It follows that the Fund's fiduciary duty inherently requires that it is managing climate related risks to its investments, particularly given the Pension Fund's long-term investment horizon; even if the fund closed to future accrual today the fund would still be operating 80 years later. The Pension Fund currently views climate change risk as the single most important factor that could materially impact its long-term investment performance given its systemic nature and the effects it could have on global financial markets and has thus determined to produce this policy document on its approach to climate change.

Background

Climate change refers to long-term changes to climate patterns, such as changes to temperatures or precipitation. A significant element of climate change is global warming; the long-term rise in the average temperature of the Earth's climate system. Global warming has been demonstrated to have increased significantly over recent decades. The Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report concluded, *"It is extremely likely that more than half of the observed increase in global average surface temperature from 1951 to 2010 was caused by the anthropogenic increase in greenhouse gas (GHG) concentrations and other anthropogenic forcings together"* ⁽¹⁾.

The impacts of climate change are wide ranging and include more extreme temperatures, more natural disasters (flooding, fires etc), permanent loss of land due to rising sea levels, disruption to infrastructure networks (e.g. electricity, water supply), loss of ecosystems, and a severe impact on food supplies. There are also secondary impacts, such as on migration patterns. All of these have the potential to impact on both individual investments and financial markets more generally. A business as usual approach could have a material negative impact on global investment markets ^{(2) (3)}.

In 2015 the United Nations Climate Change Conference (COP21) was held in Paris. The agreement ⁽⁴⁾ that was reached brought most of the world's nations together to undertake ambitious efforts to combat climate change and adapt to its effects, with enhanced support to assist developing countries. The central aim of the Paris Agreement is to keep a global temperature rise this century to below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5°C.

The Paris Agreement has been ratified by 186 states, including the European Union, China and India. Although the United States served notice in November 2019 that it will withdraw as soon as it can legally do so (November 2020), the agreement has international momentum. Rules for implementation were agreed at a meeting in

Poland in 2018, including a requirement for countries to be transparent about their emissions and progress towards emissions reduction targets. There continues to be growing focus on climate change globally and further discussions will take place at future United Nations Climate Change Conferences.

In order to meet the Paris Agreement goals countries will have to take significant policy action. What these policies are and how they operate will be key drivers in how climate change mitigation impacts on investments. The United Nations Principles for Responsible Investment has produced a document forecasting some of the likely policy responses ⁽⁵⁾.

It is acknowledged that irrespective of the action taken to reduce global warming some climate related impacts, such as rising sea levels ⁽⁶⁾, are already expected to occur due the greenhouse gas emissions to date ⁽⁷⁾. Even if global temperature rises are limited to 1.5°C, climate related risks for natural and human systems are greater than they are at present. As such, climate change presents investors with both investment risks associated with these impacts and investment opportunities in terms of mitigation (reducing GHG emissions) and adaptation (adapting to the climate change taking place).

Beliefs

The Paris Agreement was reached based on the best available science and is clear that in order to prevent significant negative impacts, including to the global economy, from climate change the Agreement's goal of keeping global temperature rises to well below two degrees Celsius must be achieved. The investment returns and the beneficiaries of the Pension Fund are reliant on a healthy, functioning global economy, and the Pensions Fund's interests are best served by the delivery of Paris goal and the Pension Fund should therefore actively contribute to their achievement.

From an investment perspective the Pension Fund believes that climate change should be an integral part of the assessment of risks as well as a factor in identifying investment opportunities arising from the transition to a low carbon economy.

Commitment

The Pension Fund commits to transitioning its investment portfolios to net-zero GHG emissions by 2050. The Pension Fund also commits to transitioning its investment portfolios consistent with the best available scientific knowledge, including the findings of the Intergovernmental Panel on Climate Change, to pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels. The Pension Fund will regularly report on progress, including establishing intermediate targets consistent with the annual carbon emissions reduction targets set in the United Nations Environment Programme's Emissions Gap Report

The Pension Fund will seek to reach this Commitment through its investment activity as well as through advocating for, and engaging on, corporate and industry action, as well as public policies, for a low-carbon transition of economic sectors in line with science and under consideration of associated social impacts. This Commitment is

made in the expectation that governments will follow through on their own commitments to ensure the objectives of the Paris Agreement are met.

This commitment covers all investments made by the Pension Fund over all asset classes. The Pension Fund is cognisant that some asset classes are more progressed in the level of disclosure and transparency around climate risks and so may take longer to reach a point where assessment can be undertaken appropriately.

The Pension Fund also commits to achieving net-zero GHG emissions on its own operations by 2030

Delivery

The Pension Fund Committee has responsibility for the direction of policy and the committee will have access to expert advice and have members with appropriate skills and knowledge. Responsibility for the implementation of this policy lies with the Service Manager - Pensions.

The Fund views two strands to its approach to climate change; aiming to be part of the solution in seeking to deliver its commitment and risk mitigation where actions may not directly contribute to a reduction in global warming but protect the fund from climate change related risks.

This second part becomes increasingly important if it becomes clear that efforts may be unsuccessful in achieving the goals of the Paris Agreement – based on current commitments temperatures are forecast to increase by $\sim 3^{\circ}\text{C}$ ⁽⁸⁾. If this is the case the Pension Fund will need to focus on the physical and economic impacts associated with climate change and how these manifest in investment risk so that it can position itself to minimise its exposure to these risks.

A Paris aligned world requires significant changes to industry; this has significant societal implications in terms of employment, access to energy and the affordability of energy. The Pension Fund supports the Just Transition ⁽⁹⁾, seeking to manage the social and economic impacts of the transition to a low carbon economy on communities, and will reflect this in its policy advocacy activity.

Asset Allocation

When determining the Fund's asset allocation, the Fund will consider climate change in terms of mitigating climate risks, and opportunities through investments seeking to deliver solutions to the low carbon transition. Where there are two investment options that broadly aim to deliver the same investment objective the Pension Fund will prioritise the option that delivers the best fit to its climate change commitment. For example, if making an allocation to passive equities the Fund may select a low-carbon index as opposed to a regular market-cap index as a means of reducing exposure to climate risk.

The Fund will seek to increase investments in climate change mitigation and adaptation and will report on the level of relevant investments.

The Pension Fund considers that currently there are limited opportunities to invest in companies focused on climate change solutions in the public markets with more opportunities existing in the private markets across private equity, private debt, infrastructure and real assets. This has asset allocation implications due to the illiquidity and complexity of some of these asset classes.

Investment Options

The Pension Fund makes investments through the portfolios made available by the Brunel Pension Partnership. Where the fund determines that it has climate related policies not deliverable by existing Brunel portfolios it will seek to make these available through the agreed process for the creation and amendment of portfolios. This may require the Fund to seek support from other Brunel client funds.

The operating model chosen for Brunel utilises external fund managers and so the Pension Fund is reliant on the investment products available in the market. With Brunel, the Pension Fund will work with the asset management industry to ensure that appropriate products are made available that deliver against its climate commitment while meeting its investment goals.

Investment Monitoring

The Pension Fund will hold Brunel to account for the delivery of the Fund's investment objectives including its approach to climate change as set out in this policy. In turn, Brunel will hold to account the fund managers it has appointed, and the Fund will assess whether this is working effectively.

The Pension Fund expects investee companies to be transparent in their climate related disclosures and at a minimum expects the adoption of globally accepted disclosure standards such as the Task Force on Climate-related Financial Disclosures. The Pension Fund will itself work towards reporting in-line with the TCFD recommendations.

Fund managers are typically benchmarked against a market index. The fund manager will typically set risk limits against the index, such as tracking error. Therefore, there is a risk that the choice of benchmark could lead to managers being unwilling to take significant sector positions. The Pension Fund will therefore work with Brunel to ensure the benchmarks used for portfolios do not encourage positions inconsistent with the Fund's climate commitment, whether this is non-index based benchmarking or the use of indices that reflect a Paris aligned world.

Engagement

The Pension Fund believes that engagement is a key tool in pursuing the achievement of its climate change commitment. Engagement has led to some progress on climate change matters, but overall the Pension Fund believes the magnitude and pace of change needs to increase. The Pension Fund does not view engagement and divestment as mutually exclusive but rather as two complementary tools that can be used in the escalation of climate concerns with companies. The

Pension Fund further believes that divestment on its own is primarily a way of reducing the climate risk of its investments rather than in actively supporting the transition to a low carbon economy. The Fund believes that engagement to delivery real change, and selective divestment with clear public explanation is a more effective approach.

Engagement on behalf of the Pension Fund will primarily take place through Brunel, their appointed fund managers, and their engagement provider, in accordance with the approach set out in Brunel's Climate Change Policy ⁽¹⁰⁾. The Pension Fund expects engagement to take place with clear metrics, targets and timescales with appropriate sanctions if these are not met. The Fund will monitor and report on the engagement activities undertaken by Brunel on the Fund's behalf. The Fund will also monitor the effectiveness of the engagement approach adopted by Brunel. Engagement will also be undertaken on behalf of the Fund by investor groups of which it is a member, such as the Local Authority Pension Fund Forum.

The Pension Fund believes there is still time for companies not currently aligned with the Paris Agreement to respond to the requirements of the low carbon transition and so believes the most appropriate approach is to continue engaging with these companies. To be clear, any such investments will only be held where they still present a sound investment case over the medium term and there is reasonable evidence of an action plan to ensure that climate risk can be managed to appropriate levels. The Fund will pursue divestment where this is not the case rather than retain investments simply for the purpose of maintaining the ability to engage. Although fundamental business change may be difficult the Pension Fund believes it can be achieved.

For passive investments although there is still the ability to engage with investee companies the ultimate sanction of divesting is not an option, as such the Pension Fund will need to be mindful of climate risks in passive portfolios. If insufficient progress is made by companies in an index as a whole the Pension Fund will need to consider the appropriateness of these investments and consider alternative options such as exclusion-based or tilted indices.

Voting

As a shareholder in listed companies the Pension Fund has voting rights. The Pension Fund will utilise its voting rights to the fullest extent practicable. Ultimately voting is undertaken on behalf of the Fund by Brunel utilising the expertise of their voting and engagement provider and appointed managers.

Voting will be used to support climate concerns and to promote good practice by supporting appropriate climate related shareholder proposals, supporting increased disclosure of climate risks and scenario planning, and voting against boards where insufficient progress is seen to be made on climate risk. Voting activity will take account of the ongoing engagement with a company so that if progress is seen to be being made through engagement voting action may be postponed allowing time for any changes to be implemented.

We support the Brunel approach to voting escalation whereby they will escalate voting activity from voting against the reappointment of the Chair to other board members where they have not met their climate disclosure expectations. These expectations will increase over time with the aspiration of all their material holdings being on TPI Level 4 by 2022 and having made meaningful progress to alignment with a 2 degree or below pathway. In some sectors, e.g. oil and gas, they will aim to stimulate more rapid change.

Policy Advocacy

The Pension Fund will seek to influence policy development in the climate change arena, particularly where investment focused, through engagement with policymakers and regulators. The Fund may seek to do this through Brunel, on its own, in collaboration with other like-minded investors, or through a combination of these depending on how it thinks maximum impact will be achieved. In particular, the Pension Fund will look for the development of a meaningful carbon price, mandatory climate risk disclosures by listed companies, and the removal of fossil fuel subsidies.

The Fund sees policy development as being an important driver in providing the impetus needed for industry to deliver the changes required to achieve the Paris goals. By participating in policy development, the Pension Fund will also be in a strong position in terms of understanding the developing regulatory landscape and how this could affect the Fund's investments.

Collaboration

We believe collaboration with other investors helps influence and improve market best practice standards as well as strengthening the voice of asset owners and their pension beneficiaries. Consequently, through our own activities and by our membership of groups such as the Local Authority Pension Fund Forum, we aim to support the goals of the Paris Agreement.

The Pension Fund will also work closely with Brunel and the other Brunel clients in the development of Brunel's approach to climate change. This will include ensuring that the investment offering from Brunel incorporates comprehensive climate change assessment into all portfolios. To this end the Pension Fund has been engaged in the production of and fully supports the Brunel Climate Change Policy.

The Pension Fund will also seek to collaborate with the wider investment community in order to promote its climate change goals. This may include signing investor statements, co-filing AGM resolutions, policy consultation responses and developing reporting standards. The Pension Fund will also seek to join groups, climate change specific or otherwise, whose aims on climate change correspond with those of the Fund.

Monitoring and Reporting

To enable effective assessment of the climate change risk faced by investee companies and how this is being managed investors need accurate and comparable information. To this end the Pension Fund supports efforts to increase transparency

of climate risk management and related metrics in the investment industry and work to develop globally accepted disclosure standards such as the Task Force on Climate-related Financial Disclosures.

In order to track progress in meeting its climate change commitment the Pension Fund will utilise relevant metrics. The Pension Fund will work to understand the best available metrics, being aware of any inherent limitations, and to develop new metrics where deemed beneficial. As set out in their Climate Change Policy Brunel are seeking to assess whether their listed equity portfolios are at least 2°C aligned by 2022.

As a minimum the Pension Fund will utilise the following metrics where applicable to given investments:

- Carbon Intensity
- Extractive Exposure
- Transition Pathway Initiative Scores
- % of Total Investments in Fossil Fuel Companies
- % of Total Investments in Climate Change Solutions

The Committee supports the Transition Pathway Initiative ⁽¹¹⁾. The TPI assess both management quality, through review of public disclosures, and carbon performance, including the benchmarking of companies' emissions pathways against the international targets and national pledges made as part of the 2015 United Nations Paris Agreement.

The Pension Fund will also develop metrics to monitor the performance of Fund Managers including their voting records on climate change resolutions.

The Pension Fund will explore opportunities to undertake scenario analysis on its investment portfolio which provides estimations of the relative performance of asset classes and sectors under different climate change scenarios.

Review

The Pension Fund wishes to adopt a flexible approach, enabling it to respond to changes in the science, policy action, or investment markets. As with all forecasting, as more detailed analysis is undertaken there are likely to be changes to the current understanding. Accordingly, the policy should be subject to regular review. The Pension Fund will also seek to undertake training to ensure that it remains abreast of the latest developments in climate change and related policy action.

The Pension Fund will produce an annual report on the operation of this Climate Change Policy including any actions undertaken, such as engagement results, any divestments based on climate risk grounds and the level of investment in climate change mitigation and adaptation. The Policy will be formally reviewed in 2022 to tie-in with Brunel's stocktake on the outcomes achieved through the operation of their Climate Change Policy.

References

- (1) https://www.ipcc.ch/site/assets/uploads/2018/02/SYR_AR5_FINAL_full.pdf
- (2) http://eprints.lse.ac.uk/66226/1/Dietz_Climate%20Value%20at%20risk.pdf
- (3) <https://www.mercer.com/content/dam/mercer/attachments/private/nurture-cycle/gi-2019-wealth-climate-change-the-sequel-summary.pdf>
- (4) https://unfccc.int/sites/default/files/english_paris_agreement.pdf
- (5) <https://www.unpri.org/inevitable-policy-response/the-inevitable-policy-response-policy-forecasts/4849.article>
- (6) <https://www.nature.com/articles/s41467-019-12808-z.pdf>
- (7) https://www.ipcc.ch/site/assets/uploads/sites/2/2019/05/SR15_SPM_version_report_LR.pdf
- (8) <https://europa.eu/capacity4dev/unep/document/emissions-gap-report-2016-unep-synthesis-report>
- (9) <https://www.e3g.org/showcase/just-transition/>
- (10) <https://www.brunelpensionpartnership.org/wp-content/uploads/2020/01/Brunel-Climate-Change-Policy-rev01.pdf>
- (11) <https://www.transitionpathwayinitiative.org/>

Responsible Investment policy proposal

December 2023 Pension Committee

Why do we need an RI policy?

- Stewardship Code experience and feedback
- The Fund is exposed to a wider range of RI risks than just climate change
- Climate change risk is a multi-faceted issue – brings in other factors besides carbon emissions e.g. Just Transition; sustainable economy opportunities; Nature, biodiversity and deforestation
- Member survey feedback shows strong engagement with RI
- Will identify where resource should be targeted

Stewardship Code experience and feedback

- Responsible investment is integrated into the Fund's investment approach. However, this has not been codified into a single document. Sits across a number of different documents. An RI policy would collate this all into one place
- Next application we need to do more to demonstrate how we as a Fund are exercising stewardship over our investments, not just via Brunel.
- Feedback that we should also describe the expectations we have set for managers acting on our behalf, including specific reference to Brunel. Must include reference to exercising rights and responsibilities on our behalf across all asset classes.

Potential Structure

High level statement of values and beliefs

Priority issues

Expectations

Issue 1

Issue2

Issue 3

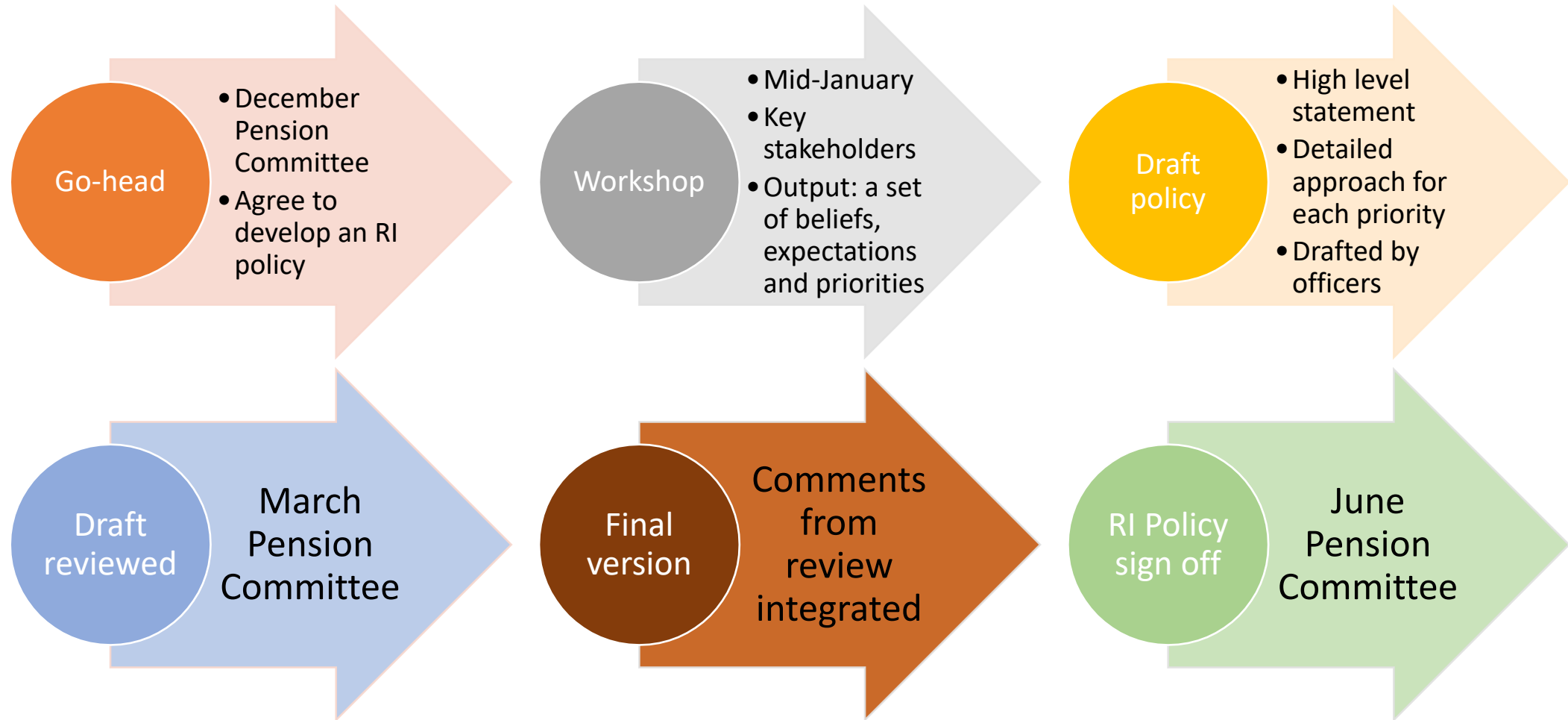
Background work carried out to date

- Member Survey
- Sector Risk exposure assessment
- Wider context review
 - Brunel
 - Global risks landscape
 - Regulatory frameworks
 - Institutional context

Next step - Potential workshop

- Mid-late January to enable time to draft a policy for the March Committee meeting
- Involve key stakeholders
- Facilitated
- Objective
 - to provide stakeholders with a clear set of RI priorities so that an RI policy can be drafted by officers
- Potential Agenda:
 - Define and codify Investment beliefs
 - Expectations for Responsible Investment activity by the Fund and its asset managers
 - Prioritisation of issues

Proposed timeline



Responsible Investment policy development context

Member survey

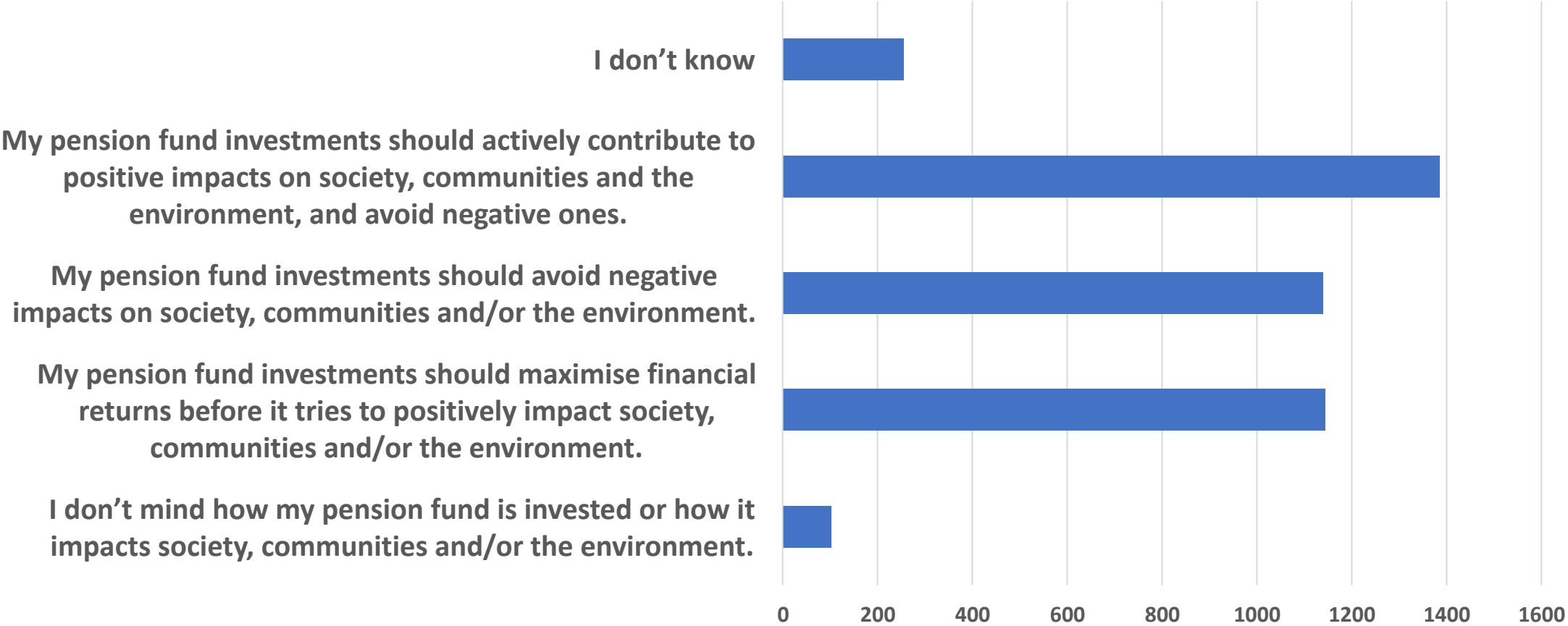
Responsible Investment priorities

Member RI survey

- Sent to all members that Pension Services hold an email address for, cascaded through employers and via newsletters
- Aim was to collect feedback from members on their views about RI
- Emphasis on understanding member priorities
- 4,026 responses – nearly 6% of total membership and 14% of those contacted by email
- Detailed analysis of the survey to follow

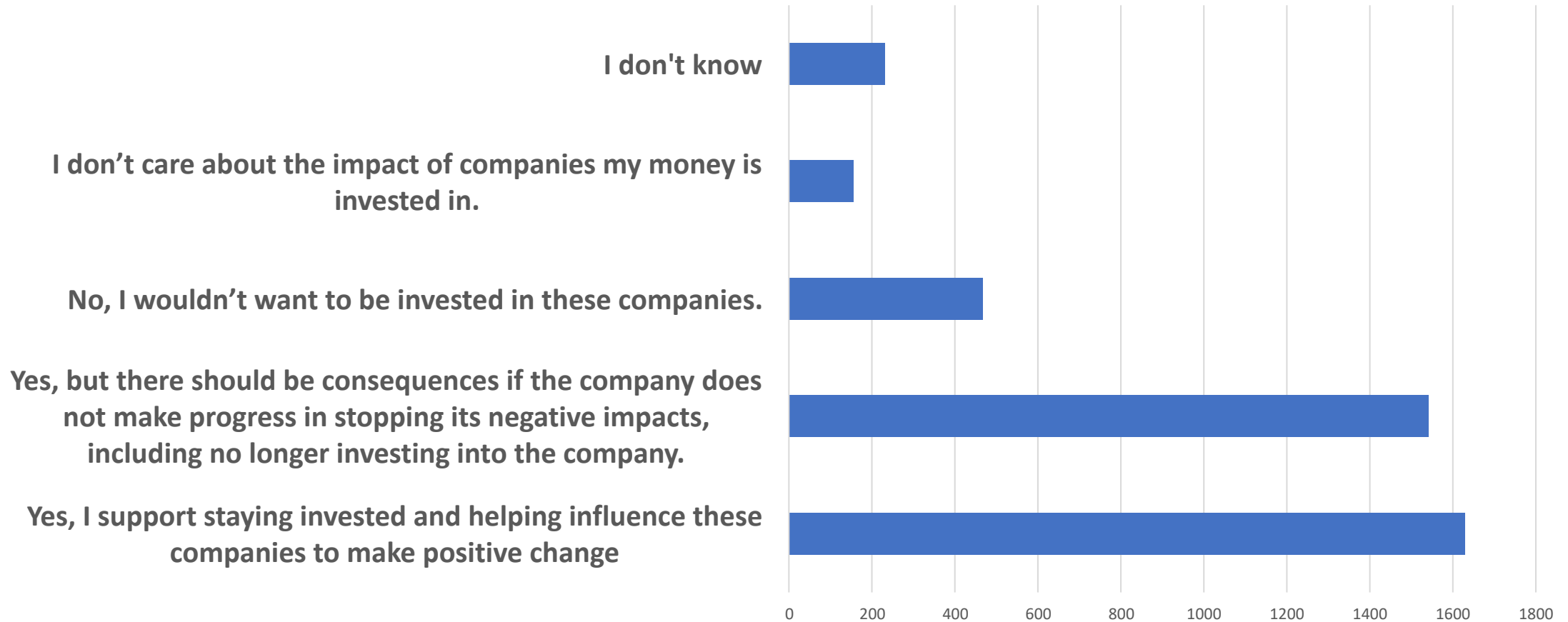
Attitudes to responsible investment

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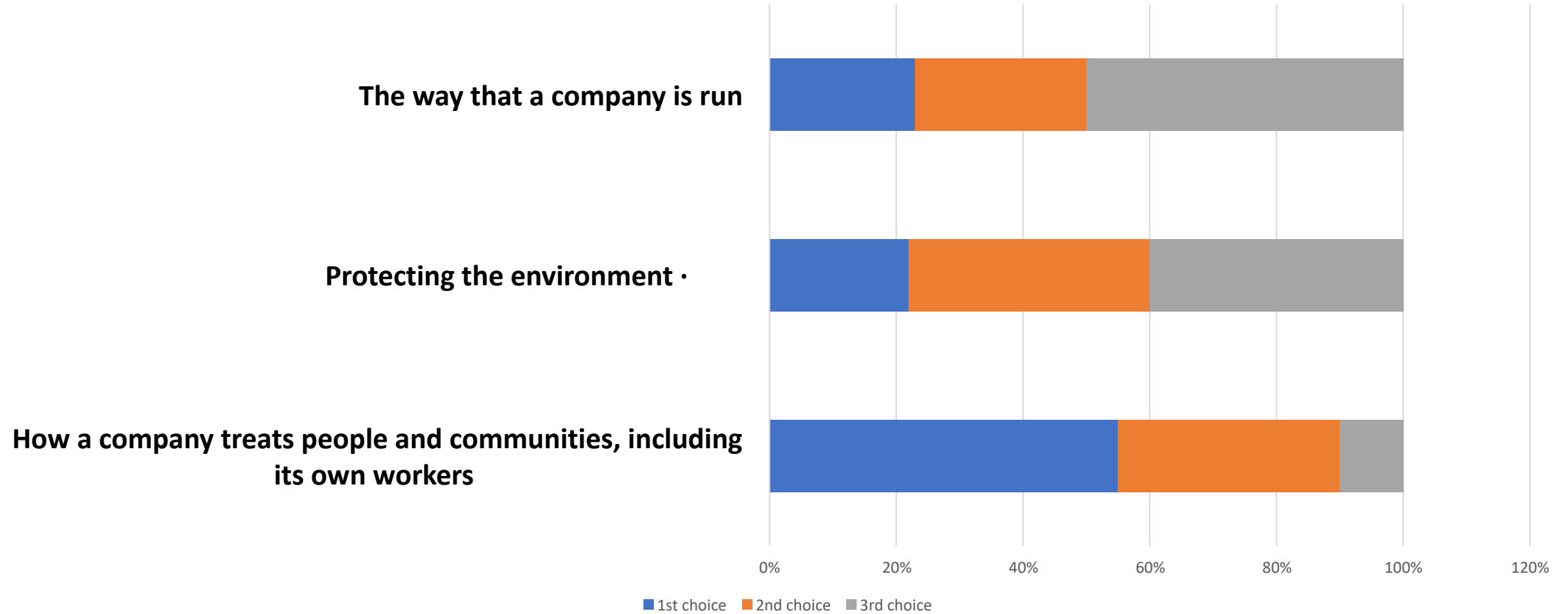
Stewardship approach where a company has negative impacts

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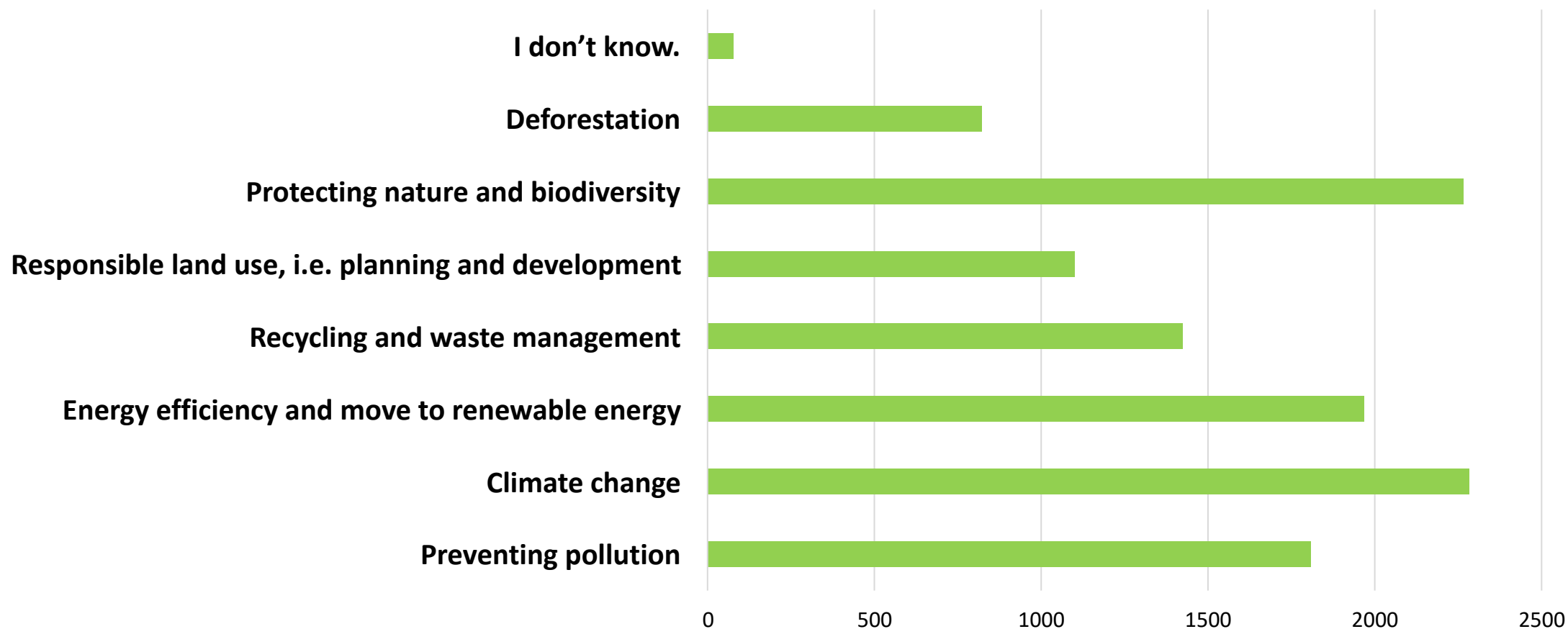
Ranking E, S & G

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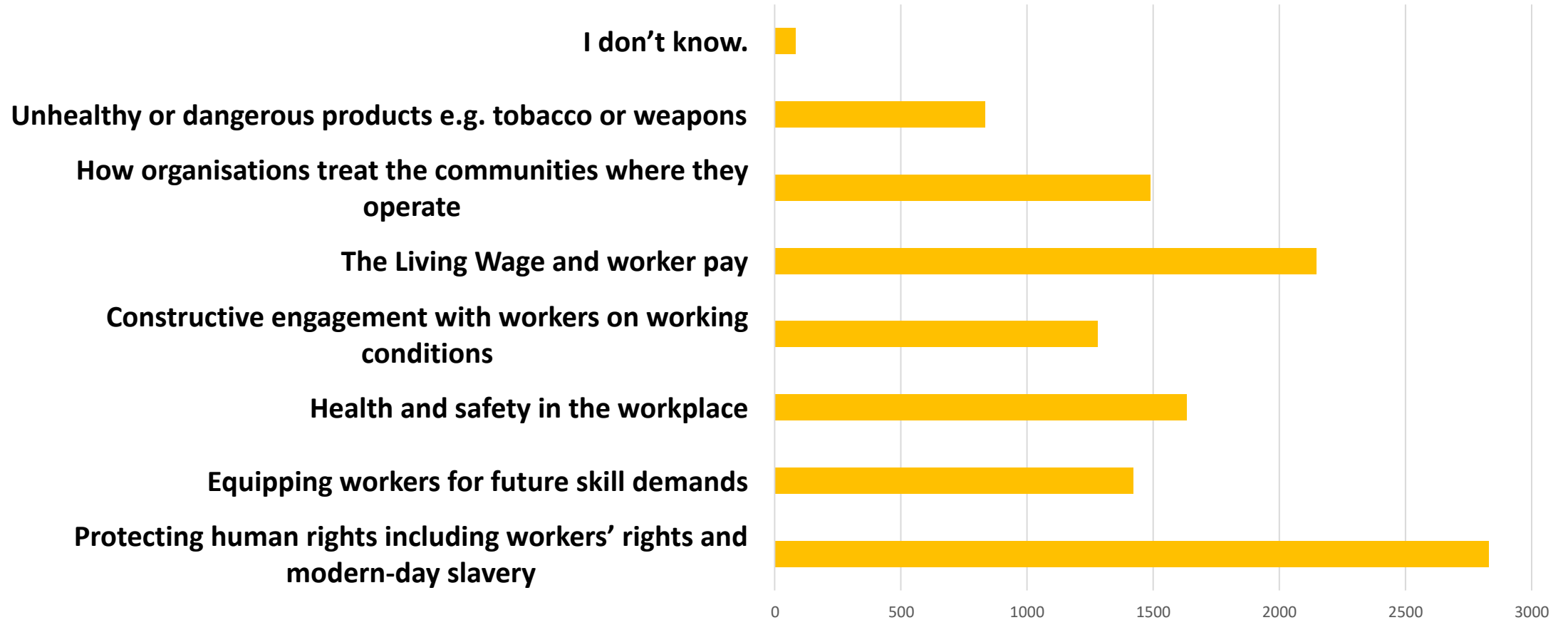
Ranking Environmental issues

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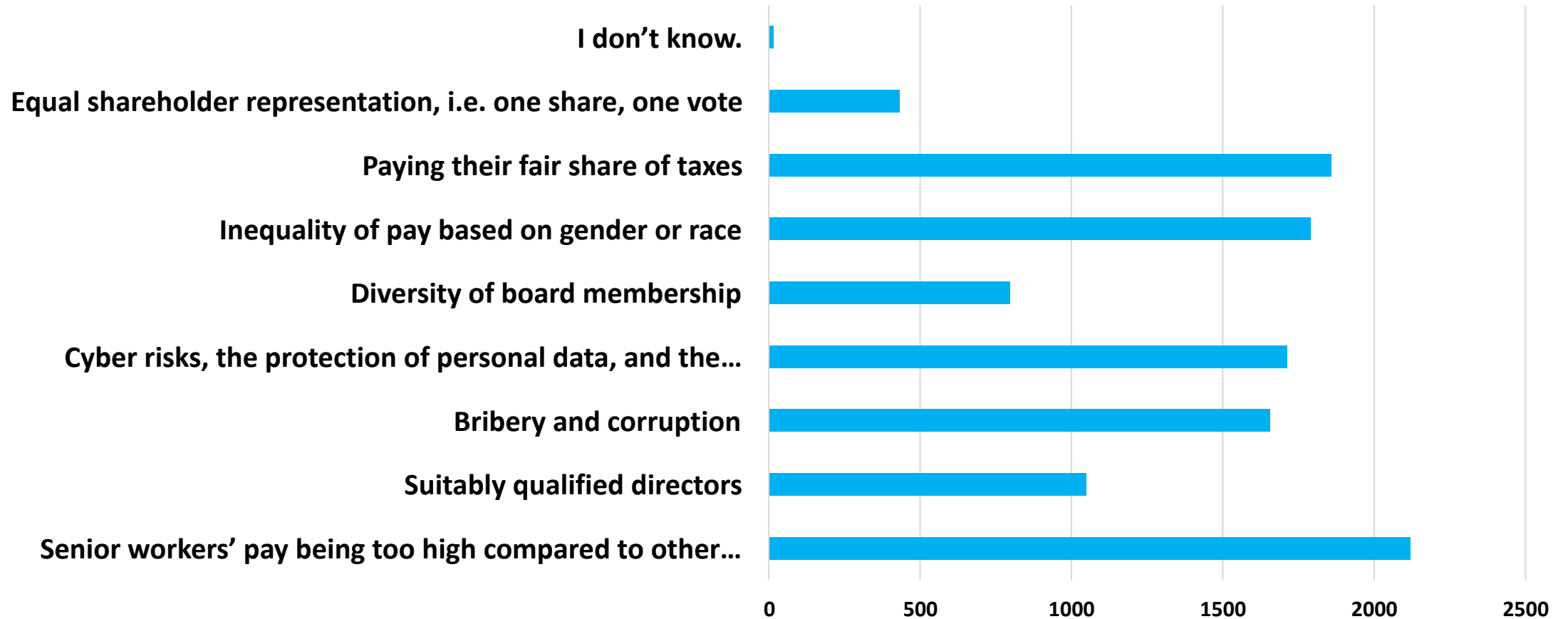
Ranking Social issues

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Key Governance issues

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Environmental, Social and Governance issues top 3 priorities

Environment	Social	Governance
Climate Change	Protecting human rights including workers' rights and modern-day slavery	Senior workers' pay being too high compared to other workers
Protecting Nature and biodiversity*	The Living Wage and worker pay	Paying their fair share of taxes
Energy efficiency and move to renewable energy	Health and safety in the workplace	Inequality of pay based on gender or race

*ranked as top Environmental concern if combined with Deforestation

Key findings

- High level of engagement on Responsible Investment issues
- Clear majority believe their pensions should avoid negative impacts or make a positive impact on society
- Significant majority support for the Fund's stewardship approach of engagement and escalation
- "How a company treats people and communities, including its own workers " ranked as the most important ESG theme

Portfolio Risk analysis

Top 10 sectors

Most invested sectors (equity)

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Passive & Active Funds largest sectors (Sept 2023)	
SOFTWARE, INTERNET AND COMPUTER SERVICES	£241,978,558
PHARMACEUTICALS AND BIOTECHNOLOGY	£117,658,768
INDUSTRIAL SUPPORT SERVICES	£73,937,361
TECHNOLOGY HARDWARE AND EQUIPMENT	£94,063,639
BANKS	£81,606,723
SEMI-CONDUCTORS, ELECTRONIC & ELECTRICAL EQUIPMENT	£60,738,111
RETAILERS	£56,185,727
OIL, GAS AND COAL	£52,594,325
INVESTMENT BANKING & BROKERAGE SERVICES	£51,970,272
MEDICAL EQUIPMENT AND SERVICES	£45,412,984

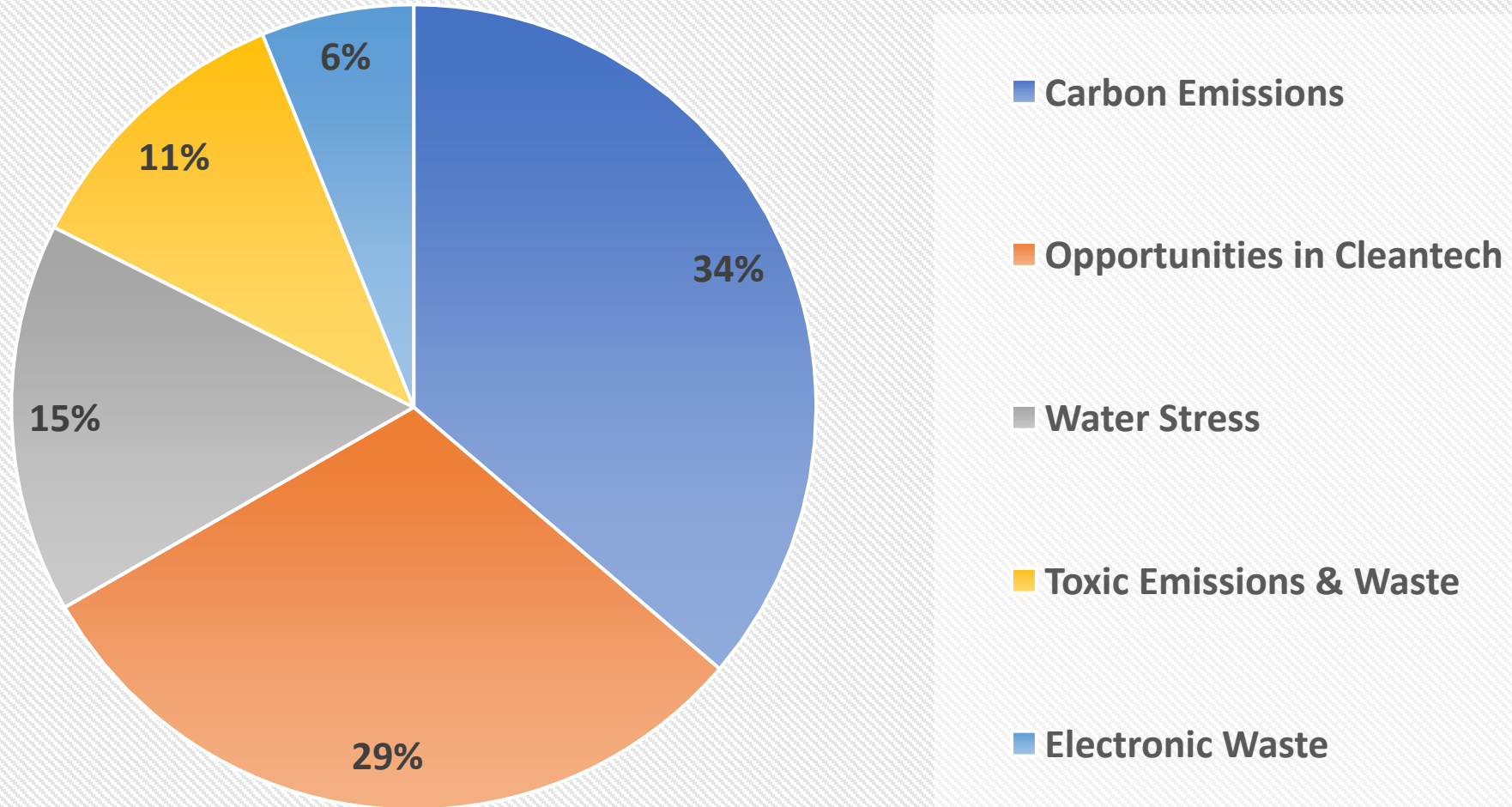
Top 10 sectors represent around 50% (~£875m) of total equity holdings

Portfolio sector risk analysis

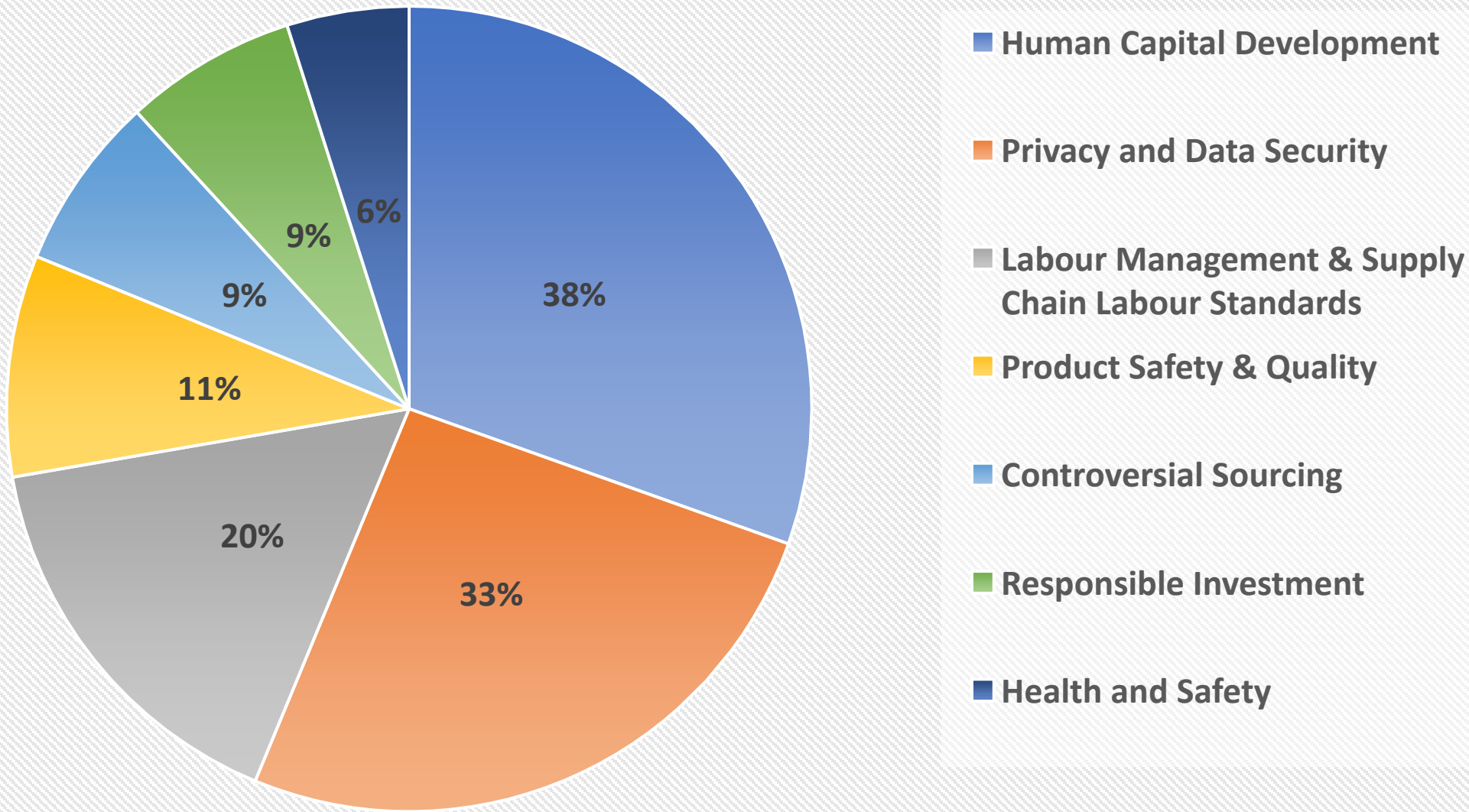
- MSCI ESG Materiality Map used to assess the most material risks* for each of the top 10 sectors
- Combined the value of holdings exposed to each risk to come up with a set of most material Environmental and Social risks
- Different methodology for Governance where the output is a list of those sectors most exposed to a range of Governance risks.

* Contributes >1% to the overall ESG score for a sector company

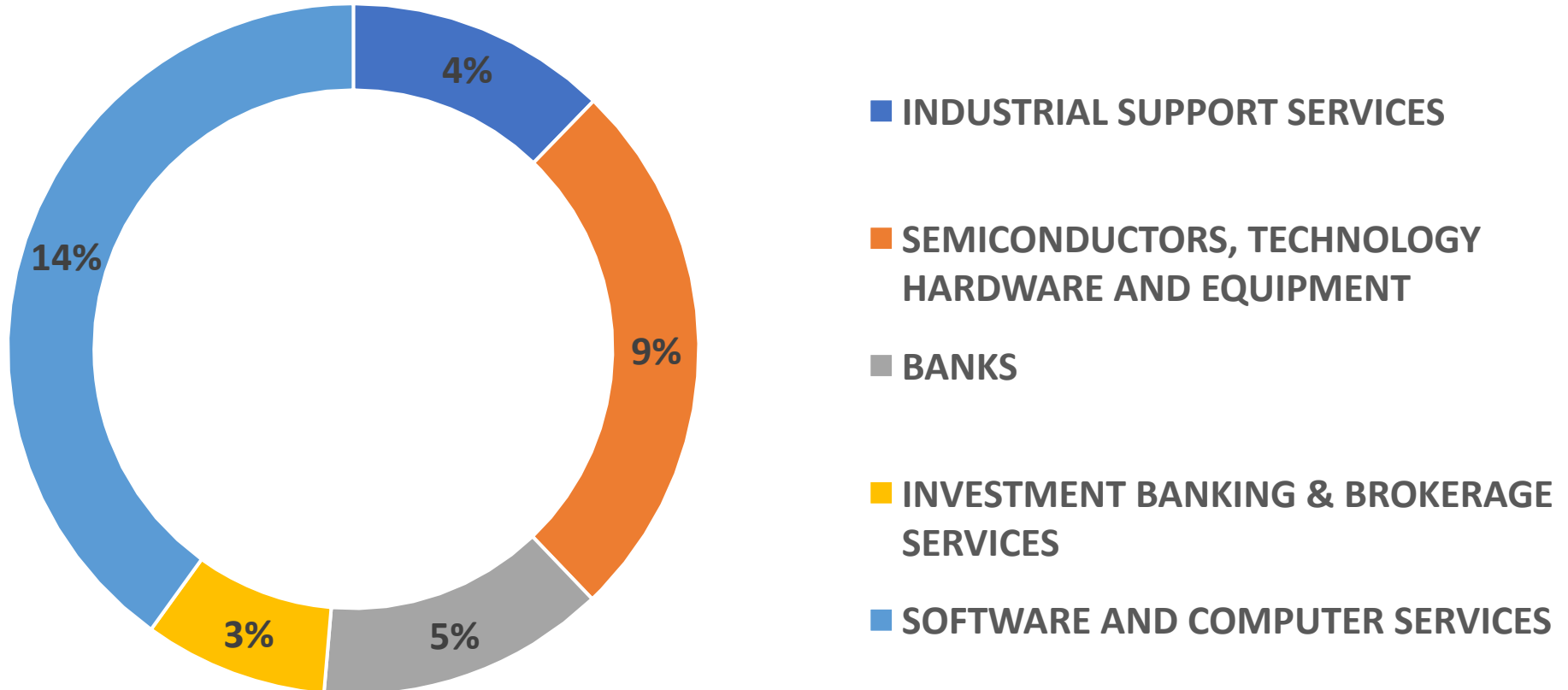
Environmental risk exposure (% of total portfolio)



Social risk exposure (% of total portfolio)



Sectors with elevated Governance risk



External Context

Macro, Regulatory and institutional

- As an investor with a diversified investment approach we are exposed to a wide range of factors which are shaped by the wider economic and investment environment
- Predicting the current and future direction of the external environment is an important for identifying which sustainability issues are important for us.
- Need to take into account the wider global economy, the regulatory environment, and the institutional investment marketplace.

Brunel Pension Partnership

As a member of the Brunel Pension Partnership our Responsible Investment approach will in large part be implemented by the Brunel as our asset manager.

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Brunel have identified their top seven priorities



Global Risks

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- World Economic Forum produces its annual Global Risk's Report identifying main risks to the global economy at two and ten-year outlooks
- Given the long-term investment horizon of the fund the 10-year risks are most relevant
- 5 of the top 6 risks in 10 years' time are environmental. Two climate related risks – failure to mitigate and failure to adapt.
- Biodiversity loss and ecosystem collapse is the fastest emerging risk
- Large scale involuntary migration and erosion of social cohesion risks can both be linked to climate change and the need for a just transition

WEF Global Risks Report – key risks

2 years

1	Cost-of-living crisis
2	Natural disasters and extreme weather events
3	Geoeconomic confrontation
4	Failure to mitigate climate change
5	Erosion of social cohesion and societal polarization
6	Large-scale environmental damage incidents
7	Failure of climate change adaptation
8	Widespread cybercrime and cyber insecurity
9	Natural resource crises
10	Large-scale involuntary migration

10 years

1	Failure to mitigate climate change
2	Failure of climate-change adaptation
3	Natural disasters and extreme weather events
4	Biodiversity loss and ecosystem collapse
5	Large-scale involuntary migration
6	Natural resource crises
7	Erosion of social cohesion and societal polarization
8	Widespread cybercrime and cyber insecurity
9	Geoeconomic confrontation
10	Large-scale environmental damage incidents

Regulatory Frameworks

- Taskforce on Carbon-related Financial Disclosure (TCFD)
- Taskforce on Nature-related Financial Disclosure (TNFD)
- “Levelling up” Agenda
- International Sustainability Standards Board (ISSB) (Climate data)
- UK Stewardship Code
- Transition Plan Taskforce (TPT)
- Modern Slavery Act
- Deforestation due diligence legislation

Institutional Investor landscape

- LAPFF – *four priorities of Human Rights; Climate; Just Transition; and Environment.*
- Institutional Investor Group on Climate Change (IIGCC)
- Net Zero Asset Owners Alliance (NZAOA)
- Paris-Aligned Asset Owners (PAAO)
- Climate Action 100+

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