OXFORDSHIRE COUNTY COUNCIL

To: Members of the Pension Fund Committee

Notice of a Meeting of the Pension Fund Committee

Friday, 1 March 2024 at 10.15 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

February 2024

Committee Officer: ***Sharon Keenlyside***
Sharon.keenlyside@oxfordshire.gov.uk

Membership

Chairman – Councillor Bob Johnston
Deputy Chairman – Kevin Bulmer

County Councillors

Imade Edosomwan	Nick Field-Johnson	Ian Middleton
	John Howson	Michael O'Connor

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

Notes:

- ***Date of next meeting: 7 June 2024***
- ***The Committee meeting will be preceded by a training session on the Private Equity by Adams Street starting at 9.30 am in the meeting room.***

AGENDA

1. Apologies for Absence and Temporary Appointments

2. Declarations of Interest - see guidance note

3. Petitions and Public Address

4. Minutes of Previous Meeting (Pages 1 - 12)

To approve the minutes of the meeting held on 1 December 2023 and to receive information arising from them.

5. Minutes of the Local Pension Board (Pages 13 - 20)

10:20

A copy of the unconfirmed Minutes of the Local Pension Board, which met on 26 January is attached for information only.

6. Private Equity Review

10:25

Adams Street Partners will present an update on the private equity portfolio the Pension Fund holds with them.

The Committee is RECOMMENDED to note the Private Equity Review.

7. Report of the Independent Financial Adviser (Pages 21 - 90)

10:45

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.

The Committee is RECOMMENDED to note the report of the Independent Financial Advisor.

8. Annual Review of Investment Performance

10:55

The Chief Investment Officer, Brunel, will cover the main issues arising from the performance of the Brunel portfolios over the past year and highlight the key issues for the forthcoming year.

The Committee is RECOMMENDED to note the annual review of investment performance.

9. Review of Post-Pooling Investment Costs (Pages 91 - 94)

11:25

A review of management fees incurred by the Pension Fund pre- and post-pooling.

The Committee is RECOMMENDED to note the report.

10. Draft Responsible Investment Policy (Pages 95 - 108)

11:30

This report will present the draft Responsible Investment policy to the Committee for feedback before it is put out for wider consultation.

The Committee is RECOMMENDED to agree the draft Responsible Investment Policy as presented at Annex 1 to this report as the basis of a consultation exercise with key Fund Stakeholders.

11. Report of the Local Pension Board (Pages 109 - 110)

11:45

The report sets out the items the Local Pension Board would like to draw to the attention of this Committee following their last meeting on 26 January 2024.

The Committee is RECOMMENDED to note the comments of the Board as set out in the report.

12. Annual Business Plan 2024/25 (Pages 111 - 150)

11:50

This report proposes a Business Plan, Budget and Training Plan for the forthcoming financial year. The report also includes a review against the key priorities set out in the Annual Business Plan for 2023/24.

The Committee is RECOMMENDED to:

a. **Note the progress against the service priorities for 2023/24;**
b. **Determine their preferred approach to the proposed activity-based exclusions as set out in Annex 2; and**
c. **approve the Business Plan, Budget, Training Plan and Cash Management Strategy for 2024/25 as set out at Annex 1, and authorise the Executive Director of Resources & Section 151 Officer to approve the Special Reserved Matter in respect of the Brunel budget.**

13. Risk Register Report (Pages 151 - 158)

12:05

This report will present the latest position on the Funds' risk register, including any new risks identified since the report to the last meeting.

The Committee is RECOMMENDED to 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.

14. Governance and Communications Report (Pages 159 - 170)

12:10

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

The Committee is RECOMMENDED to:

i) **Note the Fund's update on the Pension Regulator's General Code of Practice.**
ii) **Review and note the latest quarter's breaches for the fund.**
iii) **Note the communications update regarding the McCloud Disclosure requirements and Member Engagement.**

15. Workforce Planning Report (Pages 171 - 174)

12:20

The report sets out the preliminary thoughts and ideas for the future workforce planning for the Fund.

The Committee is RECOMMENDED to

i) **Agree to the development of a Succession Plan for both the Pension Services Manager and the Service Manager Pensions;**

ii) **Agree to the development of a Workforce Strategy for the fund which:**

   a) **Covers a short, medium and long-term horizon;**
   b) **Facilitates the implementation of the appropriate structure, staffing, skills and knowledge to meet new and changing demands;**
   c) **Makes use of new technologies and new ways of working, including agile working where appropriate;**
   d) **Considers succession planning, retention, and development of the workforce.**

16. Administration Report (Pages 175 - 196)

12:30

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) **Agree the change of contract for two administrators from temporary to permanent posts;**
b) **Determine whether to increase in establishment of one administrator post and one assistant post or reduce the SLA requirements; and**
c) **Review team performance statistics and determine if any further information is required.**

17. Cyber Security Policy Review (Pages 197 - 200)

12:40

This report will present the reviewed Cyber Security policy to the Committee for approval.

The Committee is RECOMMENDED to review this report and determine any further actions to be taken.

18. Scheme of Delegations Policy Review (Pages 201 - 208)

12:50

This report will present the reviewed Scheme of Delegations policy to the Committee for approval.

The Committee is RECOMMENDED to agree the revised Scheme of Delegation contained as Annex 1 to this report, noting the key changes set out in the report below.

19. Corporate Governance and Responsible Investment (Pages 209 - 222)

13:00

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

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.

PENSION FUND COMMITTEE

MINUTES of the meeting held on Friday, 1 December 2023 commencing at 10.00 am and finishing at 12.18 pm

Present:

Voting Members:	Councillor Bob Johnston – in the Chair 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)
Other Members in Attendance:	N/A
District Council Representatives:	N/A
By Invitation:	
Officers:	
Whole of meeting	Lorna Baxter (Executive Director of Resources), Sean Collins (Pensions Service Manager), Gregory Ley (Financial Manager-Pension Fund Investment), Josh Brewer (Responsible Investment Officer), Mukhtar Master (Governance and Communications Team Leader), Anna Lloyd (Governance and Communications Officer), Sally Fox (Pension Services Manager), John Arthur (Independent Investment Advisor) and Shilpa Manek (Democratic Services Officer)
Part of meeting	N/A

The Committee considered the matters, reports and recommendations contained or referred to in the agenda for the meeting. Except as insofar as otherwise specified, the reasons for the decisions are contained in the agenda and reports [agenda, reports and schedule/additional documents], copies of which are attached to the signed Minutes.

48/23 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS
(Agenda No. 1)

Apologies for absence were received from Alistair Baxton and Sean Collins would present the report.

49/23 DECLARATIONS OF INTEREST - SEE GUIDANCE NOTE
(Agenda No. 2)

There were no declarations of interest received.

50/23 MINUTES
(Agenda No. 3)

Councillor Field-Johnson asked when the report comparing gross fees pre and post Brunei in paragraph 35/23 would be presented at Committee and was informed that this had been addressed in the independent advisor's report and a report would be presented to the Committee at a future meeting.

The Committee were informed that the Government Consultation had now ended, and the Government had agreed to broadly carry on with what they initially proposed. Nothing was made mandatory, and reports would be presented to the Committee as and when required.

RESOLVED: The minutes of the meeting held on 8 September 2023 were agreed as a correct record.

51/23 PETITIONS AND PUBLIC ADDRESS
(Agenda No. 4)

No requests had been made for petitions and public address.

52/23 MINUTES OF THE LOCAL PENSION BOARD
(Agenda No. 5)

RESOLVED: that the minutes of the Local Pension Board which met on the 20 October 2023 were noted.

53/23 REPORT OF THE LOCAL PENSION BOARD
(Agenda No. 6)

Sean Collins, Service Manager Pensions, gave an update to the Committee. The Board wanted to draw two things to the attention of the Committee, covered in paragraphs 5 and 6.

Paragraph 5 referred to an item already discussed on Pension scams and the Board had agreed that this should be included in the risk register and therefore had been added. This was specifically covering the risk that the Fund would have to re-imburse members for pension scams where they had failed to adequately protect the member.

Paragraph 6 referred to an update that had been provided to the Board on the work being done on responsible investment and the Board had suggested that going forward, the work of the Climate Change Working Group changed to the Responsible Investment Working Group.

Both of the items would be furthered discussed later on in the agenda.

A point was raised about the duplication of work of the Working Group and the Committee, but Members of the Committee were reassured that the Terms of Reference of the Working Group would be carefully written so no duplication would occur.

RESOLVED: that the Committee noted the comments of the Board.

54/23 ANNUAL BUSINESS PLAN 2023/24

(Agenda No. 7)

Sean Collins, Service Manager Pensions, presented the report to the Committee. The Committee received updates on the four priority areas as below:

Delivery of the Regulatory Changes

All the actions were green as the government had still not provided responses and with respect to the pension dashboard, the government had delayed after the targets had been set. A project was ongoing around McCloud and this would be reported later on the agenda. It was reported that suitable progress was being made on all the changes from government.

Improving the Governance Arrangements for the Fund

Most of the targets were given a green status and two were amber. The Workforce Strategy was delayed as government guidance was being waited for over a year and this had still not arrived. It had been agreed that the work needed to be started and a report would be presented to the Committee at the March 2024 meeting.

ACTION: Full Workforce Strategy Report to be March 2024 Agenda

Councillor Jo Robb asked about the discussion that had taken place at a previous meeting about the Committee structure as the Committee had agreed that there would be additional voting members, which had been endorsed. The Service Manager informed the Committee that it had been endorsed by Council and they were currently waiting for the actual appointment of the two new elected members which was due to be agreed at Council on 12 December 2023. The Vice Chair added that the political balance still needed to be agreed.

ACTION: The Executive Director of Resources to contact Democratic Services for the political balance of the two new elected members of the Committee.

The second amber target was the knowledge assessment, a target was set to increase the average score of the Committee. The target was not hit hence the target remained amber.

The Delivery of Enhancing the Delivery of Responsible Investment Responsibilities

There were two amber targets on how to extend work done on the listed markets to the private markets. A lot of good information had been collected but were looking to still work with Brunel to extend the metrics. The second amber target was around decarbonisation where the single metric target had not been met. However, it was agreed that more balanced set of metrics were required to assess overall alignment with the Paris Treaty so work was still ongoing around this target.

The Chair and Committee congratulated Officers for the green targets on the successful application in respect to the Stewardship Code.

The Committee were informed about a meeting that had taken place with the client group about the Engagement Policy and it had been agreed that further work was required, and a full report would be presented at the March 2024 Committee meeting. Transparency had been discussed with Brunel and how much should be in the public domain, discussions were still taking place with other funds.

ACTION: Item on the Engagement Policy to be added to March 2024 Agenda.

Councillor Jo Robb commented that more needed to be done on the good stories and how the Fund was leading the way in many areas. More Communications needed to come directly from the Communications Team.

ACTION: Look into more communication on the good stories

Deliver more Efficiency and Effectiveness through enhanced technology

A number of targets were amber, for these the results were still being awaited.

Councillor Bulmer asked for timescales on the Pension Board to review the survey results and work with Officers action to improve assessment process.

Councillor Howson commented on the postal system and was informed that this was currently being tested for the McCloud changes which members must be informed about.

The budget update remained the same as last reported.

ACTION: The timescales to be included to actions on targets.

RESOLVED: that the Committee reviewed the progress against each of the key service priorities as set out in the report and agreed further actions above to be

taken to address the areas not currently on target to deliver the required objectives.

55/23 GOVERNANCE AND COMMUNICATIONS REPORT

(Agenda No. 8)

Mukhtar Master, Governance and Communication Team Leader, presented the report to the Committee. The three parts of the report were briefly summarised: Hymans Knowledge Progress Assessment Results, Recording of Breaches and The McCloud Regulations.

The Hyman's Knowledge Process Assessment had been carried out last year and again this year, the Board and the Committee had different requirements for gaining and maintaining knowledge and understanding. The core areas that had been listed for the Board and the Committee in the report. The results were good, and the additional training carried out did help to lift the results. In terms of the improvement action in the business plan, this had not been achieved as both the Committee and the Board scores had gone down.

The recording of breaches was a developing area and lots of work had been carried out. The table in the report showed 41 breaches in Quarter 2 (July-Sept) but that was a result of better reporting, not necessarily because there had been more breaches.

The final point that Members were informed about was the McCloud Regulations that were in force from 1 October 2023. Communications to members under the Disclosure Regulations were currently being worked on by the Communications Team.

The Chair and Committee Members commented that the questions in the assessment were the most difficult to complete. The questions had been over complicated and were more difficult to understand and complete and were very obscure. It seemed as Hyman's had moved away from the Committee's knowledge, on what it needed to know. Councillor Howson agreed with the comments but also commented that it was commendable that seven members of the Committee had scored highly in at least one topic. The Committee felt that feedback should be given to Hyman's. Any specific comments could be sent to Sean Collins to include in the feedback. It was also requested that it would be interesting to see national averages and it was confirmed that this may be possible next year.

ACTION: Feedback to be sent to Hyman's on the comments raised by the Committee on the questions.

RESOLVED: that the Committee noted the results and recommendations of the recent Hyman's Knowledge Progress Assessment and reviewed and noted the latest quarter's breaches for the fund and noted the communications update regarding the McCloud Disclosure requirements.

56/23 RISK REGISTER AND RISK MANAGEMENT FRAMEWORK
(Agenda No. 9)

Mukhtar Master, Governance and Communication Team Leader, presented the report to the Committee. The key risks were highlighted to the Committee, and these included adding a risk for pension scams to members. This risk had been agreed at the Pensions Board and had been added and since a lot of work had already been done, the requirements had already been met and therefore the risk had been assigned a score of green, 3. There were no risks that had increased in the quarter. Risk 21, insufficient resource and/or data to comply with the consequences of McCloud Judgement and Sargeant, had reduced from a red rating, 12 to an amber rating, 8, as two new staff had been recruited to the project. The project plan had been developed and implemented and various enquiries had been sent out to employers. There had been a lot of progress and the risk had been mitigated well. Two risks had been removed from the risk register, the risk on legal challenge on the basis of age discrimination in the Firefighters Pension Scheme, as the amended legislation had been received and was in place and secondly, the risk on the departure of the Independent Investment Advisor (IIP). The previous IIP left and been replaced by another qualified IIA by the APEX Group. All the other risks had been assessed and remained the same as last quarter.

The Committee were informed that a new Risk Management Framework had been developed for the fund setting out the key processes and responsibilities for effective risk management. This was not a mandatory document but useful to have in place.

The Chair asked about Risk 25, Potential loss of key members of staff and the Committee were informed that this was an emerging risk added to the register last quarter and had now become an issue as the Pension Service Manager, Sally Fox, would be retiring after 21 years of service and this would be her last meeting. The Service Manager would also be retiring within the next year so the Team would be losing key skills and knowledge. Discussions were taking place on how to mitigate the risk. The Chair commented that the risk should be red, and all agreed that given what was now known, Risk 25 should be red.

The Committee took the opportunity to thank Sally Fox for her dedicated 21 years of service to the fund.

Councillor Howson asked why Risk 13 and 14 had different scores and was advised that the Board had lost more Members and there was still a vacancy on the Board and the Committee had had its five voting Members in place for a while and when the two new Members joined, they would require training.

The Executive Director of Resources added that the two job descriptions were being updated and job adverts would be advertised as soon as possible, but there would be no handover for the first position.

Councillor Field-Johnson raised a point about Risk 14, the Board's training had been good so felt that the risk rating should not be red but the turnover of Board Members was a high risk so should be red, so suggested that the risk be split into two risks. The Chair requested that this be looked into for next quarter.

ACTION: Risk 14 be reconsidered and be split into two separate risks.

RESOLVED: that the Committee noted the latest risk register and accepted that their statutory responsibilities, and that the mitigation plans, where required were appropriate taking into regard the comments from the Committee especially for Risks 14 and 25. The Committee also agreed the new Oxfordshire County Pension Fund Risk Management Framework as set out in Appendix A.

57/23 ADMINISTRATION REPORT

(Agenda No. 10)

The Chair began by again thanking Sally Fox for 21 years of service, always going above and beyond the call of duty in one of the most difficult areas of the Council. The Committee thanks Sally Fox and wished her well in her retirement.

Sally Fox, Pension Service Manager, presented her last Administration Report to the Committee. The Committee were informed that a further two Officers would also be retiring in the quarter ending March 2024. There had also been one promotion so staffing was an ongoing issue and there would be a large recruitment drive in the New Year. The only point to raise on the Performance Statistics would be that the workload was increasing especially with the number of leavers in the Team. The data quality scores that would be included this quarter had been delayed as the Pension Regulator had moved the deadline for the annual return from November to January. The additional time was being used to tidy up the addresses in order to meet the regulators requirements. The update would be presented at the next meeting. The contribution monitoring process which had been introduced was showing positive results by engaging more quickly and consistently with scheme employers. The late returns were slowly reducing. The two projects to inform the Committee about were the transfer of AVC provider which was almost finalised and the McCloud work that had already been discussed within the meeting. Sally also discussed the management of historic debt and the actions that were being taken. The report showed that invoices accounting to under £15K that had been statute barred from recovery and the most significant amount had related to a deceased pensioner where the money could not be retrieved. Invoices amounting to just under £4K, charges had been applied to scheme employers in line with the administration strategy and these had not been paid. This would be mitigated in the future as the debt recovery team were now working very closely with the pension team and recovering debt. Section 3 referred to the invoices currently being sued, and section 4 referred to a situation where the scheme employer had gone into liquidation and the debt would have fallen back to the Council through valuation. Section 5 related to another deceased pensioner where instalments were being made but had stopped. Pension Services were seeking to identify a suitable relative to pursue the remaining debt. Finally, £43.66 had been written off for Members that had died and the debt was no longer retrievable.

The Chair asked about the scheme delegation and who wrote off the debt and was advised that the Pension Service Manager wrote off debt and reported to the Committee.

RESOLVED: that the Committee noted the progress against the Administration objectives for the year; determined no additional information was required to be included in this report; Agreed the write off of the 5 historic debts in Section 1 of Annex 4 totalling £14,747.35; and Noted 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.

58/23 POLICY REVIEWS
(Agenda No. 11)

Sally Fox, Pension Service Manager, presented the report to the Committee. It was reported that there were four policies that were scheduled for review. The Early Release of Benefits, the Admin Authority Discretionary Policy and the Admission and Termination Policy had no changes. The Voluntary Scheme Pays Policy had been amended with two changes; the limit which had gone up from £40K to £60K and the inclusion of additional paragraphs under the Fire Service Pensions.

RESOLVED: that the Committee received the report and agreed the changes made to the Voluntary Scheme Pays Policy

59/23 ADMINISTRATION STRATEGY REVIEW
(Agenda No. 12)

The Pension Service Manager, Sally Fox, presented the report to the Committee. At the September 2023 meeting, the Committee had received the changes proposed to the Administration Strategy. This was then sent to Scheme Employers for consultation. Eight responses had been received with comments and amendments. There were:

- The newsletters were sent out monthly and this had been questioned to why it was monthly and not quarterly like other funds. The Pension Service Manager and the Team felt that there was enough information for the newsletter to continue as a monthly newsletter. Members asked about the cost implications and was advised that it was an online publication sent by email, so about 1-1.5 day of Officer time. Members agreed that a monthly publication was good to continue.
- To reduce the timing between the signing of the admission agreement to a contract start date. It was at 90 days, but this had been reduced to 30 days, on request.
- To confirm the cost of £100 to charge per record where no earnings/contributions had been posted during the financial year, normally for casual staff. This had been challenged but this takes a lot of Officer time to remove records.
- To agree that Officers to report quarterly to the Committee, the value of charges made during each period, in line with the Administration Strategy.

RESOLVED: that the Committee received the report and confirmed the current frequency of employer newsletters, amended the administration strategy to reduce the number of days admission agreements had to be signed to 30 days ahead of a contract start date, confirmed the charge of £100 per record where no earnings /contributions had been posted during the financial year and asked Officers to report quarterly the value of charges made during each period.

60/23 REPORT OF THE INDEPENDENT INVESTMENT ADVISOR

(Agenda No. 13)

The new Independent Advisor, John Arthur, presented the report to the Committee. The Independent Advisor gave his background to the Committee. The points highlighted from the report included that the Fund fell in value this quarter by 0.3% to £3.212bn. It was behind the benchmark over the medium and long-term. The poor performance was largely driven by the 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 Funds 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 was now lagging its benchmark over 3 years (by -2.0%), 5 years (-0.7%) and 10 years (-0.1%) but the returns of 7.2% per annum over the last ten years, being above funds actuarial assumption for future investment returns, would have driven much of the improvement in the funding ratio between the triannual actuarial revaluations.

The Independent Advisor continued to update the Committee on the report. He noted that inflation was falling across the developed world and interest rates had reached their peak and would soon begin to fall, but likely to remain higher than targeted for longer than previously expected. He noted a number of demographic factors impacting on future growth, as well as the problems in China in terms of their weak Covid recovery and on-going property issues. Going forward, decarbonisation of the economy which would also be an inflationary pressure In the view of the Independent Advisor, inflation was unlikely to drop below 3% on a sustainable basis, it was likely to be more volatile and higher on average than seen before. It was the view of the Independent Advisor that there would a recession next year.

The Chair asked for clarification on the US dollar point, the Independent Advisor explained that the strength of the US Dollar was driven by the US economy, which in turn was driven by the strength of the US consumer, assuming that the dollar was appreciating in other countries. In times of stress, people bought dollars as they believed that it was the safest currency. With the way politics was currently in the US, the debt level was increasing, the debt itself had been downgraded by the credit rating agencies, undermining the dollar strength.

Members raised the following points:

- Sterling was more overvalued than the dollar in the current economy.
- 4% inflation would help the UK economy, leading to reduced interest rates.

- Since Brunel did not have a short-term government bond that the fund could invest in, would the alternate be increasing the cash position because that would give a closer position to a guaranteed return. This was not known.
- There was support for a UK smaller companies index linked allocation or FTSE 250 allocation and it would be good to see an update from Officers to whether Brunel had created this fund as asked for and it was good to see the Independent Advisor endorsing the approach.
- The sustainable equities that had underperformed quite significantly. It had been recommended that Brunel was challenged, and the manager of the fund be asked for a review. It would be good to take this forward. It would be good to scrutinise Brunel and the manager to understand why. The Chair and Vice Chair agreed with the action. The Independent Advisor commented that it was an unfortunate time to launch the fund but Brunel, as a pool, were stronger in their commitments to environmental issues and the wider responsible investments sphere than any other pool and the LGPS sector was ahead of the corporate sector. It was important to challenge Brunel.
- For the UK mandate, work was being done with Brunel and other funds. Three of the funds who were currently invested had agreed to support change but the decision from the fourth fund was outstanding.. The request would now be made that Brunel take forward the proposal. It would still be 6-9 months before money was put into it.
- What was causing the underperformance and since making the decision on China some time back, how was this playing out? The Independent Advisor commented that there had been a number of issues of why the portfolios had underperformed. The Independent Advisor felt that Brunel was doing the correct thing, but the challenge was necessary to hold Brunel to account.
- The Committee requested that the private equities and legacy holdings be broken down so that the Committee could see the figures clearly.

ACTION: A summary to be sent to Members and the report reinstated to include in future reports.

RESOLVED: that the Committee formally requested Officers to set up further opportunities for training in respective private equity in context of private equity and high interest rates. Challenge Brunel on the portfolio that was underperforming and request an updated review of the manager. Have a split of what equities were international and European. And on the alternative investments, Officers to ask Brunel to provide the necessary data to conduct the review of alternate investments.

The Chair requested that the Independent Advisors report clearly state the recommendations as in other reports.

61/23 INVESTMENT STRATEGY STATEMENT

(Agenda No. 14)

The report was presented by Gregory Ley, Financial Manager-Pension Fund Investment and Josh Brewer, Responsible Investment Officer. It was reported that the Funds Investment Strategy Statement had been updated since the comments received at the last meeting. The Funds Climate Change Policy was also included but no changes had been proposed to that.

The Committee were informed that the largest risk was climate change but the fund was also exposed to a wider range of risks highlighted in the report annex. Responsible Investment was seen as important to the fund members. A survey had been carried out that had received 4000 responses. Over 60% of members felt that fund investments should avoid negative impacts or have a positive impact, social issues were more important than environmental issues and that members had recognition of the wider issues. The next step would be to draft a Responsible Investment Policy to identify the key priorities and an action plan to implement the priority areas.

The next step was to hold a workshop before the next Committee meeting for all Committee and Local Pension Board members. The aim of the workshop would be to develop a set of investment beliefs and identify the responsible investment areas that were the priorities to the fund. The outcomes of the workshop would be used to produce a draft Responsible Investment Policy for consideration at the next Committee meeting.

The Committee thanked and commended the Responsible Investment Officer for the number of responses received from the consultation.

The name of the policy was discussed and the suggestion of calling the policy an Investment Policy, but the Committee agreed that it would be better to use the suggested name in the report.

The Responsible Investment Officer clarified the aim of the workshop would be to give stakeholders a clear set of responsible investment beliefs and priorities so that a policy could be drafted by Officers. The timetable would be to hold the workshop in mid to late January 2024, policy to be drafted and reviewed at the next Committee meeting in March 2024, feedback and decisions from that meeting to be integrated into the final version of the policy to be agreed at the June 2024 Committee meeting and signed off.

The Independent Advisor commented that by doing this, the Fund would be adopting best practice and would be ahead of other funds and also fiduciary duty was part of the Independent Advisors role to monitor.

Councillor Robb commented that there was normally a report presented to the Committee on the LAPFF, would it be possible to invite them to speak at the workshop on responsible investment. Also was this an opportunity for some Communications on the level of responses to a consultation leading to a workshop. These two points were left with Officers to consider.

RESOLVED: That the Committee approved the revised Investment Strategy Statement, instructed 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 change the Climate Change Working Group to the Responsible Investment Working Group to take effect once the Fund had agreed a Responsible Investment Policy.

.... in the Chair

Date of signing ....

LOCAL PENSION BOARD

MINUTES of the meeting held on Friday, 26 January 2024 commencing at 10.30 am and finishing at 12.05pm.

Present:

Voting Members:	Matthew Trebilcock – in the Chair Susan Blunsden Alistair Bastin Stephen Davis Angela Priestley-Gibbins
Other Members in Attendance:	Councillor Bob Johnston
Officers:	Sean Collins, (Service Manager, Pensions); Mukhtar Master, (Governance & Communications Manager); Sally Fox, (Pension Services Manager); Anna Lloyd, (Governance & Communications Officer); Vicki Green (Team Leader (Pensions)); Rebecca O'Shea (Communications Manager); Rebecca Herman (Team Leader (Pensions)); Sharon Keenlyside, (Senior Democratic Services Officer)

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

1/24 WELCOME BY CHAIRMAN

(Agenda No. 1)

The Chair welcomed everybody to the meeting and introductions were made.

2/24 APOLOGIES FOR ABSENCE

(Agenda No. 2)

Apologies for absence were received from Liz Hayden.

3/24 DECLARATIONS OF INTEREST - SEE GUIDANCE NOTE BELOW

(Agenda No. 3)

There were no declarations of interest.

4/24 MINUTES
(Agenda No. 4)

The minutes of the meeting held on 20 October 2023 were agreed as a correct record.

5/24 UNCONFIRMED MINUTES OF THE PENSION FUND COMMITTEE HELD ON 1 DECEMBER 2023
(Agenda No. 5)

The Board had before it the draft minutes of the Pension Fund Committee meeting of 1 December 2023.

The Board noted the report.

6/24 SCHEME MEMBER ENGAGEMENT UPDATE
(Agenda No. 6)

The Board had before it a report which provided an update on the Member Engagement Plan agreed on 5 May 2023 and the draft priorities for 2024.

The Governance & Communications Manager and the Communications Manager, presented the report and informed the Board that within the last 9 to 10 months there had been progress on most items on the Member Engagement Plan. Some items had not progressed as quickly as expected due to technological solutions external to the Fund, that were required to be put in place first.
The focus for 2024 was to finalise some of these solutions and move them on to the next level. Rolling membership surveys would be sent out quarterly from February 2024. Reports that would allow targeting and segmenting of membership communication were delivered in November 2023.
The collection members email addresses and mobile phone numbers was currently being worked on which would allow the Fund to effectively communicate with members.
The use of webinars and videos would be expanded in 2024. Meeting and training sessions would be recorded and uploaded to Vimeo.
New technology from Haywood would help capture more detailed analytics.
Face-to-face member talks would continue in 2024. These had been well received and were useful to members.

The Board enquired about the membership surveys and officers explained that the surveys would go out to members who had a transaction completed by the Pension Services team during the previous quarter to ascertain how the service was perceived. It was a standard customer feedback survey. The results would be filtered into results that would come back to the Board.

The Board:

1) noted the report,

2) agreed the draft priorities for 2024.

7/24 REVIEW OF THE ANNUAL BUSINESS PLAN
(Agenda No. 7)

The Board had before it the report which set out the latest progress against the key service priorities in the Annual Business Plan for the Pension Fund 2023/24, as considered by the Pension Fund Committee at its meeting on 1 December 2023.

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

Members asked officers if they were confident that they would be able to get the McCloud data ready for August 2025 and if they had the required resources. Officers responded that there was a plan in place and they had contacted every employer that they needed to. The resource and the ability of the resource was being reviewed. The cost for McCleod was to be met through the Pension Fund but was expected to be minimal.

In reference to Key Service Priority 3, Enhanced Delivery of Responsible Investment Responsibilities, the Board said how impressed they were with the progress and thanked officers for their hard work.

Members asked how the amount paid to Fund Managers could be reduced. Officers said that there was a report going to the Pension Fund Committee meeting in March which showed that Brunel had been successful in reducing fees in a like-for-like basis. Reducing asset allocation would be required to reduce fees per se.

The Chair of the Pension Fund Committee commented that he would only consider asset allocation on expert advice.

Regarding training, members asked that they continue to receive invitations to meetings, conferences and events as they were very helpful. Officers confirmed that this would be continued practice.

The Board noted the report.

8/24 GOVERNANCE AND COMMUNICATIONS REPORT
(Agenda No. 8)

The Board had before it the Governance and Communications Report as presented to the Committee on 1 December 2023.

The Governance and Communications Manager presented the report and answered questions raised.

The Chair acknowledged that better reporting of breaches would sometimes result in higher numbers of breaches being identified. Transparency was important. It was good no note that there had not been any material breaches.

The Board commented that the resolution of all breaches within the quarter was excellent work.

Officers confirmed that within the three-month deadline, information about the regulation changes had been given to everyone whose rights or prospective rights might be affected.

The Board noted the report.

9/24 RISK REGISTER REPORT
(Agenda No. 9)

The Board was provided with the latest risk register which had been considered by the Committee on 1 December 2023. The report also covered key governance and communication issues for the Fund and included a report on any breaches of regulation in the last quarter.

The Governance and Communications Manager presented the report and highlighted the key elements of the risk register. As requested at the last Board meeting, the risk of pension scams had been included. In this quarter, there had been no increase in any of the risk ratings. Risk 21, Insufficient Resources, had reduced and two risks had come off the register.

The Chair commented that the Board welcomed the Risk Management Framework as a key and important document which provided a template for understanding, tracking and mitigating risk.

Officers highlighted risk 25, an emerging risk around the potential loss of key members of staff. The report was written prior to the resignation due to retirement of the Pension Services Manager. The Service Manager, Pensions would also be retiring in 2024. There would be a significant loss of skills and knowledge. The Executive Director of Resources was present at the last Committee meeting and was working to ensure that sufficient interim arrangements would be put in place to manage the transition.

The Board asked for a report on succession planning to come to the next meeting and for the Executive Director of Resources to be invited to present the report.

The Board:

1) noted the report,

2) requested a report on Succession Planning at the Local Pension meeting to be held on 3 May 2024,

3) would like to invite the Executive Director of Resources to present the report.

10/24 ADMINISTRATION REPORT
(Agenda No. 10)

The Board considered the latest Administration Report as presented to the Committee on 1 December 2023. The report included an update on the key administration issues including service performance measurement, the debt recovery process and write offs agreed in the last quarter.

The Pension Services Manager presented the report. The Board were informed that there would be three team members retiring and a fourth team member resigning before April 2024.
Regarding performance statistics, there had been dramatic improvements in the vetting process.
During this period, incoming work had increased to over 700 cases.
For the Pension Regulator annual return, 95% was reported for common data and scheme specific data was reported at 99%.
The Corporate Team was helping the team to manage the debt recovery process. There was a lot of historic debt and the Committee had been recommended to write them off. All debt recovery was now actively managed by the Debt Recovery Team.

The Board commented that they approved of the graphs as they made the information much clearer.

The Board thanked the Pension Services Manager for all her hard work over the years and wished her a happy retirement.

The Board noted the report.

11/24 GENERAL CODE OF PRACTICE
(Agenda No. 11)

The Board had before it a report on the General Code of Practice: Initial Compliance Assessment carried out by the Governance and Communications Team.

The Governance and Communications Manager presented the report and answered questions raised.

Officers explained that only 38 of the 51 modules applied to the Local Government Pension Scheme and that the ones deemed as not applying would be reviewed to check that this was correct. Fund officers had assessed the Fund’s compliance with each module and applied a red/amber/green rating. Fund officers had initially taken a cautious approach when applying these ratings. In conclusion, it had been a good start for the Fund.

The Board asked if there was an action plan for the amber modules. Officers explained that they had not drafted an action plan but would be reviewing all areas in finer detail. Hymans had produced a tool that could be used. Actions would be put into place throughout the year to improve compliance and would be reported back to the Board and Committee.

Officers explained that one of the key roles of the Pension Board was to ensure that the Committee was compliant with the regulations and the code of practice. The Board would need to review the final version of the report against the new code and be satisfied that the position was sufficiently robust. It was a key report for the Board.

The Chair requested a quarterly report to provide an update on the Single Code of Practice and progress on compliance. This may then be moved to an annual basis.

The Board:

1) noted the report,

2) requested a quarterly report to provide an update on the Single Code of Practice and progress on compliance,

3) recommended that the report on the General Code of Practice be included in the report to the Pension Fund Committee.

4) recommended the quarterly report to provide an update on the Single Code of Practice and progress on compliance, be included in the report to the Pension Fund Committee.

12/24 ITEMS TO INCLUDE IN THE REPORT TO THE PENSION FUND COMMITTEE
(Agenda No. 12)

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

- The report on the General Code of Practice.
- The quarterly report to provide an update on the Single Code of Practice and progress on compliance.
- The report on Succession Planning.

13/24 ITEMS TO BE INCLUDED IN THE AGENDA FOR THE NEXT BOARD MEETING
(Agenda No. 13)

The Board requested the following items be included at the next Board meeting:

- A report on Succession Planning.
- A quarterly report to provide an update on the Single Code of Practice and progress on compliance.

- The report on fees update going to the March Committee.

.... in the Chair

Date of signing ....

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Oxfordshire County Council Pension Fund

Quarterly Investment Report

Q4 2023

Contacts

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Key Indicators at a Glance

	Index (Local Currency)	Q4 2023	Q4	YTD
Equities			**Total Return**	
UK Large-Cap Equities	FTSE 100	7,733	3.63%	6.22%
UK All-Cap Equities	FTSE All-Share	4,232	4.62%	6.24%
US Equities	S&P 500	4,770	11.67%	26.76%
European Equities	EURO STOXX 50 Price EUR	4,521	9.61%	21.14%
Japanese Equities	Nikkei 225	33,464	5.48%	32.83%
EM Equities	MSCI Emerging Markets	1,024	7.99%	10.14%
Global Equities	MSCI World	3,169	12.10%	24.22%
Government Bonds				
UK Gilts	FTSE Actuaries UK Gilts TR All Stocks	3,129	9.20%	3.69%
UK Gilts Over 15 Years	FTSE Actuaries Uk Gilts Over 15 Yr	3,755	16.67%	1.65%
UK Index-Linked Gilts	FTSE Actuaries UK Index-Linked Gilts TR All Stocks	4,037	10.48%	0.93%
UK Index-Linked Gilts Over 15 Years	FTSE Actuaries UK Index-Linked Gilts TR Over 15 Yr	4,368	16.79%	-4.28%
Euro Gov Bonds	Bloomberg EU Govt All Bonds TR	223	7.72%	7.12%
US Gov Bonds	Bloomberg US Treasuries TR Unhedged	2,277	6.26%	4.05%
EM Gov Bonds (Local)	J.P. Morgan Government Bond Index Emerging Markets Core In	137	7.99%	10.91%
EM Gov Bonds (Hard/USD)	J.P. Morgan Emerging Markets Global Diversified Index	893	9.98%	11.09%
Bond Indices				
UK Corporate Investment Grade	S&P UK Investment Grade Corporate Bond Index TR	362	8.13%	9.63%
European Corporate Investment Grade	Bloomberg Pan-European Aggregate Corporate TR Unhedged	232	5.99%	8.84%
European Corporate High Yield	Bloomberg Pan-European HY TR Unhedged	439	5.63%	12.78%
US Corporate Investment Grade	Bloomberg US Corporate Investment Grade TR Unhedged	3,221	8.50%	8.52%
US Corporate High Yield	Bloomberg US Corporate HY TR Unhedged	2,480	7.16%	13.45%
Commodities				
Brent Crude Oil	Generic 1st Crude Oil, Brent, USD/bbl	77	-19.17%	-10.32%
Natural Gas (US)	Generic 1st Natural Gas, USD/MMBtu	2.51	-14.17%	-43.82%
Gold	Generic 1st Gold, USD/toz	2,072	12.10%	13.45%
Copper	Generic 1st Copper, USD/lb	389	4.09%	2.10%
Currencies				
GBP/EUR	GBPEUR Exchange Rate	1.15	-0.03%	2.12%
GBP/USD	GBPUSD Exchange Rate	1.27	4.36%	5.36%
EUR/USD	EURUSD Exchange Rate	1.10	4.41%	3.12%
USD/JPY	USDJPY Exchange Rate	141	-5.58%	7.57%
Dollar Index	Dollar Index Spot	101	-4.56%	-2.11%
USD/CNY	USDCNY Exchange Rate	7.10	-2.71%	2.92%
Alternatives				
Infrastructure	S&P Global Infrastructure Index	2,724	14.21%	6.46%
Private Equity	S&P Listed Private Equity Index	212	20.57%	40.56%
Hedge Funds	Hedge Fund Research HFRI Fund-Weighted Composite Index	18,783	3.59%	7.21%
Global Real Estate	FTSE EPRA Nareit Global Index TR GBP	3,718	9.92%	3.59%
Volatility			**Change in Volatility**	
VIX	Chicago Board Options Exchange SPX Volatility Index	12	-28.94%	-42.55%

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

Performance

The Fund rose by 4.7% in the fourth quarter of 2023 to a value of £3,364m. This return was marginally behind the benchmark which returned 5.0% As can be seen from the table on the previous page, during the fourth quarter there was a strong rally across all asset classes led by Fixed Interest markets where an improved outlook on inflation lead to forecasts of falling interest rates and hence to a fall in bond yields, this supported all risk assets. The price of oil and gas fell over the quarter, reversing previous quarter's gains, which also helped the inflation outlook.

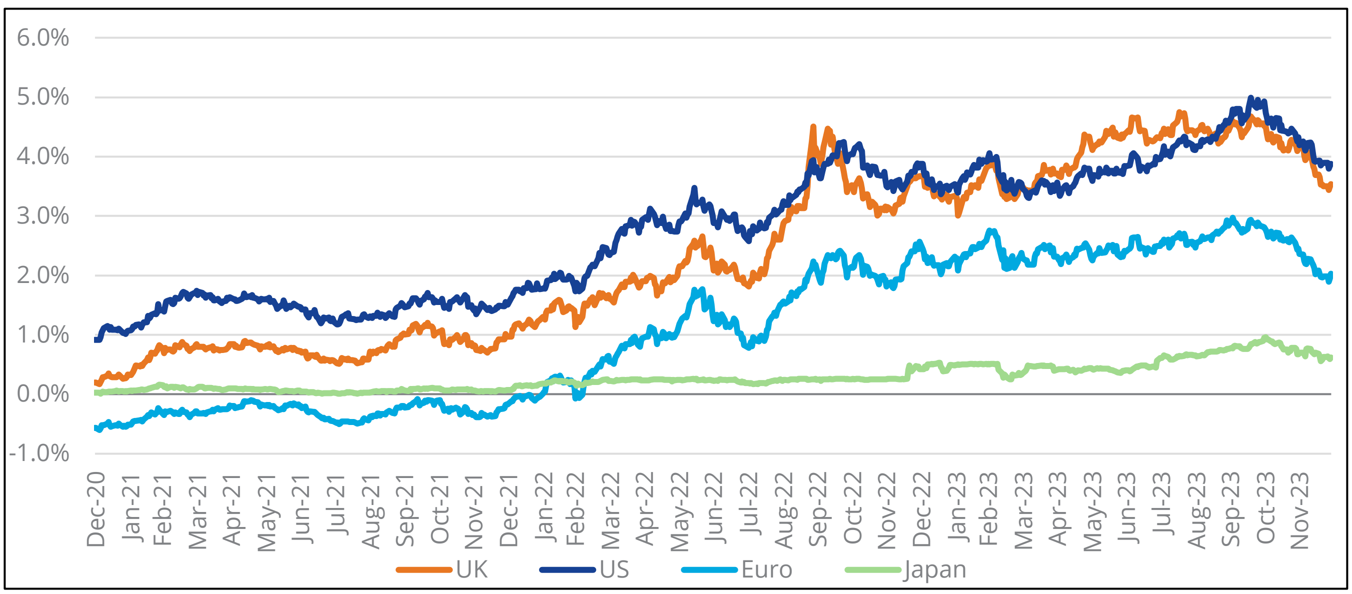
The underperformance against the benchmark was driven mainly by Private Equity with both in-house portfolio and the Brunel managed funds underperforming their benchmarks. The majority of the Brunel managed portfolios outperformed their individual benchmarks with the only area of weakness being the UK and International property portfolios. All the Brunel equity portfolios remain behind their benchmark over longer time periods.

This quarter's underperformance continues the trend of the last few years with the Fund now behind its benchmark over 1, 3 and 5 years and matching the benchmark over 10 years, but with returns of 7.4% p.a. for the last 10 years being above the Fund's actuarial discount rate assumption for future investment returns, this has driven much of the improvement in the funding ratio aided by the rise in bond yields since the last actuarial valuation in 2022 which will have lowered the valuation of the liabilities.

Comment

A strong fourth quarter for all asset classes turned 2023 into a year of good returns with the Fund up 9.8% over the course of 2023. This is a far better outcome than was expected at the start of last year when the vast majority of investment strategists (and me!) were predicting a US recession and poor returns. What changed is the strong growth in the US economy, defying rising interest rates, coupled with falling inflation. The rally in the fourth quarter was driven by the US Federal Reserve (US Fed) suggesting that peak interest rates had arrived and that they believed there was scope to cut interest rates during 2024. Bond markets were soon discounting 6 times 0.25% rate cuts during 2024 but have now rowed back from that optimistic scenario.

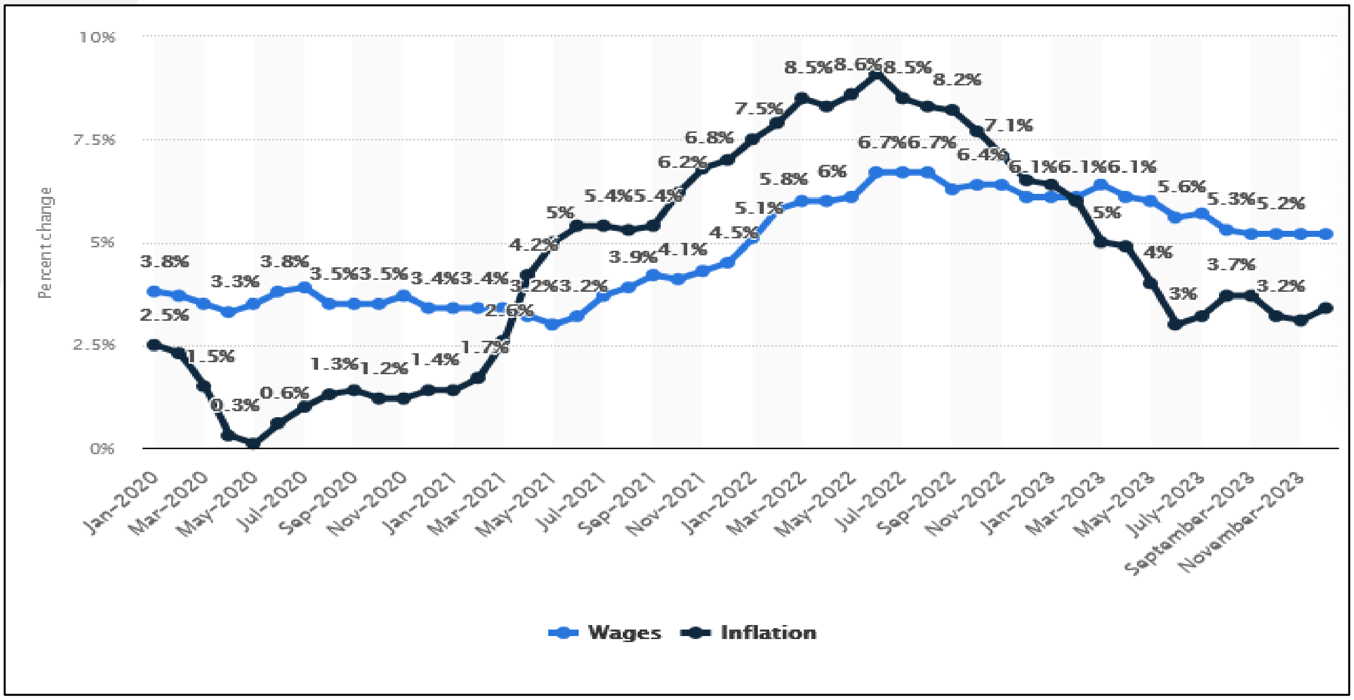
Chart 1:Government Bond Yields



So what did we learn from markets in 2023 and should there be any changes to the Fund's asset allocation?

I have spent much time writing about the backdrop for inflation globally over the last few years with a number of long-term factors changing and becoming more supportive of higher inflation. (Globalisation moving to deglobalisation; rising global workforce to shrinking global workforce due to changing demographics.) My view on this has not changed. Whilst the consensus at the start of 2023 was for a US recession, the consensus for 2024 is for the year to finish with inflation in the US around 3% with continuing economic growth. Whilst this is quite possible, it is the strength of that conviction and its almost universal acceptance which is concerning. If we are to end the year with sub 3% inflation in the US that will be on the back of a slower US economy than currently forecast as wage growth needs to slow from here for 2% inflation to be sustainable. The February US unemployment rate reading remained low at 3.7%. It is hard to see wage inflation slowing without unemployment rising and, therefore, we should expect any further fall in inflation to be hard won with more upward pressure than we have seen in the last 12 months.

Chart 2: US inflation and wage inflation



For inflation to fall from here, economic growth has to be below potential allowing spare capacity to build up, forcing prices lower. In the US, economic growth potential is guesstimated at 1.8% p.a. yet the economy is currently growing at 3.5% p.a. Either economic growth has to slow noticeably for inflation to fall or the guesstimate of potential growth is wrong. The latter is a possibility as there have been signs recently of some growth in productivity but I see this as the final removal of some Covid era supply constraints and, therefore, transitory rather than the start of the much heralded AI revolution.

Given my comments above, for the US, wage inflation and the unemployment rate will be the most important factors in decerning the direction of interest rates from here although an eye should be kept on productivity growth.

Whilst the issue in the US is a relatively strong economy keeping inflation high, the economic outlook in Europe and the UK is much weaker. Economic growth potential is guesstimated at 1.0% p.a with actual economic growth in the region around 0-0.5% p.a. Interest rates are likely to be cut earlier here as economic growth deteriorates. Again wage rises are an issue (UK wage growth was 6% in the year to February 2024) but with unemployment higher and the economy weaker, interest rate cuts should come before those in the US. This should favour European equity markets over the US but may lead to a stronger US Dollar.

The other area where I have not changed my view is that inflation will be more volatile going forward. The period of subdued and stable inflation over the past 10 years has ended with inflation now easier to ignite, either by rising economic growth hitting capacity constraints; the scope for trade disputes and tariffs (which will be inflationary); the cost of decarbonising the economy (which will be inflationary) or by geopolitical unrest restricting the supply of important commodities. This will lead to shorter business cycles and more rapidly changing interest rates. Altogether a more complex outlook for the market.

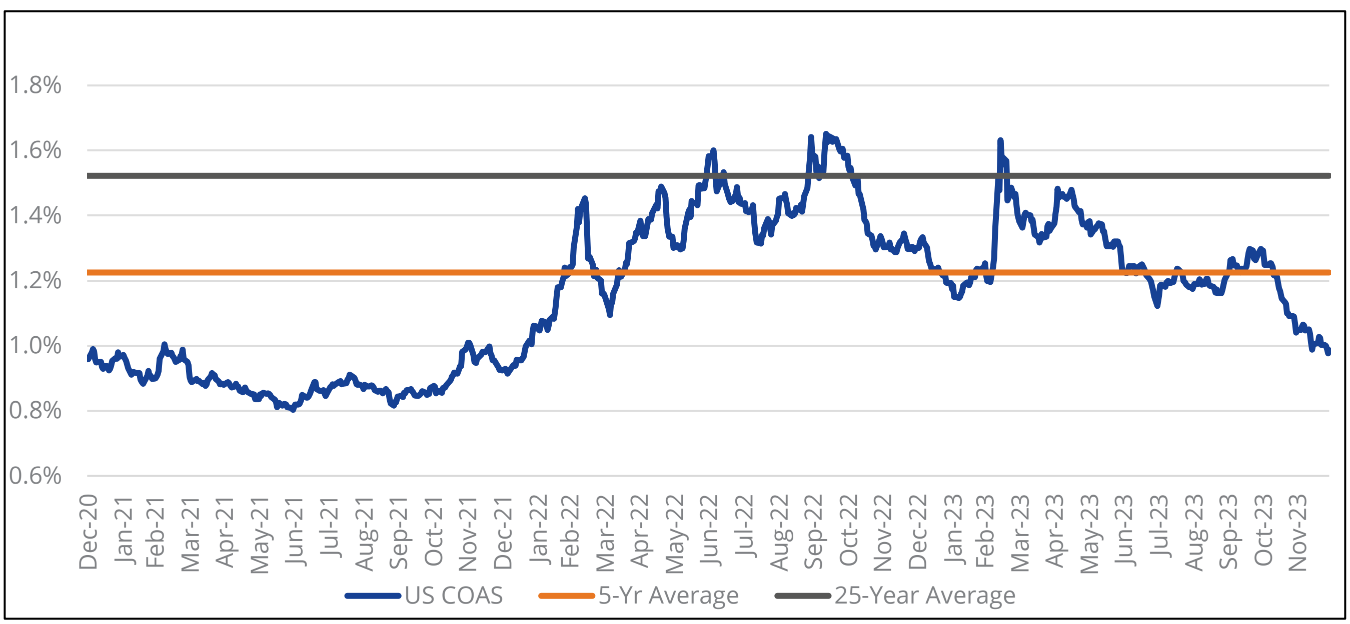
The other issue is politics. Many politicians believe they can impact global markets but this is very rarely the case. Perhaps Mao Zedong is the only one with his drive to open up the Chinese market and compete globally leading to a seismic change in the availability of labour, helping set the scene for 50 years of global deflation. However, we have almost half the world's population voting in an election this year with votes in over 50 countries. A number of these may be predetermined but the scope for surprises is high and in the US presidential elections, to be held on 5th November this year, the outcome could be disruptive to the current global status quo. Elections to the European parliament could also throw up some disruptive factors with the rise of populism (or short-termism as I see it) a potential outcome. It is possible that elections do not provide the required solutions and, as we are seeing in Pakistan, this could herald a prolonged period of uncertainty.

Against all of this, markets are better value now with a decent yield in UK Government debt and long-term return expectations increasing across many asset classes although whether this higher absolute return is actually a higher real return after taking inflation into account remains to be seen.

From a Fixed Interest point of view, because long-term inflation will not be as acquiescent as in the past, long-term inflation expectations may settle higher than current market expectations and so I would favour shorter duration bonds. This is particularly true in the UK where, even with a slowing or recessionary economic environment, long-term interest rates could grind higher if wage pressures remain high and investors are unconvinced by the prevailing government's drive to tackle its borrowing and debt levels. From an investment perspective, whilst the yield on Government bonds in the US, Europe and the UK now looks attractive, the premium over this that corporate borrowers pay to reflect their individual credit quality is low with credit spreads tight driven by the continuing strength of the US economy and low default rates.

The chart below shows the premium an investment grade corporate borrowing in the US would have to pay over the equivalent US government Treasury with a similar maturity profile. Because of this I would prefer Government Bond and Investment Grade Credit over higher yielding bonds at the current time.

Chart 3: US Corporate Bond Spreads



Source: Bloomberg

Notes: Bloomberg Barclays US Corporate Option Adjusted Spread (Ticker: LUACSTAT Index); Option-Adjusted Spreads (OAS) represent the difference between the index yield and the yield of a comparable maturity treasury

In the table below are the Long-term Return Assumptions for Alternative Asset classes as forecast by BCA Research, who are one of the world's leading providers of investment research in this area.

Table 1: Alternative Asset Class return forecasts

Asset Class	Private Equity	Private Debt	Property	Hedge Funds
BCA Research 5-7 year forecast	6.2%	11.8%	3.3%	6.9%
BCA Research 20 year forecast	10.5%	9.2%	9.6%	6.3%

The forecasts above are useful as they show where the revaluation of bond yields will continue to weigh on returns for the next few years (Private Equity and core property) before returning to trend and where they are unaffected (Private Credit) due to this asset class's variable interest rate exposure meaning the loans have already been repriced to reflect current interest rate and bond yield assumptions. Whilst the absolute figures forecast by the BCA will invariably be wrong, I do agree with the attractiveness of the individual asset classes and would continue to favour Private Debt over Private Equity for the next few years.

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	55.3%	**51%**	+4.3%	-£145m
Fixed Interest	15.4%	**16%**	-0.8%	+£27m
Property	7.1%	**8%**	-0.9%	+£30m
Secure Income	3.9%	**5%**	-1.1%	+£37m
Alternatives (ex PE)	5.2%	**10%**	-4.8%	+£161m
Private Equity	12.0%	**10%**	+2.0%	-£67m
Cash	1.1%	**0%**	+1.1%	-£36m

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

The last column shows the amount of money in cash which would need to be invested/divested from each asset class to bring its weighting back to the Strategic Asset Allocation.

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 the energy and mining 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 a focus on UK Smaller Companies outside of the FT-100 index. (Largest 100 stocks listed in the UK.) This is highly likely to require a change in managers but, in my opinion, is likely to improve long-term returns and increase the probability of the portfolio outperforming the benchmark over time.

Brunel and the four member funds invested in this portfolio have now agreed to amend the UK equity mandate to benchmark it against the FT-All share excluding the FT-100 index. This will focus the mandate on smaller UK companies than at present and remove the industry bias in the current mandate. My only concern in this change is that the mandate could force the underlying managers to sell investments as soon as they enter the FT-100 index. Scope should be given within the mandate for the underlying managers to continue to hold successful companies as they grow even if they become part of the FT-100 index.

I would expect this change to lead to a new set of underlying managers and so a full manager selection exercise will be needed.

The Fund currently has an allocation of 10.28% of total assets to the existing UK equity mandate. The Strategic Asset Allocation benchmark weight is 10% so the Fund is marginally overweight this mandate. I would recommend a weighting to this mandate of between 5% - 10% of the Fund's assets. If the weighting in this mandate is reduced to 5% then thought will need to be given as to where any sale of assets is reinvested. I will look to update the Committee on this issue following further discussion with Brunel and your officers.

2) **Paris Aligned Global Equities Passive (Brunel):** I note the sudden increase in the carbon intensity of this portfolio which is not reflected in the index, this is surprising given the passive nature of this portfolio. I have a meeting with Brunel next week and will raise this and hope to be able to update the committee verbally at the next meeting.

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.

4) **Brunel performance:** The performance of the majority of the Brunel managed portfolios remains below their individual benchmarks for many of the portfolios since inception despite some improvement this quarter. Much of this is due to the focus on low carbon and the focus on Responsible Investment when selecting the underlying managers and this stance has not paid off since the Russian invasion of Ukraine and the ensuing high inflation. Nonetheless, the performance of Brunel should remain a focus for the Committee.

5) **Private Equity (Brunel):** Much of the exposure to Private Equity is via UK based investment trusts, these vehicles have moved to a discount of their net asset value (NAV) recently as markets have become concerned that the rise in interest rates may constrain PE managers' ability to refinance some of their underlying businesses. If equity markets remain stable over the coming year I would expect this discount to slowly close but it could take a number of years for these investment trusts to trade close to their NAV unless the underlying portfolios surprise on the upside.

Underlying Mandates

Rather than comment on each portfolio separately duplicating the reporting from Brunel, the table below sets out each portfolio within the Fund with a note on my opinion of the management and performance using a traffic light system. Because of the transfer of assets to Brunel most of the portfolios will have changed manager over the last four years. For this reason I have rated some of the portfolios amber purely because the performance history is too short to support an opinion. I remain impressed by the intellectual rigour with which Brunel designs portfolios and selects managers.

We now have 3-year performance figures for both Private equity and Infrastructure and, whilst the initial allocations to these portfolios will have been very slow and Brunel's speed of commitment was poor, returns do suggest that Brunel are achieving a reasonable level of return from these asset classes.

From an asset allocation point of view I am very ambivalent towards having a standalone UK equity portfolio rather than Global Equities and am happy to see any further reduction in the Fund's equity weight continuing to come from UK Equities.

Portfolio	Benchmark	Inception	Performance	Comment
UK Equity	FT All-Share EX IT	09/18		Reduced to two managers, poor performance
Global High Alpha	MSCI World Equity	09/19		Acceptable performance to date
Global Sustainable	MSCI All World Equity	09/20		Performance becoming a concern
Global Paris Aligned	MSCI Paris Aligned	07/18		Passive portfolio
Emerging Markets	MSCI Emerging Markets	10/19		Poor performance to date
UK Fixed Interest	£ Non-Gilt Credit	11/21		Transitioned to Brunel in the second quarter 2021
Multi Asset Credit	Cash + 2%	11/21		Transitioned to Brunel in the second quarter 2021
Property	Property benchmark	04/20		Too early to comment; some concerns
Secured Income	CPI	07/20		Poor performance to date
Infrastructure	CPI	01/19		Drawdown has been slow; performance looks strong
Private Equity	MSCI All World Equity	01/19		Drawdown has been slow; performance looks strong
Private Debt	Cash +4%	08/17		Existing managers have performed well

I have moved the Infrastructure portfolio to amber on my traffic light system as the performance fails to impress. The Sustainable Global Equity portfolio is red due to the poor performance since inception.

Private Equity

The Fund holds a variety of Private Equity (PE) investments, some through Brunel some directly with the underlying manager and some via UK Investment Trusts. The Investment Trusts are quoted and therefore priced daily and these can, therefore, give an indication of investors' views on this sector. Of the Investment Trusts held by the Fund, the largest position is in HG Capital Trust. This Investment Trust currently trades at a -13% discount to estimated Net Asset Value (NAV) despite a strong long-term track record. A number of the other Private Equity Investment Trusts trade at discounts of over 30% to estimated NAV at the current time. These discounts reflect the market's concern that part of the Private Equity business model during the previous 10 years has been the use of cheap debt to boost returns. With bond yields now higher, this debt needs to be refinanced with the ensuing higher interest rates reducing cash returns. I suspect that it will now take a number of years for these concerns to dissipate fully and for these Investment Trusts to trade close to NAV again. If equity markets rise from here, the discount to NAV may begin to tighten but I feel that, given the low level of PE transactions at present, there is limited pricing transparency and we are seeing some stresses within the industry with greater use of Payment In Kind (PIK) for interest payments to preserve cash flows and efforts to extend debt terms whilst PE owners are occasionally having to put in more cash to existing businesses to enable debt to be refinanced. I would let the dust settle in this area before moving to pick up any apparently cheap Private Equity vehicles.

Market Summary

- Inflation (including core inflation) fell again in Q4 and allayed many market fears over it proving stickier than expected. As a result of this continued fall, central banks have taken a more dovish stance and indicated that rates will be cut sooner in 2024 than previously expected. Lower inflation and peaking rates have shifted the concern more on the side of stagnating growth and recessionary risk, with UK and Europe showing declining GDP growth and China still feeling the effects of the property crisis. The notable exception to this is the US, where resilience in the domestic job market and a healthy consumer market have led to steady GDP growth. Labour markets continue to remain robust, especially in the US (unemployment at 3.7% and job openings up 5.3% YoY in November).
- Q4 delivered a rally in almost all markets, following the Q3 correction, returning to the positive trend of the first half of the year. Global equities (MSCI World) rose sharply by 12.1% in local currency terms over the quarter, with 'growth' (+13.2%) rising more sharply than 'value' (+8.8%) as an investment style. Japanese and UK equities notably lagged behind other markets, with broad Japanese equities returning 2.0% (TOPIX Index) and 5.5% (Nikkei 225) in local currency and

UK equities returning 4.6%. Following a spectacular year, Japanese equities lagged, due to the lesser impact of changes in rate policy combined with Yen appreciation acting as a headwind. UK equities suffered from the drops in oil and gas prices and Sterling strength. US equities (+11.7%) rose after the more dovish stance taken by the US Fed allayed fears of 'higher for longer' rates. Bonds enjoyed a reprieve in Q4, as markets discounted 1.5-2% cuts in rates during 2024. All government bonds performed strongly over the quarter, with long-dated gilts showing the biggest recovery. Investment grade mildly underperformed government bonds, with spreads tightening as refinancing concerns decreased and slightly outperformed high yield, due to a greater sensitivity to rates. Alternatives all showed a strong recovery, with private equity (+20.6%) as measured by the S&P Listed Private Equity Index showing particularly strong performance.

- It is worth highlighting the following themes, impacting investment markets:
    - Core inflation is going down but watch for false rallies. Inflation fell across the board through most of the quarter. UK annual CPI fell to 3.9% in November, compared to 3.4% for the US and 2.9% for Eurozone in December (UK estimates for December not yet available). Core inflation (excluding energy and food prices) has now also been falling more significantly, resulting in the US Fed taking a more dovish stance and increasing predicted cuts in 2024. However, tensions in Ukraine and the Middle East illustrate the potential for renewed inflationary shocks (from supply constraints) and sustained inflationary pressure (through "friendshoring", the onshoring of businesses to friendly nations, and the re-engineering of supply chains). It is likely that as 2024 progresses we will see more pauses/false rallies as central banks' balance the need to keep the inflation figures falling and the risks of recession.
    - AI has now been operational for over a year, what are the next steps? Since ChatGPT's launch in November 2022, it and other AI platforms have had a significant impact. The scale of its potential can be seen in the way it has materially driven technology investment over the course of the year and in the enormous outperformance of the US tech majors ("Magnificent Seven"). Increasing regulation and concerns over its misuses may lead to a slight slowing of the speed of advancement and investment, but the power of AI to disrupt businesses and, indeed, the political process in the largest electoral year in history, should not be underestimated. It offers huge opportunities, but also creates an increasingly risky investment environment.
    - Investment risk is higher and harder to diversify in geopolitically driven or inflationary environments. In inflationary environments, where central banks have to balance taming inflation with causing recessions, equity/bond correlations tend to be positive: raising rates is mathematically bad for bond prices, but also increases recession risk, impacting equities. This means the traditionally stable assets (bonds), as well as being inherently more volatile, are also less likely to offset movements in risk assets (equities). In addition, 2024 will be a year of elections and the Taiwanese elections, in which the DPP (the champions of Taiwan's separate identity) have been re-elected, illustrates the potential for such events to have global impacts; none more so than the US election at the end of this year, which could impact whole sectors, changing the outlook for global trade and the energy transition. This suggests investors should examine their risk exposures with particular care this year.
- Global equities rose in Q4, returning to the rally of the first half of the year. The VIX decreased over the quarter from 18 to 12.
- In the US, the S&P 500 rose by 11.7% and the NASDAQ composite also rose by 13.8%. The US Fed's more dovish stance and the addition of a third predicted rate cut in 2024, signalled a move from the 'higher for longer' rates predicted last quarter and resulted in a positive market reaction.
- UK equities increased by 4.6%, underperforming global equities. Inflation fell noticeably from 6.7% in August to 3.9% in November, however, Sterling strength detracted from returns. Significant falls in oil and natural gas prices contributed strongly to underperformance given the UK stock market's energy sector exposure.
- The Euro Stoxx 50 rose by 9.6% in Q4. Inflation continued to move downwards, with core inflation proving less sticky than feared. The ECB continued to loosen hawkish rhetoric.
- Japanese equities continued their positive run in Q4 but underperformed other equity markets in part due to Yen appreciation. Growth companies outperformed, with the Nikkei returning 5.5% relative to the broader TOPIX index's more muted returns (+2.0%).

- Emerging market equities rose by 8.0% in Q4, whilst Chinese equities fell (-4.8%) over mounting growth concerns. The rest of the emerging markets performed strongly, with MSCI EM LATAM returning 17.8% over the quarter. Poland was another strong performer following Donald Tusk's election as Prime Minister, Taiwan and South Korea benefitted from tech-related performance and overall expectations of more and sooner US rate cuts helped overall emerging market performance.
- Yields generally fell over the quarter, as a result of more dovish stances taken by central banks (mainly the US Fed) and predictions of rate cuts in 2024 which resulted in strongly positive performance across the main government bond markets. The inversion of the US yield curve, as measured by the 10 year–2 year yields, reduced slightly, ending the quarter at around -40bps, as mid and long term yields rose more than shorter bond yields. In corporate bonds, credit spreads tightened as default rates remain low and recessionary fears reduced over the quarter.
- The US 10-year Treasury yield fell in Q4 from 4.57% to 3.88%, while the 2-year yield fell from 5.05% to 4.25%. US Fed policy rates remained the same, but the US Fed took a more dovish stance and indicated there would be more rate cuts and sooner in 2024.
- The UK 10-year Gilt yield fell from 4.44% to 3.53% while 2-year yields fell from 4.90% to 3.95%. The BoE is more divided over its stance but, with the latest inflation measures being lower than expected, the market rallied and yields fell.
- European government bonds rose in Q4, the ECB was also more cautious than the US Fed, but continues to unwind the Pandemic Emergency Purchase Programme (PEPP) support and the market is still pricing in several rate cuts in 2024. Italian – German spreads tightened.
- US high-yield and investment grade credit performed strongly, returning 7.2% and 8.5% respectively. European high-yield and investment grade bonds returned 5.6% and 6.0%, respectively, with UK investment grade returning 8.1%.
- Energy prices declined during Q4, with crude oil falling -19.2% from the highs of Q3 to finish the calendar year -10.3% down. Similarly, natural gas was down -14.2% and ended the year -43.8% down, the largest annual percentage decline since 2006.
- US gas prices fell in Q4 due to record production coupled with abundant inventories and relatively mild winter temperatures.
- OPEC+ supply cuts had little impact on falling crude oil prices as the International Energy Agency forecasted softening global oil demand to continue into 2024. The quarter saw weaker than anticipated demand in Europe, Russia and the Middle East, which was paired with an increase in supply from non-OPEC+ sources.
- Gold and copper rose 12.1% and 4.1% respectively over Q4. Precious metals prices (particularly Gold) generally rose following concerns around geopolitical stability, while industrial metals were more mixed.
- Global listed property rebounded this quarter, with the FTSE EPRA Nareit Global Index rising 9.9% in Q4.
- The Nationwide House Price Index in the UK has increased after its decrease last quarter, with the seasonally adjusted price index up 1.1% for the quarter and down -1.7% for the last 12 months.
- European commercial property has also continued to decline in the face of higher interest rates, with the Green Street Pan European Commercial Property Price Index down by -2.8% this quarter and -10.9% over the past 12 months.
- In currencies, the US Dollar weakened generally throughout the quarter (DXY -4.6%), weakening against Sterling, the Euro and the Japanese Yen. Bitcoin and Ethereum saw strong performance in Q4 (57% and 37% respectively) with a main driver being the increasingly likely approval of the US spot bitcoin ETF by the SEC.

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Oxfordshire Pension Fund Performance Report

Quarter ending 31 December 2023

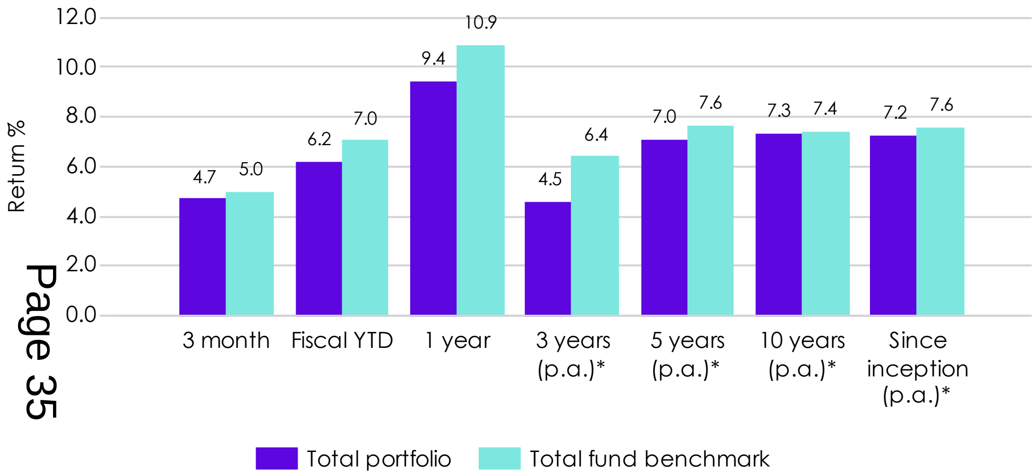
Oxfordshire Pension Fund
www.oxfordshire.gov.uk/pensions

Brunel Pension Partnership

Contents

Pension Fund performance

Performance (annualised)



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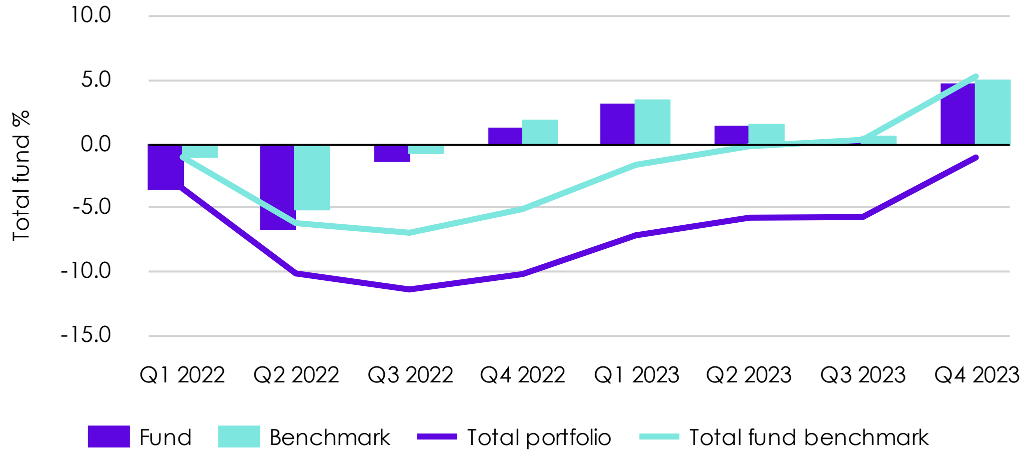
Source: State Street Global Services
*per annum. Net of all fees.

Quarterly performance



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

Key events

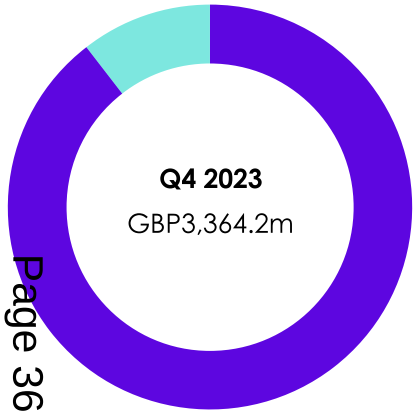
Quarter 4 witnessed an almost-synchronised fall in global inflation, which played out at a faster pace than expected. This led to investor hopes that interest rates might start to fall sooner than had been thought. The result, unsurprisingly, was a rally across most asset classes. The S&P 500, in the US, saw a rise of more than 11%, bringing the gain during 2023 to 26%. Bond markets also rallied strongly. Commodities were a laggard, and Energy's trajectory reflected both strong supply and fears that Chinese growth would continue to be weak.

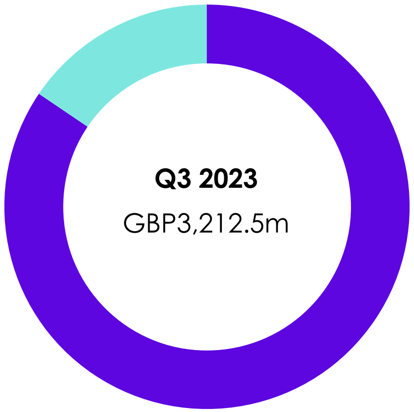
The total portfolio rose 4.7% during the quarter, while the benchmark rose 5.0%. Across the calendar year, the fund grew 9.4%, against a 10.9% rise in the benchmark.

Brunel's portfolios reflected the strength of markets and were all up in absolute terms. The hedged portfolios performed more strongly than their unhedged equivalents due to a bounce in sterling. PAB Passive Global increased 6.7% in the quarter, reflecting stronger markets.

Asset summary

Assets transitioned to Brunel

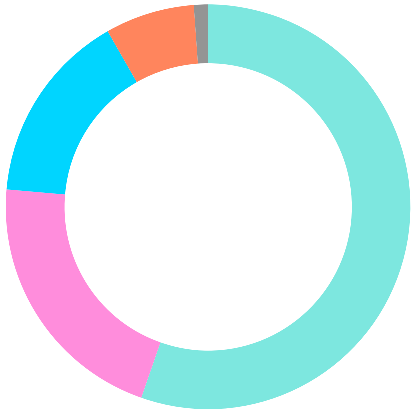




Q4 2023		Q3 2023	
Transitioned	89.52%	Transitioned	84.44%
Legacy assets	10.48%	Legacy assets	15.56%

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

Asset allocation breakdown



Key:

Equities	55.36%
Private markets	21.02%
Fixed income	15.35%
Property	7.15%
Cash	1.12%

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

Overview of assets

Detailed asset allocation

Equities	£1,862.51m	55.36%
PAB Passive Global Equities	£584.26m	17.37%
Global Sustainable Equities	£563.50m	16.75%
Global High Alpha Equities	£368.93m	10.97%
UK Active Equities	£345.72m	10.28%
Legacy Assets	£0.10m	0.00%

Fixed income	£516.48m	15.35%
Passive Index Linked Gilts over 5 years	£235.39m	7.00%
Multi-Asset Credit	£147.13m	4.37%
Sterling Corporate Bonds	£134.00m	3.98%
Legacy Assets	-£0.04m	-0.00%

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Private markets (incl. property)	£947.44m	28.16%
UK Property	£159.06m	4.73%
Private Equity Cycle 1	£91.33m	2.71%
International Property	£58.38m	1.74%
Secured Income Cycle 1	£54.68m	1.63%
Private Debt Cycle 2	£46.13m	1.37%
Infrastructure Cycle 1	£45.83m	1.36%
Secured Income Cycle 3	£41.09m	1.22%
Private Equity Cycle 2	£38.58m	1.15%
Secured Income Cycle 2	£36.01m	1.07%
Private Debt Cycle 3	£19.20m	0.57%
Infrastructure (General) Cycle 2	£15.81m	0.47%
Infrastructure Cycle 3	£13.65m	0.41%
Infrastructure (Renewables) Cycle 2	£12.97m	0.39%
Legacy Assets	£314.71m	9.35%

Cash not included

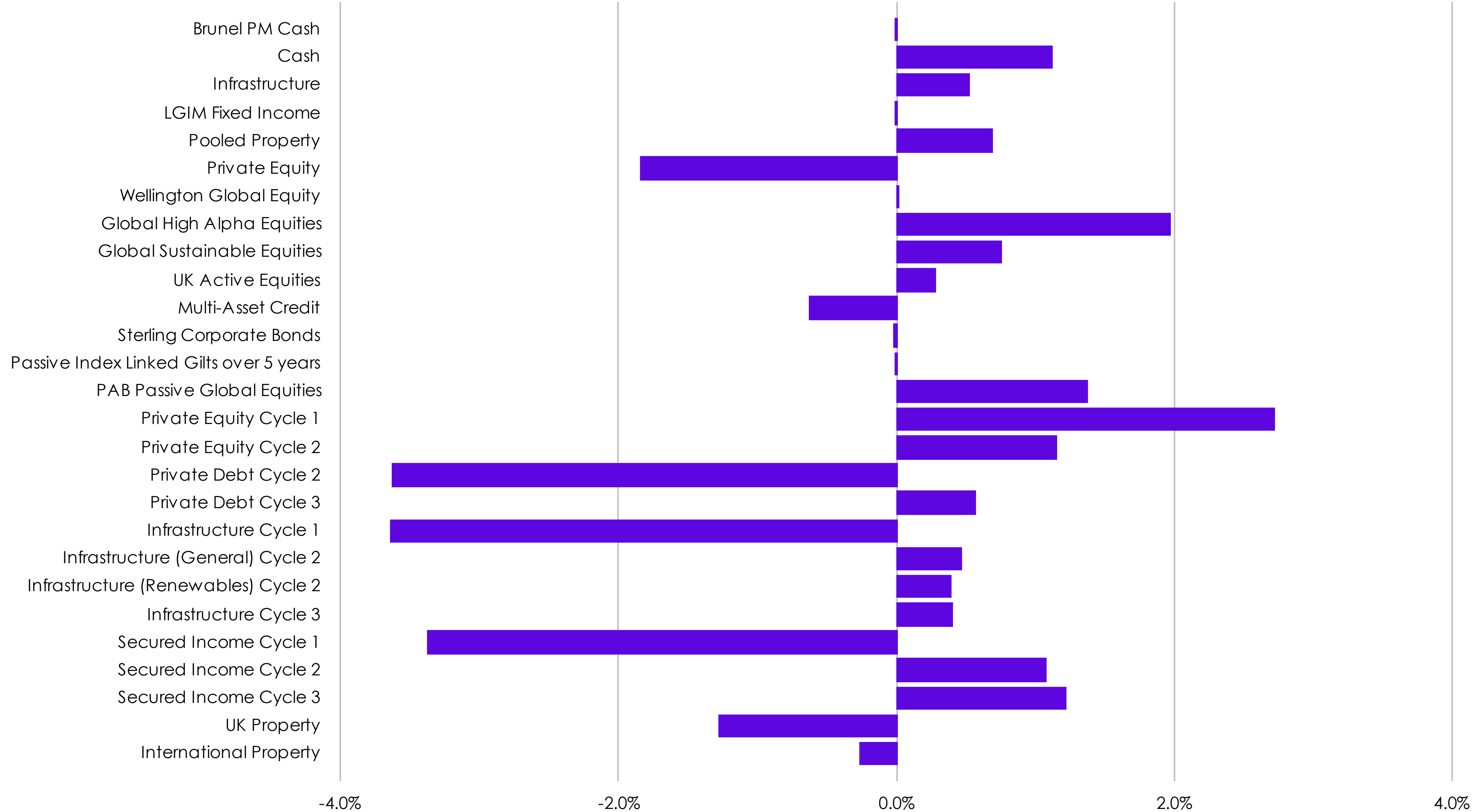
Overview of assets

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	66,207,598.96	1.97%	15.21
US0231351067	AMAZON.COM INC	Consumer Discretionary	Broadline Retail	UNITED STATES	51,194,298.30	1.52%	30.61
US0378331005	APPLE INC	Information Technology	Technology Hardware	UNITED STATES	31,613,785.54	0.94%	17.22
US02079K3059	ALPHABET INC-CL A	Communication Services	Interactive Media &	UNITED STATES	29,838,282.90	0.89%	24.09
US57636Q1040	MASTERCARD INC - A	Financials	Transaction & Payment	UNITED STATES	29,222,552.14	0.87%	16.56
US88160R1014	TESLA INC	Consumer Discretionary	Automobile Manufacturers	UNITED STATES	26,468,785.58	0.79%	25.23
GB0009895292	ASTRAZENECA PLC	Health Care	Pharmaceuticals	UNITED KINGDOM	23,439,146.22	0.70%	21.81
US92826C8394	VISA INC-CLASS A SHARES	Financials	Transaction & Payment	UNITED STATES	21,482,314.80	0.64%	16.44
US67066G1040	NVIDIA CORP	Information Technology	Semiconductors	UNITED STATES	21,455,282.79	0.64%	13.45
DK0062498333	NOVO NORDISK A/S-B	Health Care	Pharmaceuticals	DENMARK	20,211,799.91	0.60%	23.06

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

Strategic asset allocation



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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	-165	-0.0%	-	-0.0%	4.7%	0.0%
Cash	37,741	1.1%	-	1.1%	1.4%	0.0%
Infrastructure	17,425	0.5%	-	0.5%	2.4%	0.0%
LGIM Fixed Income	-43	-0.0%	-	-0.0%	-450.6%	0.1%
Pooled Property	22,955	0.7%	-	0.7%	-4.2%	-0.0%
Private Equity	274,497	8.2%	10.00%	-1.8%	2.8%	0.3%
Wellington Global Equity	102	0.0%	-	0.0%	-0.1%	-0.0%
Global High Alpha Equities	368,926	11.0%	9.00%	2.0%	6.2%	0.7%
Global Sustainable Equities	563,502	16.7%	16.00%	0.7%	8.0%	1.3%
UK Active Equities	345,717	10.3%	10.00%	0.3%	4.1%	0.4%
Multi-Asset Credit	147,129	4.4%	5.00%	-0.6%	5.4%	0.2%
Sterling Corporate Bonds	134,001	4.0%	4.00%	-0.0%	7.8%	0.3%
Passive Index Linked Gilts over 5 years	235,392	7.0%	7.00%	-0.0%	10.5%	0.6%
PAB Passive Global Equities	584,263	17.4%	16.00%	1.4%	6.8%	1.2%
Private Equity Cycle 1	91,333	2.7%	-	2.7%	N/M	N/M
Private Equity Cycle 2	38,583	1.1%	-	1.1%	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 Debt Cycle 2	46,133	1.4%	5.00%	-3.6%	N/M	N/M
Private Debt Cycle 3	19,205	0.6%	-	0.6%	N/M	N/M
Infrastructure Cycle 1	45,828	1.4%	5.00%	-3.6%	N/M	N/M
Infrastructure (General) Cycle 2	15,814	0.5%	-	0.5%	N/M	N/M
Infrastructure (Renewables) Cycle 2	12,967	0.4%	-	0.4%	N/M	N/M
Infrastructure Cycle 3	13,646	0.4%	-	0.4%	N/M	N/M
Secured Income Cycle 1	54,681	1.6%	5.00%	-3.4%	N/M	N/M
Secured Income Cycle 2	36,010	1.1%	-	1.1%	N/M	N/M
Secured Income Cycle 3	41,089	1.2%	-	1.2%	N/M	N/M
UK Property	159,059	4.7%	6.00%	-1.3%	N/M	N/M
International Property	58,381	1.7%	2.00%	-0.3%	N/M	N/M

Private Markets 3 month performance is not material.

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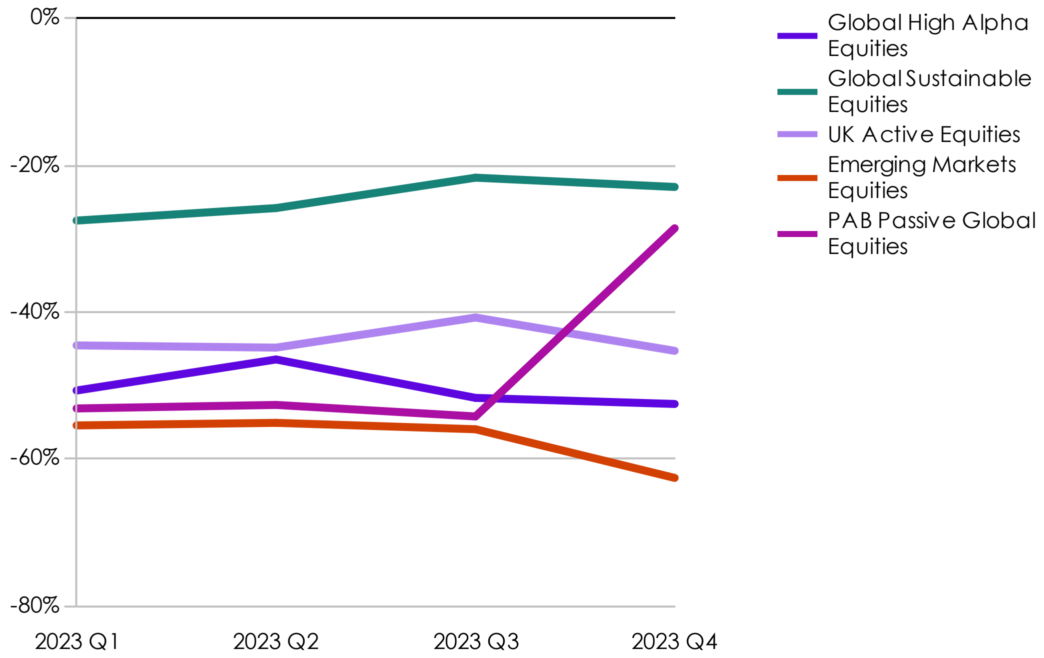
Stewardship and climate metrics

Portfolio	WACI		Total Extractive Exposure[1]		Extractive Industries (VOH)[2]	
	2023 Q3	2023 Q4	2023 Q3	2023 Q4	2023 Q3	2023 Q4
Global High Alpha Equities	**79**	**78**	**1.4**	**1.6**	**2.9**	**2.5**
MSCI World*	163	164	3.8	4.9	9.2	8.2
Global Sustainable Equities	**149**	**155**	**1.9**	**2.2**	**5.2**	**4.8**
MSCI ACWI*	191	201	3.8	4.9	9.2	8.3
UK Active Equities	**76**	**79**	**5.3**	**7.4**	**11.3**	**11.4**
FTSE All Share ex Inv Tr*	129	145	6.1	9.7	20.2	19.4
Emerging Markets Equities	**189**	**193**	**1.4**	**1.9**	**3.8**	**4.3**
MSCI Emerging Markets*	429	515	3.4	5.8	8.5	8.3
PAB Passive Global Equities	**76**	**120**	**0.7**	**1.4**	**3.4**	**3.6**
FTSE Dev World TR UKPD*	167	168	3.7	4.7	9.5	8.5

*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/

PAB & CTB Passive Global Equities

Please note that both the WACI & Extractive Exposure figures for these two portfolios show a significant increase quarter on quarter. We are liaising with State Street to understand the precise reasons behind the increase.

PAB and CTB both target a 7% annual reduction in WACI (EVIC based) post rebalancing. Data from FTSE indicate that both portfolios met this target after the last rebalance in October 2023. We would note that State Street use a different methodology for WACI (revenue based).

Risk and return summary

Brunel portfolio performance - 3 year

	Annualised return	Risk (standard deviation)	Benchmark return	Benchmark standard deviation
Equities				
Global High Alpha Equities	7.3%	13.2%	10.3%	11.7%
Global Sustainable Equities	3.6%	14.4%	8.7%	11.1%
UK Active Equities	7.3%	11.9%	9.3%	10.9%
Private markets (incl. property)				
Private Equity Cycle 1	16.1%	12.9%	8.7%	11.1%
Infrastructure Cycle 1	7.9%	4.2%	6.6%	2.1%
Infrastructure (General) Cycle 2	6.0%	6.9%	6.6%	2.1%
Infrastructure (Renewables) Cycle 2	9.1%	8.8%	6.6%	2.1%
Secured Income Cycle 1	-1.5%	5.2%	6.6%	2.1%
UK Property	1.4%	6.8%	1.3%	10.4%
International Property**	-0.4%	9.8%	5.3%	6.6%

**Performance data shown up to 30 September 2023

Risk and return summary

Legacy manager performance - 3 year

	Annualised return	Risk (standard deviation)	Benchmark return	Benchmark standard deviation
Brunel PM Cash	84.9%	74.9%	0.0%	-
Cash	8.5%	4.7%	2.0%	0.6%
Infrastructure	10.5%	13.2%	9.8%	2.2%
Insight Diversified Growth	-0.7%	5.0%	6.4%	0.6%
Pooled Property	5.2%	13.2%	2.1%	11.1%
Private Equity	18.1%	11.5%	11.6%	11.3%
Wellington Global Equity	-8.4%	13.4%	8.7%	11.1%
Oxfordshire County Council	4.5%	8.1%	6.4%	7.4%
LGIM Fixed Income	-	253.9%	-7.8%	10.5%

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 (55.36%)			**1,862.41**									
Global High Alpha Equities	MSCI World	+2-3%	368.93	6.2%	-0.6%	17.5%	0.1%	7.3%	-3.0%	12.2%	1.3%	15 Nov 2019
Global Sustainable Equities	MSCI ACWI	+2%	563.50	8.0%	1.6%	9.2%	-6.7%	3.6%	-5.2%	6.1%	-4.7%	30 Sep 2020
UK Active Equities	FTSE All Share ex Inv Tr	+2%	345.72	4.1%	1.2%	8.7%	0.6%	7.3%	-2.0%	4.9%	-0.9%	21 Nov 2018
PAB Passive Global Equities	FTSE Dev World PAB	Match	584.26	6.8%	-	20.3%	-	-	-	5.9%	-	29 Oct 2021
Fixed income (15.35%)			**516.52**									
Multi-Asset Credit	SONIA +4%	0% to +1.0%	147.13	5.4%	3.1%	12.4%	3.6%	-	-	1.5%	-4.9%	01 Jun 2021
Sterling Corporate Bonds	iBoxx Sterling Non Gilt x	+1%	134.00	7.8%	0.5%	10.5%	1.9%	-	-	-4.1%	0.6%	02 Jul 2021
Passive Index Linked Gilts over 5 years	FTSE-A UK ILG >5Y	Match	235.39	10.5%	-	0.7%	0.5%	-	-	-14.9%	0.1%	09 Jun 2021
Private markets (incl. property) (18.81%)			**632.73**									
Private Equity Cycle 1	MSCI ACWI	+3%	91.33	N/M	N/M	-0.4%	-16.3%	16.1%	7.3%	14.6%	3.3%	26 Mar 2019
Private Equity Cycle 2	MSCI ACWI	+3%	38.58	N/M	N/M	0.9%	-15.0%	-	-	5.4%	-3.3%	05 Jan 2021
Private Debt Cycle 2	SONIA	+4%	46.13	N/M	N/M	8.8%	-	-	-	9.6%	2.8%	17 Sep 2021
Private Debt Cycle 3	SONIA	+4%	19.20	N/M	N/M	13.4%	4.6%	-	-	12.6%	3.9%	20 Dec 2022
Infrastructure Cycle 1	CPI	+4%	45.83	N/M	N/M	2.4%	-1.5%	7.9%	1.3%	8.0%	3.7%	02 Jan 2019
Infrastructure (General) Cycle 2	CPI	+4%	15.81	N/M	N/M	5.1%	1.2%	6.0%	-0.6%	6.0%	-0.2%	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) (18.81%)			**632.73**									
Infrastructure (Renewables) Cycle 2	CPI	+4%	12.97	N/M	N/M	2.0%	-1.9%	9.1%	2.6%	8.8%	2.6%	12 Oct 2020
Infrastructure Cycle 3	n/a - absolute return target	net 8% IRR	13.65	N/M	N/M	-5.2%	-9.1%	-	-	-5.9%	-11.4%	13 Oct 2022
Secured Income Cycle 1	CPI	+2%	54.68	N/M	N/M	-3.4%	-7.3%	-1.5%	-8.0%	-1.1%	-5.5%	15 Jan 2019
Secured Income Cycle 2	CPI	+2%	36.01	N/M	N/M	-4.2%	-8.2%	-	-	-1.5%	-8.5%	01 Mar 2021
Secured Income Cycle 3	CPI	+2%	41.09	N/M	N/M	-	-	-	-	-	-0.7%	01 Jun 2023
UK Property	MSCI/AREF UK	+0.5%	159.06	N/M	N/M	-2.6%	-1.0%	1.4%	0.2%	2.4%	0.9%	01 Jul 2020
International Property**	GREFI	+0.5%	58.38	N/M	N/M	-15.3%	-6.3%	-0.4%	-5.7%	-0.3%	-	01 Jul 2020
Total Brunel assets (excl. cash) (89.52%)			**3,011.66**									

*Since initial investment
**Performance data shown up to 30 September 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	-0.1%	-6.5%	-3.0%	-18.9%	-8.4%	-17.2%	6.0%	-5.9%	01 Oct 2012
Fixed income (0.00%)			**-0.04**							
LGIM Fixed Income	-0.04	-450.6%	-458.5%	-440.0%	-443.8%	-	7.8%	-	-4.1%	01 Oct 2003
Private markets (incl. property) (9.35%)			**314.71**							
Infrastructure	17.42	2.4%	1.2%	-6.2%	-14.3%	10.5%	0.7%	8.4%	1.4%	01 Oct 2017
Private Equity	274.50	2.8%	-3.6%	15.9%	-	18.1%	6.5%	12.4%	5.3%	01 Apr 2005
Pooled Property	22.95	-4.2%	-3.0%	-9.6%	-8.2%	5.2%	3.1%	7.4%	1.5%	01 Jan 2010
Brunel PM Cash	-0.16	4.7%	4.7%	59.8%	59.8%	84.9%	84.9%	42.8%	42.8%	14 Dec 2018
Other (1.12%)			**37.74**							
Cash	37.74	1.4%	0.1%	14.5%	9.9%	8.5%	6.5%	2.7%	1.1%	01 Apr 2005
Insight Diversified Growth	-	-	-2.3%	1.2%	-7.8%	-0.7%	-7.1%	1.9%	-2.9%	01 Jan 2015
Total legacy assets (excl. cash) (10.48%)	**352.51**									

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*Since initial investment

Chief Investment Officer commentary

"When the facts change, I change my mind, what do you do?" This quote, often attributed to Keynes or Churchill, would be very apt for the final quarter of 2023, in which almost every asset class rose in value, reversing the malaise of the previous quarter.

Global equities rallied, with the US market leading the way with a rise of more than 11% in local currency terms. The S&P 500 finished the calendar year up over 26%, almost touching all-time highs. Whilst over 80% of this was attributable to the "magnificent seven", the rally broadened out in the final quarter. Emerging markets also made progress, but the broad index was held back again by the performance of China, as continuing concern around the property sector and further government intervention in the tech sector weighed on share prices. Elsewhere, the UK stock market posted a positive return albeit lower than other regional markets as the strength of sterling versus the US dollar dampened the prospects of large cap multinationals. This did allow small and mid-cap stocks to rise, and thus delivered active managers the chance to flourish. The relative strength of the pound also meant that unhedged overseas asset class returns were significantly lower than currency-hedged returns.

The main "change in facts" that drove markets higher was the almost synchronised fall in global inflation, at a pace faster than expected. Previously, the market had galvanised around the view that the hiking cycle was over, but that rates would be higher for longer. When US CPI fell from 3.7% in September to 3.1% in November, and Eurozone inflation also fell to 2.4% (versus 10.4% a year earlier), the market "pivoted" and interest rate cuts for 2024 were priced back in. The core measure of the Personal Consumption Expenditures deflator, possibly the most influential data series for the Fed, weighed in at exactly 2% (the central bank's target) for the third quarter. As such, it became very plausible to claim that the inflation dragon has indeed been slain. This view gained further credence when Fed chair Jerome Powell indicated that the central bank was aware of the risk of keeping rates at restrictive levels for too long. Minutes from their latest policy meeting showed that members expect rates to end next year at 4.5%-4.75%, down from the current 5.25%-5.5% range.

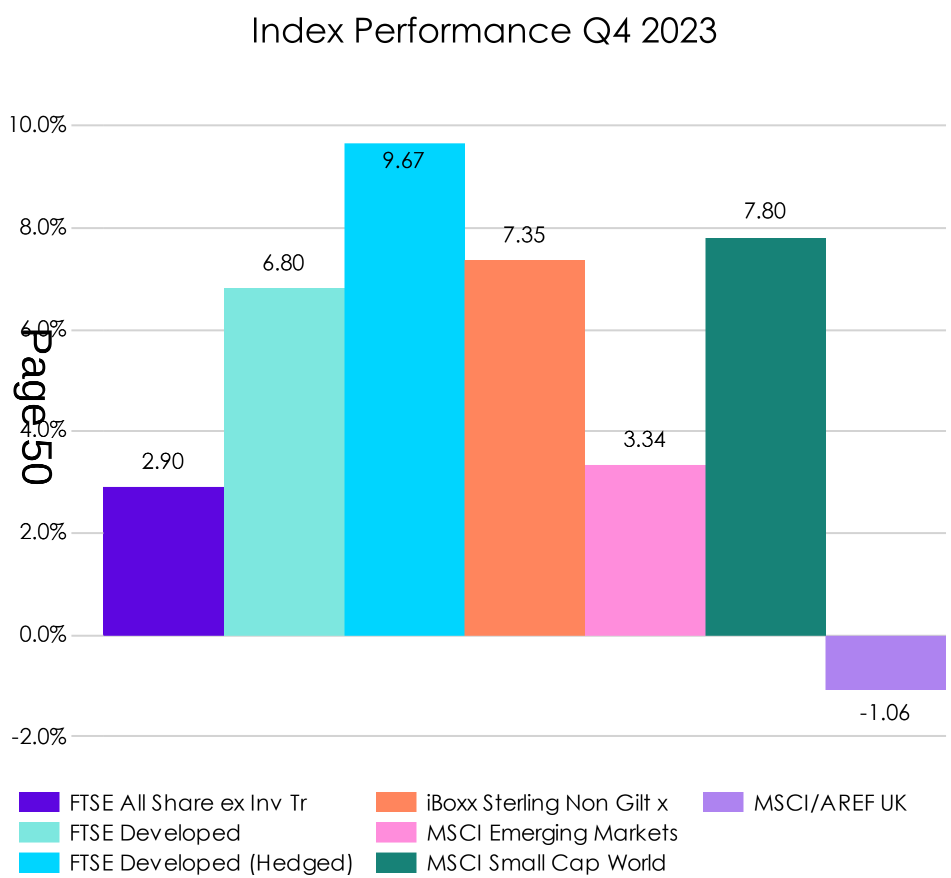
Unsurprisingly government bonds also rose in value, posting their best quarterly performance in 20 years, as the change in Fed forecasts drove all bond markets higher – even if other central banks expressed more caution. The rally in duration and risk assets inevitably meant that corporate bonds did well, as financial conditions eased. Should this trend continue, it lowers the probability of a deep recession and thus default risk. Sub-Investment Grade bonds, performed strongly, capping a year of double-digit returns for the asset class. However, it has left spreads (the compensation an investor receives for default risk) at very low levels, reducing the protection investors have if a recession has in fact been delayed rather than cancelled as increasingly the market is pricing.

In private markets, falling interest rates will also help the forward valuations of assets. This is most directly evident in infrastructure and real estate, where values are much more closely tied to discount rates – lower rates being better for the net present value (NPV) of assets, but also through potentially lowered funding costs. Contra to popular opinion, it is in the often-opaque private markets that we have seen the signs of stress from higher rates building up. Specifically, we have seen interest rate coverage come down sharply in private debt, where the floating rate nature of the loan book means that they have been affected more quickly than their public market counterparts. This has led to private equity sponsors using varying techniques to preserve cash or even shore up businesses with "equity cures". 2023 also saw a log jam created by a muted IPO market, which led to realisations being delayed. (This is not an issue in the Brunel funds, given the relative infancy of the programme). Some commentators expect this trend to reverse in 2024 because of the perception that the backdrop is improving, but it remains a watchpoint, given the increasing importance of private investments in the financial system.

Only commodities declined in the final quarter, driven by falling prices in the agriculture and energy sectors. The production cuts that had driven energy prices up 25% in Q3 were undermined by a failure by various actors to comply with the agreed supply reduction.

Looking back over 2023, it is clear that the year wrong-footed many commentators, given the predicted recession never materialised. Although gains in asset prices were not surprising given the fall in values in 2022, the strength of the rally surpassed most investors' expectations. That said, as we have highlighted before, the market was very narrowly driven by a few large stocks – gains were not evenly distributed. The question for 2024 is: has inflation been tamed and a recession successfully avoided? To my mind, there isn't yet a conclusive answer. However, the probability of a successful soft economic landing has increased, due both to the very slow deflation of consumer spending, which has supported markets, and the recent easing of financial conditions. However, the market has very much priced this scenario in, and so any disappointment will be keenly felt in asset values.

Chief Investment Officer commentary



Source: State Street

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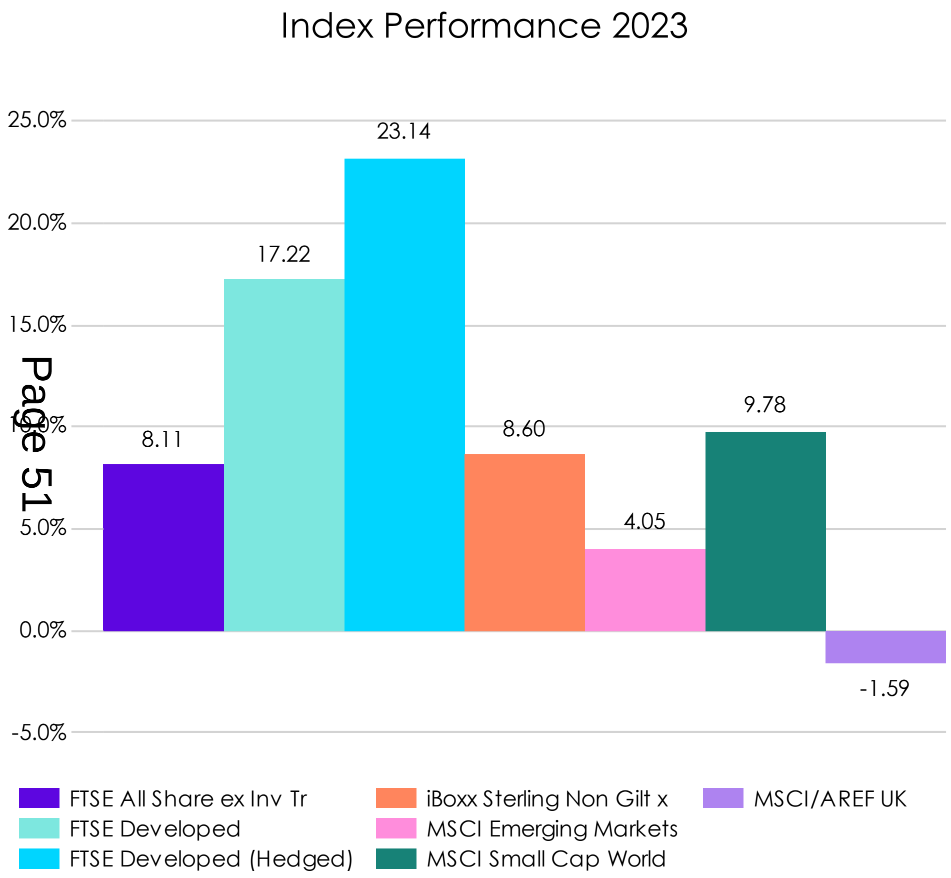
Chief Investment Officer commentary



Source: State Street

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Global High Alpha Equities

Launch date
6 December 2019

Investment strategy & key drivers
High conviction, unconstrained global equity portfolio

Liquidity
Managed

Benchmark
MSCI World

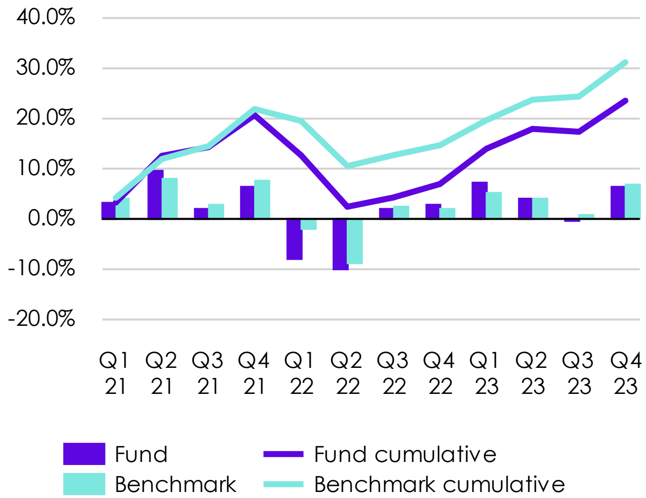
Outperformance target
+2-3%

Total fund value
£4,148m

Risk profile
High

Oxfordshire's Holding:
GBP369m

Rolling 3yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	6.2	17.5	7.4	12.8
Benchmark	6.8	17.4	10.3	11.5
Excess	-0.6	0.1	-3.0	1.3

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

Performance commentary

Global developed equities (as proxied by the MSCI World index) returned 6.8% in GBP terms over the quarter. The market rally, which took place in November and December, reflected easing inflation and rising expectations of a potential end to the "higher-for-longer" monetary policy regime. Index returns were again driven by large IT-related names. Five of the top 10 contributing companies came from the 'Magnificent 7' (Microsoft, Apple, Amazon, NVidia and Meta), and another four were semiconductor names (Advanced Micro Devices, Broadcom, ASML and Intel). Taken together, these names contributed 2.3% to the index return. Style characteristics showed a reversal versus last quarter, as Growth outperformed Value.

The portfolio returned 6.2% during the period, underperforming the benchmark by 0.6%.

Sector attribution showed a small positive impact, which was largely a result of the underweight to Energy, the weakest-performing sector. Stock selection exerted a negative impact on relative performance, which was weakest in the Industrials sector, largely due to an overweight holding in Alstom (the French train manufacturer). It returned -46%, after the company downgraded cashflow guidance due to delays to both deliveries and new orders. Stock selection was strong in the IT sector, where the largest positive contributors were overweight holdings in Microsoft and two semiconductor names, ASML and TSMC. (These three returned 14%, 22% and 15% respectively. TSMC is a large Taiwanese semiconductor company that sits outside the MSCI World index).

Four of the five underlying managers underperformed the index this quarter. Baillie Gifford's strong outperformance was the outlier, driven by positive selection in the Financials and IT sectors. Baillie Gifford benefited from the semiconductor names held in its portfolio as well as from some companies recovering from negative returns last quarter (among which Adyen was the most notable - down 55% last quarter, but up 65% this quarter).

From inception to quarter-end, the portfolio outperformed the benchmark by 1.3% p.a.

Global High Alpha Equities

Top 5 holdings

	Weight %	B'mark weight %	Client value (GBP)*
MICROSOFT CORP	6.11	4.41	22,529,820
AMAZON.COM INC	3.94	2.34	14,541,014
MASTERCARD INC	2.78	0.60	10,252,133
ALPHABET INC	2.69	2.60	9,914,012
UNITEDHEALTH GROUP INC	2.24	0.81	8,270,408

*Estimated client value

Top 5 active overweights

	Weight %	Benchmark weight %
MASTERCARD INC	2.78	0.60
TAIWAN SEMICONDUCTOR	1.75	-
MICROSOFT CORP	6.11	4.41
AMAZON.COM INC	3.94	2.34
UNITEDHEALTH GROUP INC	2.24	0.81

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Top 5 active underweights

	Weight %	Benchmark weight %
APPLE INC	0.89	5.00
META PLATFORMS INC	-	1.31
BROADCOM INC	-	0.82
JPMORGAN CHASE & CO	-	0.82
BERKSHIRE HATHAWAY INC	-	0.77

Largest contributors to ESG risk

	ESG risk score* Q3 2023	ESG risk score* Q4 2023
AMAZON.COM INC	30.61	30.61
MICROSOFT CORP	15.06	15.21
ALPHABET INC-CL A	24.04	24.09
MASTERCARD INC - A	17.07	16.56
NESTLE SA-REG	27.25	27.01

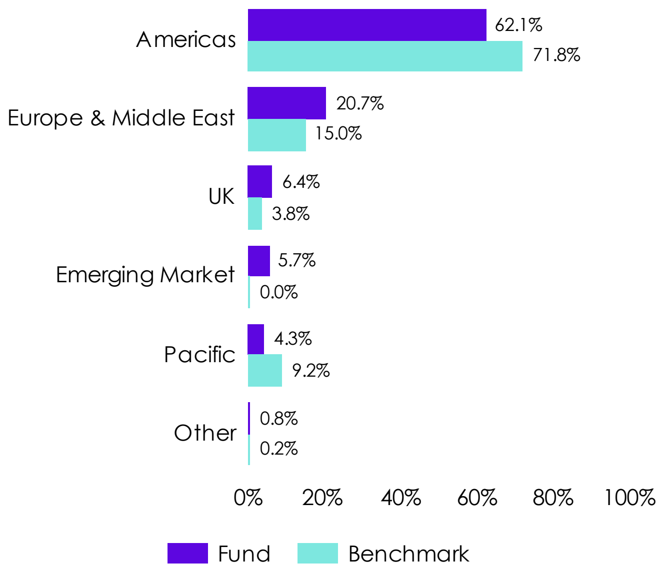
*Source: Sustainalytics. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top. ESG Risk Score reference: 0-10 is Negligible, 10-20 is Low, 20-30 is Medium, 30-40 is High, 40+ is Severe.

Carbon metrics

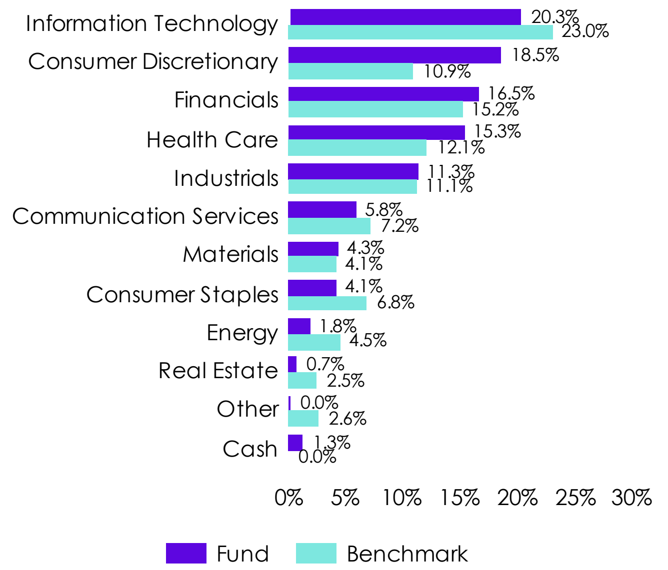
Portfolio	WACI		Total Extractive Exposure[1]		Extractive Industries (VOH)[2]	
	2023 Q3	2023 Q4	2023 Q3	2023 Q4	2023 Q3	2023 Q4
Global High Alpha	79	78	1.39	1.55	2.92	2.52
MSCI World*	163	164	3.81	4.87	9.24	8.24

*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



Global Sustainable Equities

Launch date
20 October 2020

Investment strategy & key drivers
Global equity exposure concentrating on ESG factors

Liquidity
Managed

Benchmark
MSCI ACWI

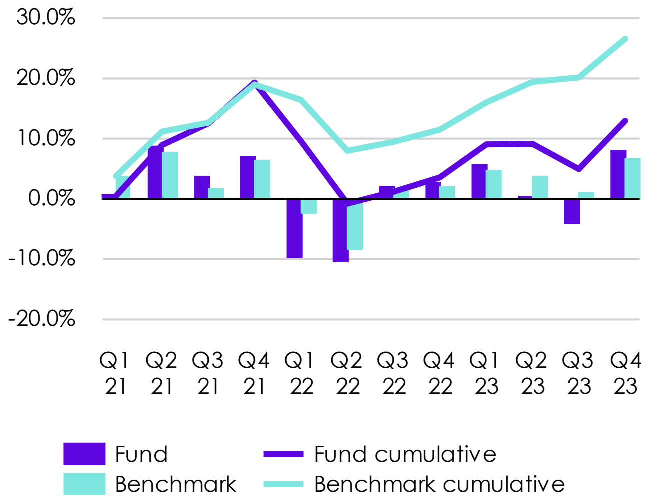
Outperformance target
+2%

Total fund value
£3,470m

Risk profile
High

Oxfordshire's Holding:
GBP564m

Rolling 3yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	8.0	9.3	3.6	5.6
Benchmark	6.4	15.9	8.7	10.3
Excess	1.6	-6.6	-5.1	-4.8

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

Performance commentary

The portfolio returned 8.0% over the quarter on a net basis, a relative outperformance of 1.6% against the MSCI ACWI benchmark. Ownership, Jupiter and Mirova all outperformed, whilst RBC were inline, and Nordea returned 5.3%. Over the 1-year period, the fund returned 9.3%, underperforming the MSCI ACWI by 6.6%. All underperformance came through in Q2 and Q3. In Q2, the market was heavily concentrated while, in Q3, the environment favoured Energy stocks. However, the shift discussed in the CIO commentary meant Q4 provided an environment in which the Global Sustainable Equity Fund could significantly outperform the index.

The synchronised fall in global inflation led the market to anticipate a number of rate cuts throughout 2024; this “market pivot” supported increasing equity valuations in Q4.

The portfolio has greater exposure to the Quality/Growth styles and thus future cash flows account for a greater weighting that in the broader market. When interest rates are expected to decline, the present value of these cash flows increases, and company valuations also increase. The portfolio added relative alpha through its positioning in growth-orientated sectors and sub-sectors, such as Software, Health Care Equipment and Financial Services, but also through avoiding Value-focused market sectors such as Oil and Gas, which fell 7% over the quarter.

As discussed last quarter, we have also 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 quality of leverage and stability of margins.

Whilst the interest rate decline may provide a short-term technical uplift in valuations, we hope the quality of the businesses will continue to provide alpha over the long term, when interest rate stability returns to the market.

Whilst we are disappointed that the portfolio underperformed over the year, we take comfort that the majority of sustainable managers also failed to outperform the MSCI ACWI over this time period. Compared to the Sustainable peer group, the MSCI ACWI would have finished in the top quartile and those managers that did outperform the index had notable overweight positions in ‘Magnificent 7’ stocks, which, from our perspective, are not all aligned to sustainability.

Global Sustainable Equities

Top 5 holdings

	Weight %	B'mark weight %	Client value (GBP)*
MASTERCARD INC	**2.69**	**0.53**	**15,143,437**
INTUIT INC	**2.45**	**0.26**	**13,786,186**
MICROSOFT CORP	**2.39**	**3.95**	**13,481,557**
ANSYS INC	**2.31**	**0.05**	**13,036,672**
ADOBE INC	**2.13**	**0.40**	**12,025,863**

*Estimated client value

Top 5 active overweights

	Weight %	Benchmark weight %
ANSYS INC	**2.31**	**0.05**
INTUIT INC	**2.45**	**0.26**
MASTERCARD INC	**2.69**	**0.53**
ADOBE INC	**2.13**	**0.40**
WASTE MANAGEMENT INC	**1.67**	**0.11**

Top 5 active underweights

	Weight %	Benchmark weight %
APPLE INC	**-**	**4.47**
MICROSOFT CORP	**2.39**	**3.95**
ALPHABET INC	**1.02**	**2.33**
META PLATFORMS INC	**-**	**1.17**
TESLA INC	**-**	**1.06**

Largest contributors to ESG risk

	ESG risk score* Q3 2023	ESG risk score* Q4 2023
MASTERCARD INC - A	**17.07**	**16.56**
INTUIT INC	**17.95**	**17.95**
ANSYS INC	**15.89**	**15.89**
MICROSOFT CORP	**15.06**	**15.21**
AMAZON.COM INC	**30.61**	**30.61**

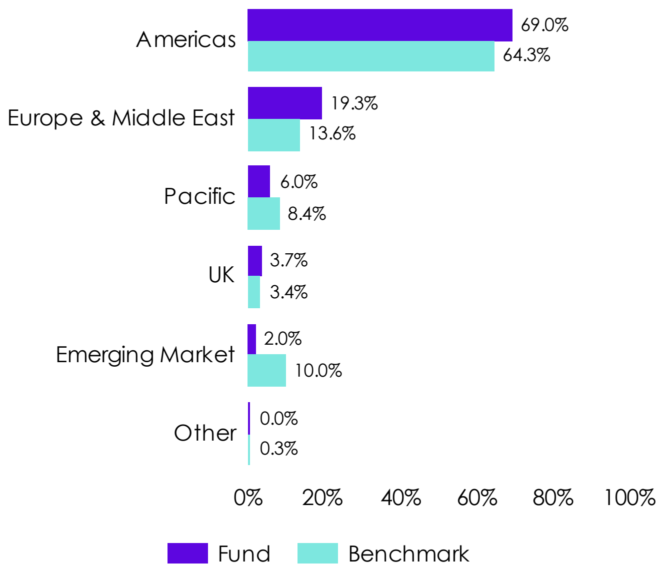
*Source: Sustainanalytics. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top. ESG Risk Score reference: 0-10 is Negligible, 10-20 is Low, 20-30 is Medium, 30-40 is High, 40+ is Severe.

Carbon metrics

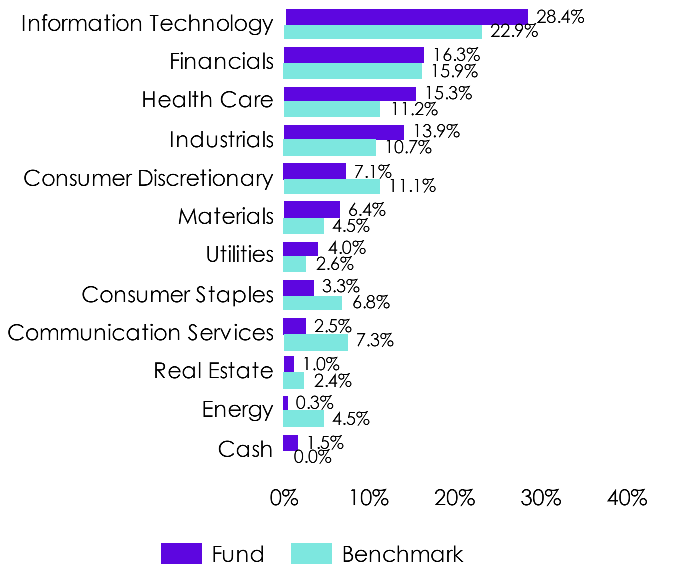
Portfolio	WACI 2023 Q3	WACI 2023 Q4	Total Extractive Exposure[1] 2023 Q3	Total Extractive Exposure[1] 2023 Q4	Extractive Industries (VOH)[2] 2023 Q3	Extractive Industries (VOH)[2] 2023 Q4
Global Sustainable	**149**	**155**	1.90	2.21	5.25	4.83
MSCI ACWI*	**191**	**201**	3.81	4.89	9.16	8.25

*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



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

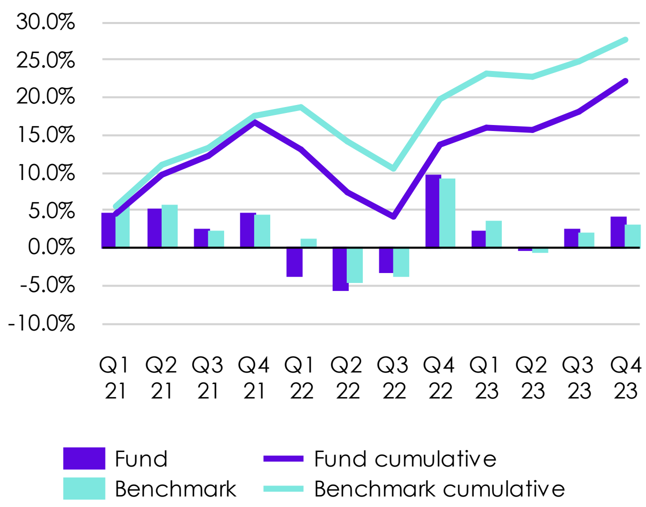
Outperformance target
+2%

Total fund value
£1,259m

Risk profile
High

Oxfordshire's Holding:
GBP346m

Rolling 3yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	4.1	8.7	7.3	4.8
Benchmark	2.9	8.1	9.3	5.7
Excess	1.2	0.6	-2.0	-0.9

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

Performance commentary

The FTSE All-Share Index excluding Investment Trusts returned 2.9% over the quarter, underperforming the developed market index (MSCI World) by nearly 4% in GBP terms. This underperformance reflected the UK's larger exposure to the Energy sector, which performed poorly as concerns grew over weakening demand and supply complications. In a reversal of the previous quarter, the FTSE 100 significantly underperformed the FTSE 250.

The portfolio returned 4.1% during the period, outperforming the benchmark by 1.2%, and delivering a third consecutive quarter of outperformance.

Sector attribution shows that allocation was the main driver of outperformance, with an overweight to the Industrials sector and underweight to the Energy sector the main contributors. Selection also contributed positively and was strongest in Consumer Staples, where an overweight to M&S and underweight to British American Tobacco (BAT) were the largest contributors. M&S returned 15.6% after an encouraging trading update, with revenues growing c.11% year-on-year. These combined with successful cost savings to enable the business to translate strong sales into significant profit growth. Meanwhile, BAT returned -8.7% following a write-down of c.£25 billion on its US combustibles industry (U.S. cigarettes) due to falling demand for its products, as consumers switched to cheaper brands or quit.

Market cap allocation was another positive contributor this quarter. The portfolio was underweight the smallest quintile of companies in the index, which added 0.9% to relative returns.

On a manager basis, Baillie Gifford performed strongly (2% above the index), benefitting from an underweight to Energy and overweight to Industrials. On a stock basis, there were notable contributions from M&S, Autotrader and Persimmon, while zero exposure to BP, HSBC, and British American Tobacco, all major index constituents, also supported relative returns. Invesco outperformed the index (by 0.7%), driven by the positive contribution from Momentum, while the other two targeted factors (Quality and Value) were neutral in terms of relative performance.

From inception to quarter-end, the portfolio underperformed the benchmark by 0.9% per annum.

UK Active Equities

Top 5 holdings

	Weight %	B'mark weight %	Client value (GBP)*
ASTRAZENECA PLC	5.62	7.16	19,423,054
UNILEVER PLC	4.75	4.35	16,427,207
SHELL PLC	4.44	7.88	15,360,703
HSBC HOLDINGS PLC	3.88	5.73	13,397,721
RELX PLC	2.95	2.69	10,198,556

*Estimated client value

Top 5 active overweights

	Weight %	Benchmark weight %
MARKS & SPENCER GROUP PLC	1.95	0.24
LEGAL & GENERAL GROUP PLC	2.36	0.68
INFORMA PLC	2.03	0.50
HOWDEN JOINERY GROUP PLC	1.68	0.20
BUNZL PLC	1.92	0.49

Top 5 active underweights

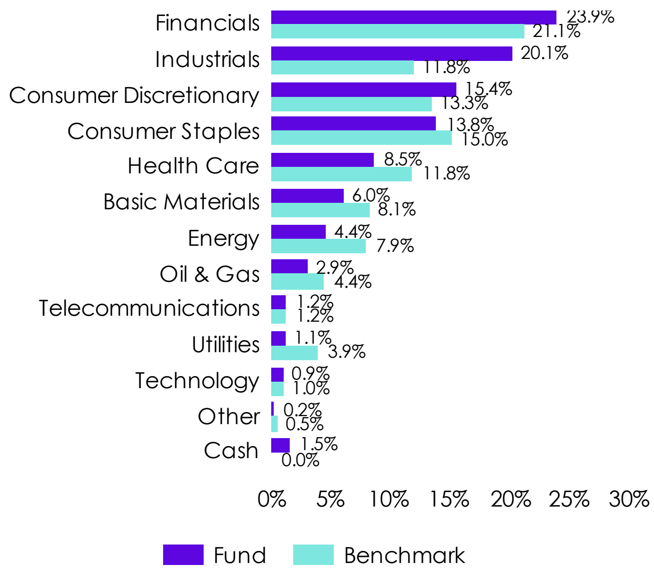
	Weight %	Benchmark weight %
SHELL PLC	4.44	7.88
HSBC HOLDINGS PLC	3.88	5.73
NATIONAL GRID PLC	-	1.78
BRITISH AMERICAN TOBACCO PLC	0.63	2.33
ASTRAZENECA PLC	5.62	7.16

Largest contributors to ESG risk

	ESG risk score* Q3 2023	ESG risk score* Q4 2023
SHELL PLC	33.68	33.68
ASTRAZENECA PLC	21.81	21.81
UNILEVER PLC	24.57	23.57
HSBC HOLDINGS PLC	25.47	24.98
GLENCORE PLC	38.56	38.56

*Source: Sustainanalytics. 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.

Sector exposure



Carbon metrics

Portfolio	WACI 2023 Q3	WACI 2023 Q4	Total Extractive Exposure[1] 2023 Q3	Total Extractive Exposure[1] 2023 Q4	Extractive Industries (VOH)[2] 2023 Q3	Extractive Industries (VOH)[2] 2023 Q4
UK Active Equities	76	79	5.27	7.40	11.31	11.39
FTSE All Share ex Inv	129	145	6.09	9.74	20.23	19.40

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

Emerging Markets Equities

Launch date
8 November 2019

Investment strategy & key drivers
Equity exposure to emerging markets

Liquidity
Managed

Benchmark
MSCI Emerging Markets

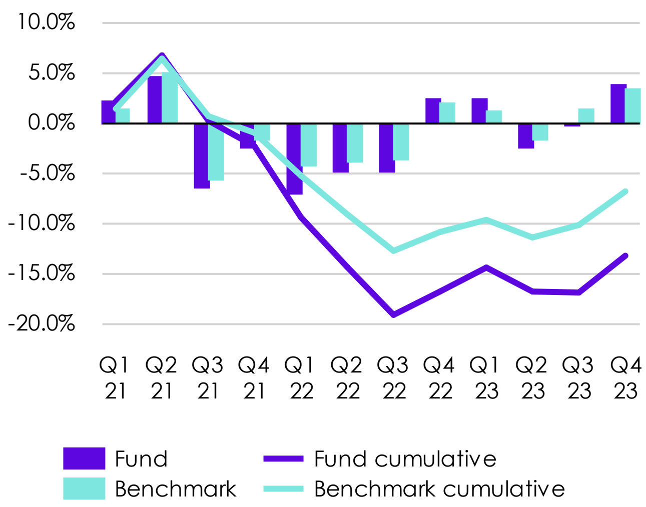
Outperformance target
+2-3%

Total fund value
£[illegible]7m

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	3.7	3.5	-4.6	-0.1
Benchmark	3.3	4.0	-2.5	1.8
Excess	0.3	-0.5	-2.2	-1.8

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

Performance commentary

As mentioned in the CIO commentary, most Emerging Market (EM) economies made positive progress in the final quarter of the year, resulting in a modest gain of 3.3% for MSCI Emerging Markets. China was a notable absentee from the rally, falling 8% over last quarter to end the year down 16%. A combination of sluggish growth, regulation fears, outflows of foreign capital and property fears continued to weigh on sentiment towards Chinese equities.

The EM portfolio returned +3.7% last quarter, which was ahead of the benchmark return of +3.3%. Outperformance was driven by stock selection. Genesis and Ninety One beat the benchmark by 1.6% and 1.3%, respectively. Wellington underperformed by 2.1% due to poor stock selection in China and Consumer Discretionary businesses. Performance for 2023 was in line with the benchmark on a gross-of-fees basis, lagging by 0.5% net of fees. Since-inception performance remained behind the benchmark, lagging to end-2023 by 1.8% on an annualised basis.

PDD Holdings, a multinational commerce group predominantly held by Genesis, was the standout performer over the last quarter. PDD rose 43% after beating earnings expectations by 30% in November. This was the second successive earnings beat. The portfolio held approximately 2.4% in PDD as at year end, 1.2% more than the benchmark.

Sector-level positioning was a mild detractor last quarter. The bias towards consumer sectors hurt relative performance, with Consumer Discretionary and Consumer Staples underperforming the benchmark by 6.7% and 1.3% respectively.

Most styles performed in line with benchmark last quarter. The only notable exception was Quality, which outperformed broader markets by 4.2%. The portfolio is mildly overweight Quality due to Genesis' focus on identifying companies with sustainable, free-cashflow generation, strong governance, and alignment with minority shareholder interests. This acted as a tailwind for relative performance.

The outlook for EM remains cautiously optimistic. All three managers actively added to companies where share price weakness provided a good buying point. However, investors should still be mindful of the slowdown in China, which could have worldwide repercussions.

Emerging Markets Equities

Top 5 holdings

	Weight %	B'mark weight %	Client value (GBP)*
TAIWAN SEMICONDUCTOR	8.16	6.74	-
SAMSUNG ELECTRONICS CO LTD	5.11	4.69	-
TENCENT HOLDINGS LTD	4.26	3.55	-
HDFC BANK LTD	2.75	0.82	-
PDD HOLDINGS INC	2.43	1.24	-

*Estimated client value

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Top 5 active overweights

	Weight %	Benchmark weight %
HDFC BANK LTD	2.75	0.82
AIA GROUP LTD	1.76	-
TAIWAN SEMICONDUCTOR	8.16	6.74
PDD HOLDINGS INC	2.43	1.24
INNER MONGOLIA YILI INDUSTRIAL	1.17	0.02

Top 5 active underweights

	Weight %	Benchmark weight %
ALIBABA GROUP HOLDING LTD	1.34	2.23
CHINA CONSTRUCTION BANK CORP	-	0.82
PETROLEO BRASILEIRO SA	0.19	0.94
AL RAJHI BANK	-	0.64
HON HAI PRECISION INDUSTRY CO	-	0.60

Largest contributors to ESG risk

	ESG risk score* Q3 2023	ESG risk score* Q4 2023
SAMSUNG ELECTRONICS CO LTD	19.41	19.41
TENCENT HOLDINGS LTD	19.25	19.32
PDD HOLDINGS INC	29.23	29.23
HDFC BANK LIMITED	30.61	30.77
INNER MONGOLIA YILI INDUS-A	37.21	37.21

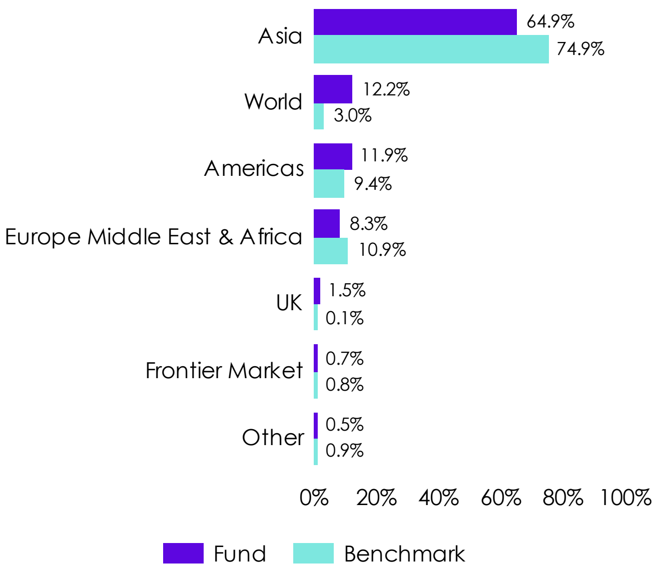
*Source: Sustainanalytics. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top. ESG Risk Score reference: 0-10 is Negligible, 10-20 is Low, 20-30 is Medium, 30-40 is High, 40+ is Severe.

Carbon metrics

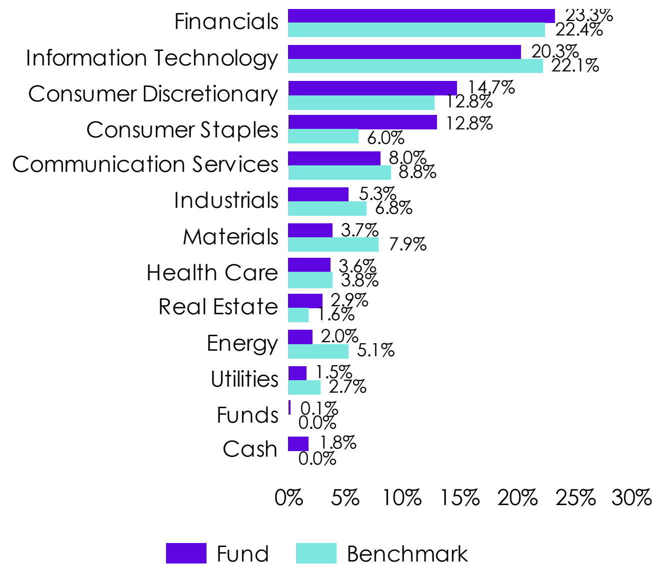
Portfolio	WACI		Total Extractive Exposure¹		Extractive Industries (VOH)²	
	2023 Q3	2023 Q4	2023 Q3	2023 Q4	2023 Q3	2023 Q4
Emerging Markets	189	193	1.38	1.89	3.76	4.31
MSCI Emerging	429	515	3.37	5.84	8.48	8.34

*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

£2,395m

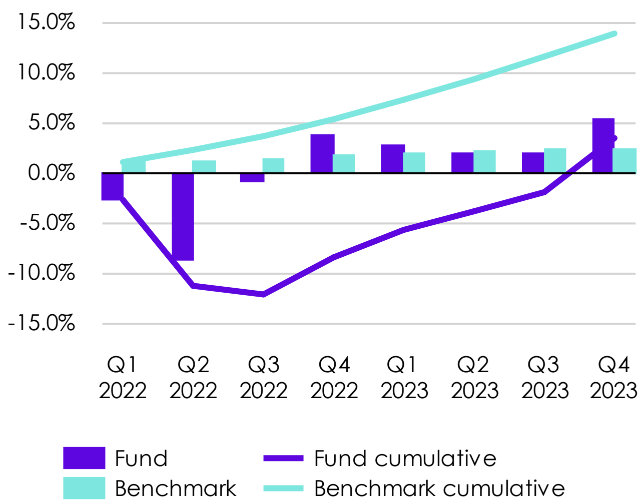
Risk profile

Moderate

Oxfordshire's Holding:

GBP147m

Rolling 2yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	5.4	12.4	-	1.5
Benchmark	2.3	8.8	-	6.5
Excess	3.1	3.6	-	-5.0

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

Performance commentary

Sub-investment grade credit markets finished the year in strong fashion, resulting in double-digit gains for 2023. As mentioned in the CIO commentary, the market narrative on interest rates changed from 'higher for longer' to 'pivot', following better-than-expected inflation data in the US. The UK also saw interest rate expectations fall.

US and UK yields fell right along the curve, but more so at the policy-sensitive end. 2-year yields for the US and UK ended the year at 4.25% and 3.96% respectively. Credit spreads also fell across the quarter, as hopes of a soft landing grew. High Yield option-adjusted spreads – proxied by the Bloomberg High Yield Index – ended the period at +423 basis points (bps), a 58bps decrease from Q3 2023. The backdrop of declining interest rate expectations and spread compression resulted in all asset classes making a positive return over the quarter. Fixed rate assets appreciated far more than their floating counterparts. The best-performing asset classes were Contingent Capital (CoCos) and Emerging Market Sovereigns, which returned +11% and +10.2%, respectively, in local currency terms.

The portfolio returned +5.4% over the quarter, which was comfortably ahead of the primary benchmark (SONIA +4%), which returned +2.3%. The portfolio was in line with the secondary composite benchmark, which is evenly split between the Bloomberg Global High Yield and the Morningstar LSTA US Leveraged Loan Index. Neuberger Berman, CQS and Oaktree returned +5.9%, +4.7% and +4.8% respectively. Neuberger Berman posted a stronger return due to its rate-sensitive allocation to Investment Grade Corporates - it took profit on its allocation later in the quarter.

Performance for the calendar year was an impressive +12.4%, materially ahead of the primary cash benchmark. Since-inception performance is now +1.5%, which lags the primary benchmark by 5.0%. The composite benchmark has returned approximately +1.8% over the same period.

All three managers maintain a cautiously optimistic outlook. All-in yields have fallen to 7.9% for the Multi-Asset Credit portfolio, with a duration of 2.7 years. Investors should remain wary of the reduced amount of compensation for credit risk. Our managers remain heavily focused on the quality of their issuers.

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
£2,544m

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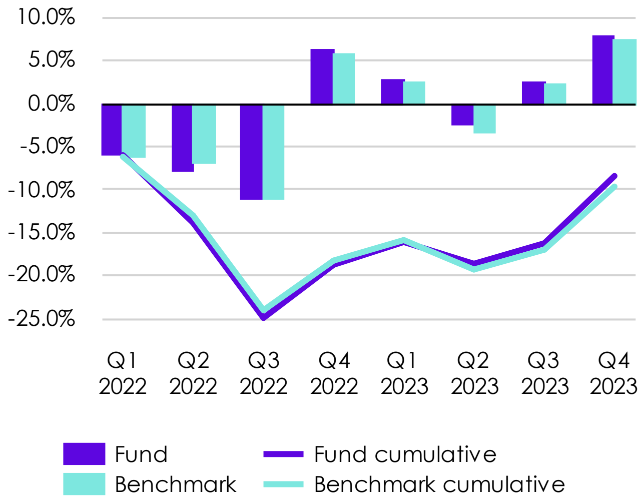
Risk profile
Moderate

Oxfordshire's Holding:
GBP134m

Rolling 2yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	7.8	10.5	-	-4.1
Benchmark	7.4	8.6	-	-4.7
Excess	0.5	1.9	-	0.6

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

Performance commentary

Bond markets rallied over the quarter as headline inflation fell and markets began to price in interest rate cuts in 2024. The result was significant falls in bond yields in November and December. The sterling investment grade credit market (non-gilt) returned 7.4% over the quarter, as a result of lower government bond yields and tighter credit spreads. Given the fall in yields, sectors with a greater proportion of long-dated bonds performed well, including utilities and social housing, whilst supranationals was the worst-performing sector.

Over the period, the Sterling Corporate Bonds portfolio returned 7.8%, outperforming the benchmark by 0.5%.

The main driver of positive relative performance was sector positioning, notably the underweight allocation to supranationals, which continued to lag the wider market. Yield curve positioning was also positive, given the strong performance from longer-dated bonds.

Stock selection effects were mixed, with a broadly neutral impact on relative returns overall. Whilst there was positive selection in insurance bonds, notably longer-dated subordinated bonds from Prudential and Legal & General, there were negative selection effects in structured bonds, which generally have a lower sensitivity to wider market moves.

In terms of credit rating bands, the significant underweight allocation to AAA-rated bonds contributed to relative returns; the overweight allocation to BBB-rated bonds was also positive.

The holding in Thames Water was a detractor over the quarter. Whilst structurally junior holding company debt underperformed and was downgraded, the portfolio's larger exposure to the operating company debt was beneficial for performance over the quarter.

In terms of outlook, although the economic data remains mixed, RLAM still believes that higher interest rates will contribute to a slowdown in the UK. This could well impact company earnings and lead to some increase in pressure on credit markets. However, whilst all-in yields are not as attractive as at the start of the fourth quarter, RLAM feels that the excess yield available on investment grade credit overcompensates for the default risk.

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

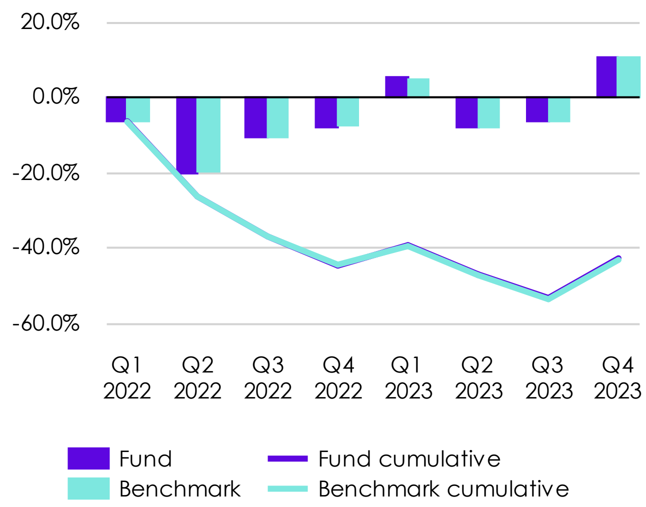
Outperformance target
Match

Total fund value
£[illegible]6m

Risk profile
Low

Oxfordshire's Holding:
GBP235m

Rolling 2yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	10.5	0.7	-	-14.9
Benchmark	10.5	0.2	-	-15.0
Excess	-	0.6	-	0.1

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

Performance commentary

Economic attention over the quarter was on inflation. At the start of the quarter, investors focused on the persistence of large price increases, and central bank messaging on holding rates higher for longer. Yet, as headline inflation fell, sentiment swung dramatically towards the end of the quarter, pushing markets to price in interest rate cuts in 2024.

Global government bond yields started the quarter continuing the rising trend that had started in mid-2020. This reflected market views that rising inflation would necessitate even higher interest rates, in line with the mantra: 'higher for longer'. Yet, with inflation starting to come down, expectations of rate cuts in 2024 contributed to significant falls in bond yields in November and December.

In that context, UK government bonds produced strong returns due to falling yields, delivering an 8.1% return (FTSE Actuaries) over the fourth quarter, as the benchmark 10-year gilt yield fell from 4.44% to 3.54%.

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

£2,153m

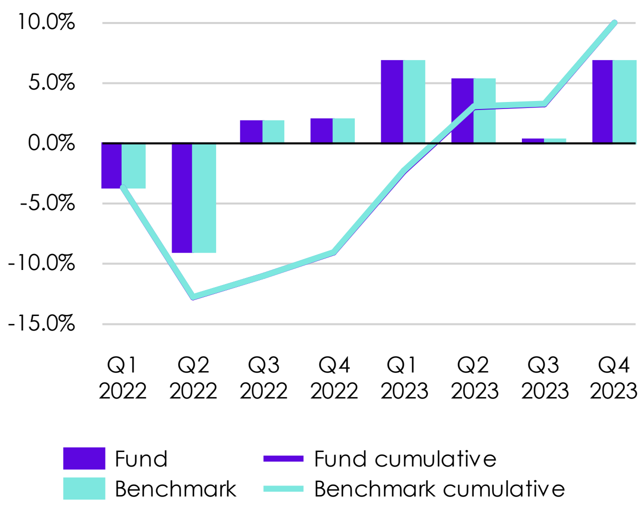
Risk profile

High

Oxfordshire's Holding:

GBP584m

Rolling 2yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	6.8	20.3	-	5.9
Benchmark	6.7	20.3	-	6.0
Excess	-	-	-	-0.1

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

Performance commentary

The FTSE Developed Paris-aligned index (PAB) returned 6.7% over Q4 2023. The PAB Passive Global Equities product replicated the performance of the benchmark over the period, returning 6.8%.

The PAB's holding in Vestas Wind Systems A/S made a positive contribution to returns of 0.1%. The wind turbine manufacturer reported Q3 profits that were four times greater than analysts' consensus expectations. Vestas is held in the PAB at a larger weight than in the market cap index due to very strong Green Revenue scoring and a positive tilt on TPI Management Quality scoring.

The only Energy sector investments in the PAB are Vestas and First Solar. Not owning companies with exposure to oil benefitted performance, as oil prices fell significantly over the period.

The PAB's large positions in Microsoft, Amazon and Apple all made significant positive contributions to returns, as Growth stocks benefited from the market factored in a higher probability of interest rate cuts in 2024.

The PAB's holding in Tesla made the largest negative contribution to returns, costing 67 basis points of performance. Tesla is a significant position in the portfolio owing to its strong Green Revenue score and a positive tilt score for Scope 3 Carbon Emissions Intensity. Tesla reported increasing inventories which may put pressure on margins. However, Tesla was not alone in recording weak performance. The Autos sub-sector underperformed the broader market.

An index rebalancing took place during the quarter. The portfolio decarbonisation trajectory is in line with the requirements of EU regulations for Paris-aligned benchmarks, which utilise EVIC rather than Revenue in its decarbonisation calculations.

PAB Passive Global Equities

Top 5 holdings

	Weight %	Client value (GBP)*
AMAZON.COM INC	**5.19**	**30,344,709**
MICROSOFT CORP	**5.17**	**30,196,190**
APPLE INC	**4.85**	**28,319,068**
ALPHABET INC	**4.53**	**26,438,091**
TESLA INC	**4.23**	**24,735,898**

*Estimated client value

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Largest contributors to ESG risk

	ESG risk score* Q3 2023	ESG risk score* Q4 2023
AMAZON.COM INC	**30.61**	**30.61**
TESLA INC	**25.23**	**25.23**
APPLE INC	**17.22**	**17.22**
MICROSOFT CORP	**15.06**	**15.21**
ALPHABET INC-CL A	**24.04**	**24.09**

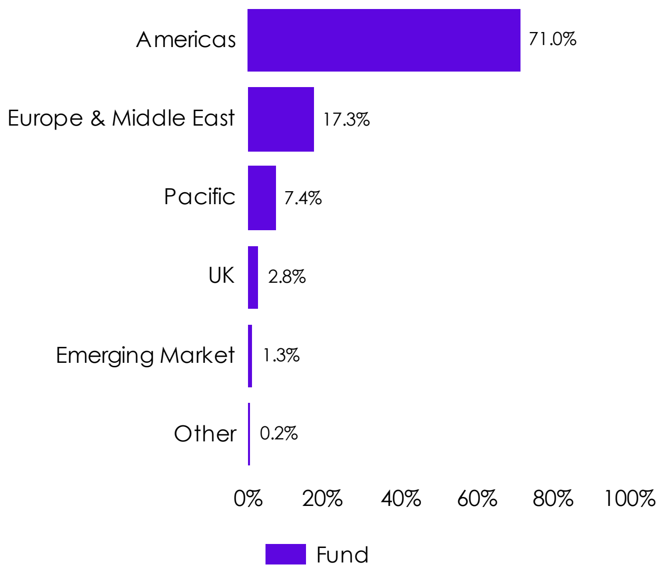
*Source: Sustainanalytics. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top. ESG Risk Score reference: 0-10 is Negligible, 10-20 is Low, 20-30 is Medium, 30-40 is High, 40+ is Severe.

Carbon metrics

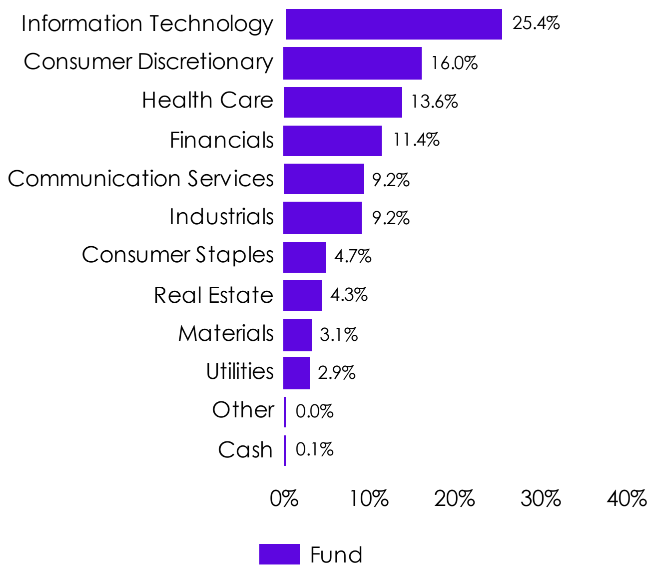
Portfolio	WACI		Total Extractive Exposure[1]		Extractive Industries (VOH)[2]	
	2023 Q3	2023 Q4	2023 Q3	2023 Q4	2023 Q3	2023 Q4
PAB Passive Global	**76**	**120**	0.72	1.39	3.39	3.57
FTSE Dev World TR	**167**	**168**	3.67	4.69	9.52	8.45

*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
£101.16m

Amount Called
£75.17m

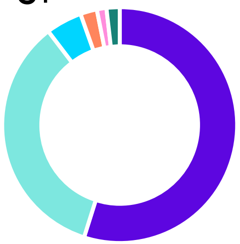
% called to date
74.31

Number of underlying funds
7

Oxfordshire's Holding:
GBP91.33m

Country

Invested in underlying investments

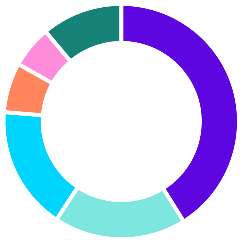


North America	54.9%
Western Europe	34.7%
Asia Pacific	5.0%
Global	2.3%
Middle-East/North Africa	1.3%
Other	1.8%

Source: Colmore
Country data is lagged by one quarter

Sector

GICs level 1



Financials	41.1%
Information Technology	18.2%
Health Care	17.0%
Industrials	6.8%
Telecommunication	5.8%
Other	11.1%

Source: Colmore
Sector data is lagged by one quarter

Performance commentary

Deal activity saw a quarter-on-quarter increase, implying that GPs are beginning to find the comfort required to transact in the current environment. By quarter-end, interest rate rises appeared to be slowing, creating increasing consensus around the future movement of interest rates. Despite a rising number of deals, deal dynamics remained unchanged. GPs continued to fund deals with larger amounts of equity due to maintained higher borrowing costs. Fundraising remained challenging. However, Q3 saw much stronger fundraising than previous quarters, albeit by a smaller cohort of managers. Fundraising uncertainty has inspired a flight to Quality, as a number of top managers raised record funds in what has been a difficult fundraising environment. Exits at the larger end of the market still remain a concern, as IPO markets are still largely shut. Inflationary pressure appears to be easing. However, wage inflation remains sticky in the US and UK, thus creating problems for companies that have a time lag associated with passing costs through to customers.

Portfolio deployment now stands at over ~70% of total commitments. Portfolio performance remains positive, and is slightly down versus the prior quarter. Performance was generally flat across funds in the portfolio.

Pipeline

The Cycle 1 portfolio is now fully committed, so no new investments are being considered.

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
91.3	-0.4%	14.6%	2,607,097	125,146	2,481,951	-3,016,080	1.34	-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
£70.83m

Amount Called
£37.25m

% called to date
52.59

Number of underlying funds
14

Oxfordshire's Holding:
GBP38.58m

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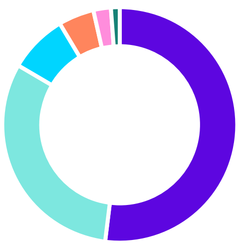
Country

Invested in underlying investments

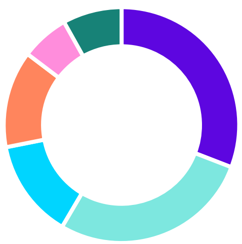


North America	52.0%
Western Europe	31.4%
Asia Pacific	8.1%
Global	4.9%
Middle-East/North Africa	2.4%
Other	1.2%

Source: Colmore
Country data is lagged by one quarter

Sector

GICs level 1



Information Technology	30.8%
Financials	27.6%
Health Care	13.6%
Industrials	13.3%
Consumer Discretionary	6.6%
Other	8.1%

Source: Colmore
Sector data is lagged by one quarter

Performance commentary

Deal activity saw a quarter-on-quarter increase, implying that's GPs were finding the comfort required to transact in the current environment. Interest rate rises appeared to be slowing, creating a feeling of increasing certainty around the future movement of interest rates. Despite a rising number of deals, deal dynamics remained unchanged. GPs continued to fund deals with larger amounts of equity due to continued higher borrowing costs. Fundraising remained challenging. However, Q3 saw much stronger fundraising than previous quarters, albeit into a smaller cohort of managers. Fundraising uncertainty inspired a flight to quality, as a number of top managers raised record amounts in what had been a difficult fundraising environment. Exits at the larger end of the market still remain a concern as IPO markets are still largely shut. Inflationary pressure appeared to be easing. However, wage inflation remained sticky in the US and UK, thus creating problems for companies that have a time lag associated with passing costs through to customers.

The pace of portfolio deployment remained strong, with the portfolio ~50% invested. At quarter-end, all funds in the portfolio had called capital. Performance was generally flat across funds in the portfolio.

Pipeline

The Cycle 2 portfolio is now fully committed, so no new investments are being considered.

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
38.6	0.9%	5.4%	5,436,186	724,936	4,711,250	-721,823	1.07	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
£46.75m

% called to date
66.78

Number of underlying funds
1

Oxfordshire's Holding:
GBP46.13m

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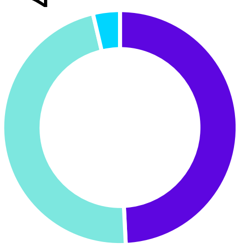
Country

Invested in underlying investments

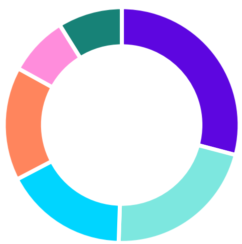


Europe	49.2%
North America	47.1%
Asia Pacific	3.7%
Other	-

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

Sector

GICs level 1



Health Care	29.1%
Information Technology	21.3%
Industrials	17.0%
Consumer Discretionary	15.6%
Financials	8.2%
Other	8.8%

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

Performance commentary

Deal activity saw a quarter-on-quarter increase, implying that's GPs are beginning to find the comfort required to transact in the current environment. Interest rate rises appear to be slowing, creating greater certainty around their future direction. Despite a rising number of deals, deal dynamics remain unchanged. GPs are continuing to fund deals with larger amounts of equity - an advantage for private debt providers who are underwriting loans into more secure and better-returning capital structures. The current environment remains attractive for debt providers that are issuing new loans. However, incumbent portfolio companies remain under pressure as interest coverage ratios are falling and watchlists are gradually growing in length. Inflationary pressure appears to be easing. However, wage inflation remains sticky in the US and UK, creating problems for companies that have a time lag on passing costs through to customers. These inflationary pressures are creating additional EBITDA margin pressure for companies exposed to wage inflation or staff shortages. Despite this, the Brunel Private Debt portfolio remains well positioned to absorb inflationary pressures due to the portfolio's bias to non-cyclical sectors (such as Technology and Business Services).

The portfolio is ~60% invested. All managers have now called investor capital and some managers are coming towards the end of their investment periods. Portfolio performance was positive across the portfolio and underlying funds over the quarter. The portfolio has one position which underwent restructuring prior to the quarter: a US dental services organization. This business had struggled to recover from some Covid-19 related issues and required additional

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
46.1	8.8%	9.6%	4,191,055	1,123,689	3,067,366	-1,012,420	1.12	0.1%	0.0%

*Money weighted return. Net of all fees.

Private Debt Cycle 2

liquidity, which resulted in the provision of an equity injection into the business by the sponsor. The company's recent trading and credit metrics have improved. Both the manager and Brunel will continue to monitor the situation closely.

Pipeline

There is no fund pipeline, with the portfolio fully committed.

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
£90.00m

The fund is denominated in GBP

Commitment to Investment
£62.35m

Amount Called
£18.84m

% called to date
30.21

Number of underlying funds
4

Oxfordshire's Holding:
GBP19.20m

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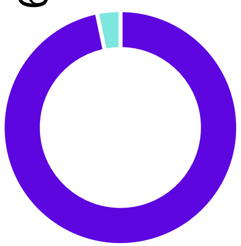
Country

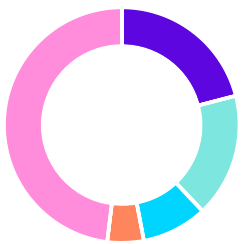
Invested in underlying investments



Source: Aksia and underlying managers
Country data is lagged by two quarters

Sector

GICs level 1



Source: Aksia and underlying managers
Sector data is lagged by two quarters

Performance commentary

Deal activity saw a quarter-on-quarter increase, implying that GPs are beginning to find the comfort required to transact in the current environment. Interest rate rises appear to be slowing, creating more confidence about the trajectory. Despite a rising number of deals, deal dynamics remain unchanged. GPs are continuing to fund deals with larger amounts of equity, favouring private debt providers who are underwriting loans into more secure and better-returning capital structures. The current environment remains attractive for debt providers that are issuing new loans. However, incumbent portfolio companies remain under pressure as interest coverage ratios are falling and watchlists are gradually growing in length. Inflationary pressure appears to be easing. However, wage inflation remains sticky in the US and UK, thus creating problems for companies that have a time lag associated with passing costs through to customers. These inflationary pressures are creating additional EBITDA margin pressure for companies exposed to wage inflation or staff shortages. Despite this, the Brunel Private Debt portfolio remains well positioned to absorb inflationary pressures due to its bias to non-cyclical sectors (such as Technology and business services).

The portfolio has now made commitments to four funds, all of which have called capital. Portfolio performance has been marginally negative versus the prior quarter (but remains positive), but given the nascency of investments, such measures are not yet very meaningful. We have good line of sight on finalising the remaining two fund commitments before the end of Q1 2024.

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
19.2	13.4%	12.6%	5,005,370	435,465	4,569,904	609,719	1.07	0.0%	0.0%

*Money weighted return. Net of all fees.

Private Debt Cycle 3

Pipeline

The final two funds, both North America-focused, have already been approved by BIC and presented to clients at ISG. They remain in late-stage legal negotiations, but we expect commitments to be closed in Q1 2024. This will complete the Cycle 3 fund selection.

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
£42.53m

% called to date
85.37

Number of underlying funds
5

Oxfordshire's Holding:
GBP45.83m

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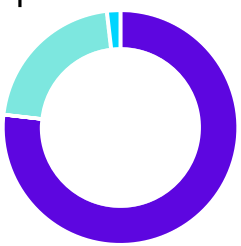
Country

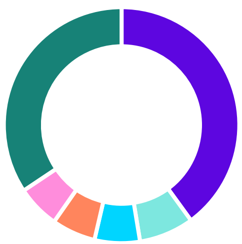
Commitment in underlying investments



Europe (incl. UK)	76.7%
North America	21.4%
Rest Of World	1.9%

Source: Stepstone
Country data is lagged by one quarter

Sector



Wind & Solar	39.9%
Rail	7.5%
Distributed Energy	6.2%
Diversified Renewables	6.0%
Diversified Social	5.9%
Other	34.5%

Source: Stepstone
Sector data is lagged by one quarter

Performance commentary

Against an unusual and challenging macroeconomic backdrop across 2023, Infrastructure largely proved its resilience to inflationary pressures and higher interest rates. By year-end, many across the US and Europe believed the top of the interest rate cycle had been reached, although inflation was not yet at the level targeted by central banks - and may thus persist for longer than hoped. A scenario of stable - and potentially lowering - interest rates, coupled with higher inflation, is a good outcome for infrastructure assets, since they are correlated with inflation and offer cost pass-through capacity. As reported in prior quarters, Brunel's portfolio is well-positioned, with high quality assets, to remain resilient in this environment.

As a result of Infrastructure's characteristics, many LPs continued to allocate to the asset class, and some were expecting to increase their allocations. According to a Campbell Lutyens' report, which is based on a survey of roughly 130 LPs, 57% said they plan to increase their infrastructure allocation. Following a poor start to 2023, Infrastructure fundraising picked up in H2 2023 and Preqin forecast this trend to continue into 2024, predicting that fundraising will almost double in 2024 to $84bn.

Deal activity overall in 2023 remained low versus previous years, but this is not siloed to Infrastructure. Dynamics on the sell side have shifted, and there are fewer buyers in the market who can be selective and; many have instead been focused on investing in growing platforms. Debt has indeed increased in cost, but lenders' flight to quality has meant the

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
45.8	2.4%	8.0%	999,925	732,038	267,888	401,155	1.21	0.0%	0.0%

*Money weighted return. Net of all fees.

Infrastructure Cycle 1

asset class is relatively well protected and that debt is still available to investors.

Previously, Brunel had reported that a US-specific renewables fund had been experiencing ongoing difficulties, as many underlying renewable challenges still persisted globally. A satisfactory resolution has since been reached which will diminish uncertainty and strengthen the position of the Fund, improving the outlook for LPs.

As at the end of Q4 2023, Cycle 1 Infrastructure was ~97% committed and ~85% invested. Project Anemoi, the final Tactical allocation in Cycle 1, was a co-investment opportunity (alongside Equitix) into an operating offshore wind farm in Scotland; it closed at the start of Q4 2023, thus completing Cycle 1.

Pipeline: Cycle 1 is now fully committed, and so no new investments are being considered.

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
£15.10m

% called to date
75.51

Number of underlying funds
1

Oxfordshire's Holding:
GBP15.81m

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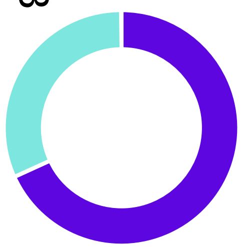
Country

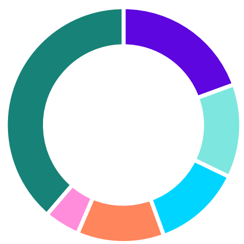
Commitment in underlying investments



Europe (incl. UK)	68.2%
North America	31.8%
Other	-

Source: Stepstone.
Country data is lagged by one quarter

Sector



Fibre	19.4%
Heating & Cooling	12.8%
Energy Efficiency	12.2%
Mass Transit	12.0%
Towers	4.9%
Other	38.7%

Source: Stepstone
Sector data is lagged by one quarter

Performance commentary

Against an unusual and challenging macroeconomic backdrop through 2023, Infrastructure largely proved its resilience to inflationary pressures and higher interest rates. Across the US and Europe, by year-end, many believed we had reached the top of the interest rate cycle, although inflation is not at the level targeted by central banks and may persist for longer. A scenario of stable, and potentially lowering interest rates, coupled with higher inflation, is a good outcome for infrastructure assets with inflation correlation and cost pass-through capacity. As reported in prior quarters, Brunel's portfolio is well-positioned, with high quality assets, to remain resilient in this environment.

As a result of Infrastructure's characteristics, many LPs continued to allocate to the asset class, and some expected to increase their allocations. According to a Campbell Lutyens' report, based on a survey of roughly 130 LPs, 57% said they planned to increase their infrastructure allocation. Following a poor start to 2023, Infrastructure fundraising picked up in H2 2023. Preqin forecast this trend to continue, almost doubling in 2024 to $84bn.

Deal activity overall in 2023 remained low versus previous years, but this is not siloed to Infrastructure. Dynamics on the sell side have shifted, and there are fewer buyers in the market who can be selective; many have instead been focused on investing in growing platforms. Debt has indeed increased in cost, but lenders' flight to quality has meant the asset class is relatively well protected and debt is still available to investors.

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
15.8	5.1%	6.0%	541,328	331,455	209,873	92,141	1.09	0.0%	0.0%

*Money weighted return. Net of all fees.

Infrastructure (General) Cycle 2

Cycle 2G is fully committed to 6 primary funds and 7 Tactical investments. As at the end of Q4 2023, the portfolio is ~76% 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, in terms of both returns, and societal and environmental sustainability.

Pipeline:

The Cycle 2 General portfolio is now fully committed, so no new investments are being considered.

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
£12.41m

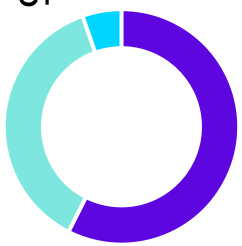
% called to date
62.07

Number of underlying funds
1

Oxfordshire's Holding:
GBP12.97m

Country

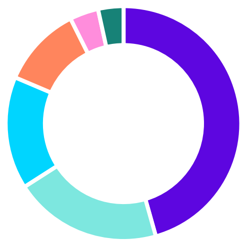
Commitment in underlying investments



Europe (incl. UK)	57.4%
North America	37.2%
Rest Of World	5.4%

Source: Stepstone
Country data is lagged by one quarter

Sector



Solar	45.6%
Wind	20.4%
Diversified Renewables	15.5%
Energy Efficiency	11.2%
Energy Storage	3.9%
Other	3.4%

Source: Stepstone
Sector data is lagged by one quarter

Performance commentary

Amid an unusual and challenging macroeconomic backdrop through 2023, Infrastructure generally proved its resilience to inflationary pressures and higher interest rates. Across the US and Europe, by year-end many believed we had reached the top of the interest rate cycle, although inflation is not at the level targeted by central banks and may persist for longer. A scenario of stable, and potentially lowering interest rates, coupled with higher inflation, is a good outcome for infrastructure assets with inflation correlation and capacity for cost pass-through. As reported in prior quarters, Brunel's portfolio is well-positioned with high quality assets to remain resilient in this environment.

During the second half of 2023, Renewable Infrastructure managers continued to focus on addressing the increase in costs realised through their supply chain. As previously reported, capital expenditure in wind assets specifically spiked and made many projects no longer financially viable. Global responses by governments have helped mitigate the impact and the cooling of inflation during H2 2023 implied a more positive outlook for the near term. Global policies and corporate Net Zero commitments continued to provide tailwinds for the industry, while COP 28 stressed the need to triple renewable energy capacity and double efficiency improvements by 2030. Investors will need to be careful and selective to ensure they are investing alongside managers capable of dealing with many of the headwinds that exist.

As at the end of Q4, Cycle 2R was ~87% committed and ~62% invested across 7 primary funds and 10 Tacticals. Only one more Primary fund is required to complete the Cycle 2

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
13.0	2.0%	8.8%	2,768,534	60,134	2,708,400	251,946	1.12	0.0%	0.0%

*Money weighted return. Net of all fees.

Infrastructure (Renewables) Cycle 2

Renewables' portfolio construction. Two projects closed in Q4: Project Flare, a co-investment opportunity alongside ICG Infrastructure in the acquisition of a stake in a large independent solar PV developer in the UK, and Project Luna Nordic, an infrastructure debt co-investment deal in onshore wind and solar PV in the Nordics alongside Copenhagen Infrastructure. Together, these two investments completed the Tactical allocation for Cycle 2R.

Pipeline:

We await proposals from StepStone for the final primary fund selection for Cycle 2 Renewables, although it should be noted that the commitment amount is small at just £25m. No other investments have been approved by Brunel, pending closing.

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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
£14.25m

% called to date
23.75

Number of underlying funds
1

Oxfordshire's Holding:
GBP13.65m

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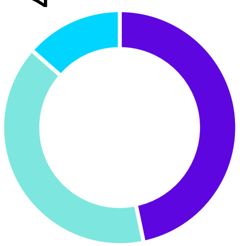
Country

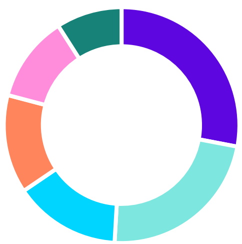
Commitment in underlying investments



Europe (incl. UK)	46.7%
North America	39.8%
Rest Of World	13.5%

Source: Stepstone
Country data is lagged by one quarter

Sector



Timber	27.9%
Utilities	23.0%
Wind	14.6%
Diversified Renewables	13.5%
Agriculture	11.9%
Other	9.1%

Source: Stepstone
Sector data is lagged by one quarter

Performance commentary

Against an unusual and challenging macroeconomic backdrop experienced through 2023, Infrastructure largely proved its resilience to inflationary pressures and higher interest rates. Across the US and Europe, by year-end, many believed we had reached the top of the interest rate cycle, although inflation was not yet at the level targeted by central banks - so could yet persist for longer. A scenario of stable, and potentially lowering interest rates, coupled with higher inflation, is a good outcome for infrastructure assets with inflation correlation and capacity for cost pass-through. As reported in prior quarters, Brunel's portfolio is well-positioned, with high quality assets, to remain resilient in this environment.

As a result of Infrastructure's characteristics, many LPs continued to allocate to the asset class, and some were expecting to increase their allocations. According to a Campbell Lutyens' report, which is based on a survey of roughly 130 LPs, 57% said they plan to increase their infrastructure allocation. Following a poor start to 2023, Infrastructure fundraising picked up in H2 2023 and Preqin forecast this trend to continue into 2024, predicting that fundraising would almost double in 2024 to $84bn.

Deal activity overall in 2023 remained low versus previous years, but this is not siloed to Infrastructure. Dynamics on the sell side have shifted, and there are fewer buyers in the market who can be selective; many have instead been focused on investing in growing platforms. Debt has indeed increased in cost, but lenders' flight to quality has meant the asset class is relatively well-protected and that debt is still available to investors.

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
13.6	-5.2%	-5.9%	5,239,866	14,067	5,225,799	-87,402	0.96	-0.0%	-0.0%

*Money weighted return. Net of all fees.

Infrastructure Cycle 3

As at the end of Q4, Cycle 3 is ~45% committed and ~26% invested. Blackstone Energy Transition Partners IV was closed; the global primary fund was focused on primary or secondary beneficiaries of energy transition megatrends. Additional investments include Project Indigo, a European GP-led secondary opportunity with DWS, and Project Mars, a co-investment opportunity alongside Dutch Infrastructure Partners in a telecommunications company focused on enterprise and residential fibre in Midwest US.

Pipeline:

During Q4, two further primary funds were approved by Brunel and are subject to further StepStone due diligence before anticipated closings in Q4 2023 and Q1 2024, respectively: a £29m commitment to a European agriculture-focused primary fund and a £30m commitment to a global diversified primary fund, focusing on renewables, concessions, and utilities. The agriculture fund has already been presented at Client ISG.

£90m remains to be committed to three more funds. A Europe/OECD-focussed energy transition fund has been identified and StepStone continues to progress work on an Infrastructure Secondary fund. This leaves one further general infra fund to be found to complete the fund selection work for Cycle 3.

There are six more tactical investment placeholders in the portfolio construction plan. Opportunities to fill these have yet to be identified.

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
£59.94m

% called to date
99.91

Number of underlying funds
3

Oxfordshire's Holding:
GBP54.68m

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Performance commentary

The two long lease property funds held in the portfolio were impacted by rising interest rates, resulting in significant valuation write-downs. Despite hopes that the UK had reached the top of the interest rate cycle, further volatility was expected as the market finds new pricing levels. Alongside traditional real estate funds, open-ended long lease property funds also suffered redemptions from investors hit by the liquidity shock in late 2022, with further redemptions received from de-risking investors. Deferring payments, both funds have made selective asset sales to fund these redemptions, with M&G Secured Property Income Fund (SPIF) making tremendous progress and faster payments than Standard Life Long Lease Property (LLP), where we expect to see more sales over 2024.

Despite the outflows, both funds showed strong fundamentals at quarter-end. Rent collection is at pre-pandemic levels, both have WAULTs longer than 25 years, record high distribution yields and low vacancy. M&G SPIF has no vacancy, while Standard Life LLP has been working hard to reduce its one void in the portfolio, leasing up the majority of the remaining floorspace over Q4.

The portfolio is fully drawn into Greencoat Renewable Income (GRI). Over the quarter, the Fund deployed further capital into Solar. The Fund has been working on a large transaction which is expected to complete in Q1 2024 and will call further capital.

Pipeline

There is no fund pipeline, with the portfolio fully committed and invested.

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
54.7	-3.4%	-1.1%	237,391	971,298	-733,907	170,178	0.97	-0.1%	-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:
GBP36.01m

Performance commentary

The two long lease property funds held in the portfolio were impacted by rising interest rates, resulting in significant valuation write-downs. Despite hopes that the UK had reached the top of the interest rate cycle, further volatility was expected as the market finds new pricing levels. Alongside traditional real estate funds, open-ended long lease property funds also suffered redemptions from investors hit by the liquidity shock in late 2022, with further redemptions received from de-risking investors. Deferring payments, both funds are making selective asset sales to fund these redemptions, with M&G Secured Property Income Fund (SPIF) making tremendous progress and faster payments than Standard Life Long Lease Property (LLP), where we expect to see more sales over 2024.

Despite the outflows, both funds showed strong fundamentals at quarter-end. Rent collection is at pre-pandemic levels, both have WAULTs longer than 25 years, record high distribution yields and low vacancy. M&G SPIF has no vacancy, while Standard Life LLP has been working hard to reduce its one void in the portfolio, leasing up the majority of the remaining floorspace over Q4.

The portfolio is fully drawn into Greencoat Renewable Income (GRI). Over the quarter, the Fund deployed further capital into Solar. The Fund has been working on a large transaction, which is expected to complete in Q1 2024 and will call further capital.

Pipeline

There is no fund pipeline, with the portfolio fully committed and invested.

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
36.0	-4.2%	-1.5%	125,981	123,527	2,455	-325,189	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
£59.37m

Amount Called
£39.56m

% called to date
66.64

Number of underlying funds
3

Oxfordshire's Holding:
GBP41.09m

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Performance commentary

The two long lease property funds held in the portfolio were impacted by rising interest rates, resulting in significant valuation write-downs. Despite the hopes that the UK had reached the top of the interest rate cycle, further volatility was expected, as the market finds new pricing levels. Alongside traditional real estate funds, open-ended long lease property funds also suffered redemptions from investors hit by the liquidity shock in late 2022, with further redemptions received from de-risking investors. Deferring payments, both funds made selective asset sales to fund these redemptions, with M&G Secured Property Income Fund (SPIF) making tremendous progress, and faster payments than Standard Life Long Lease Property (LLP), where we expect to see more sales over 2024.

Despite the outflows, both funds showed strong fundamentals. Rent collection is at pre-pandemic levels, both have WAULTs longer than 25 years, record high distribution yields and low vacancy. M&G SPIF has no vacancy, while Standard Life LLP has been working hard to reduce their one void in the portfolio, leasing up the majority of the remaining floorspace over Q4.

The final commitments were made for Cycle 3 over Q4, with a c. £10m purchase of Standard Life LLP settling in November; a £9m purchase of SPIF settling in December; and the final £3.5m purchase of SPIF settling in the first week of January 2024. These were all purchased at discounts to NAV in the secondary funds market.

The portfolio is committed to Greencoat Renewable Income (GRI). Over the quarter, the Fund deployed further capital into Solar. The Fund has been working on a large transaction which is expected to complete in Q1 2024, with the aim of calling the portfolio's remaining uncalled commitment in January.

Pipeline

There is no fund pipeline, with the portfolio fully committed.

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
41.1	-	-	8,486,933	204,075	8,282,858	-447,851	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

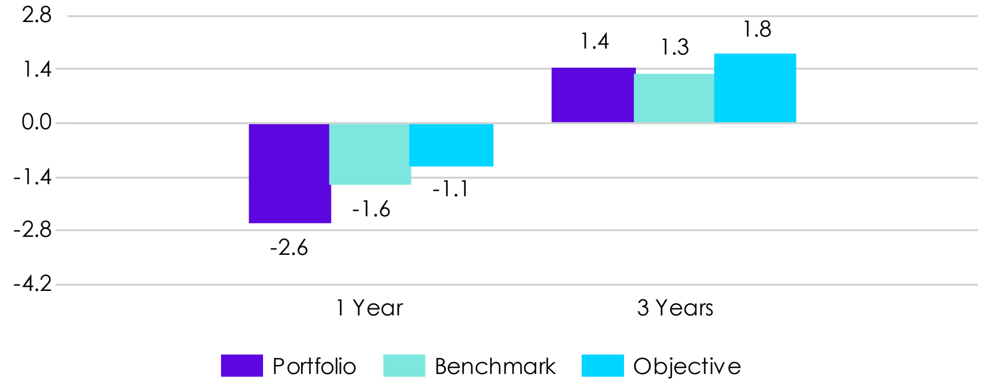
£150.0m

Amount Called

£153.2m

Number of portfolios

16



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Performance commentary

2023 was a less dramatic year for UK commercial property than initially anticipated, with total returns from the industrial sector (+3% since December 2022) partially offsetting the almost-10% decline in the UK Office sector during 2023. Expectations for UK All-Property are muted for 2024, but forecasts of total returns exceeding 7% in 2025 and beyond offer a more positive long-term picture.

Brunel's model portfolio sector weightings reflect the stronger total returns forecast between 2023 and 2027 for the Industrial sector (+c.9% expected) and the lower expectations for the Office sector (+c.4%). Industrial's projected rental growth and a potential supply shortage within prime warehouse space (as speculative development moderates) support these forecasts. In contrast, an over-supply of secondary office space will continue to push down office sector forecasts. The trend is especially strong where economically obsolete assets, particularly in the regions, may need re-purposing towards leisure or residential uses.

Following a virtual halving of UK property investment volumes in 2023 (compared with 2022), any improvement in financing rates this year will provide greater stability and a stronger framework for increased transactional activity. The key players will be well-financed property and development companies who are strongly aligned with occupier needs. Across the industry, Net Zero Carbon Scope 3 requirements will accelerate engagement and distinguish managers who have already established Net Zero Carbon pathways from those who are failing to respond to occupier and investor demand. Outside of the Industrial sector, the Brunel model portfolio's >10% exposure to the Residential and the Healthcare sectors should continue to offer rental growth and relatively stable pricing within a tough economic environment.

Pipeline

There is no fund pipeline, with the portfolio fully committed to model funds.

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	159.1	-1.0%	-0.6%	-2.6%	1.4%	-	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

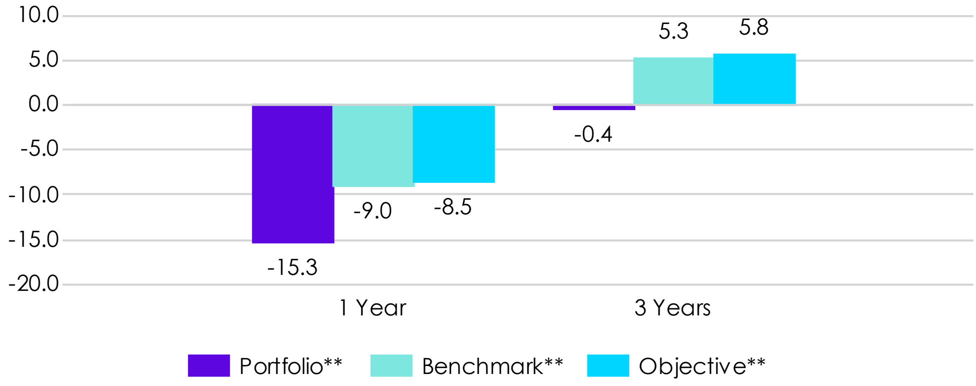
£61.0m

Amount Called

£59.9m

Number of portfolios

11



**Performance data shown up to 30 September 2023

Performance commentary

At year-end, cyclical and structural uncertainties still weighed on global real estate markets, though there are hopes that the top of the interest rate cycle has been reached and that inflation rates are falling. The trajectory uncertainty, added to the high cost of debt, was illustrated in the transactional market across all sectors, where year-to-September volumes were $423bn, reflecting a decrease of 50% and the lowest level of direct investment in over a decade. (Note: the GREFI benchmark is always lagged by c.3 months.) Office pricing and liquidity remained under pressure, and individual assets showed increasing polarisation between highest quality assets and the rest.

Many funds across the globe continued to pay down their redemption queues, particularly in the US. Brunel's model portfolio funds based in the US have redemption queues ranging from 8% to 20% of NAV. While this is a huge magnitude, US redemption mechanisms differ from those in the UK and do not force funds to sell within a set timeframe, with investors often rescinding some of their initial request. This allows managers to fund redemptions using selective, strategy-led sales rather than fire sales, mitigating negative effects for the remaining investors. We are seeing US managers repay the larger queues at a rate of 8-10% of the queue each quarter, if appropriate.

The benchmark INREV GREFI index in Q3 fell -1.4%, continuing its negative run. Over the 12-month period, it fell -9.0%. Though all three regions fell, the US was the biggest detractor over Q3 at -2.0%.

Global real estate markets have repriced slower than the UK and do not appear to have revalued sufficiently yet. CBRE are forecasting further declines across non-UK markets throughout 2024, with the logistics and residential sectors expected to stabilise first. The office sector, particularly in the US, is expected to continue its decline for the foreseeable future. "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	58.4	1.4%	-4.0%	-15.3%	-0.4%	-	Jul 2020

International Property

INREV's Consensus Indicator remains subdued in December, with more negative sentiment reflected than in March. Four of the five sub-indicators (including economic, new development, investment liquidity, and financing) fell, indicating weaker sentiment, with only the Leasing & Operations sub-indicator bucking the trend with a positive number. This stems from an improvement in effective rents in participators' portfolios, and a higher net effective rent for new lettings.

Pipeline

There is one fund in the pipeline: the CBRE Global Alpha Fund is in due diligence for clients with a total commitment below the £50m threshold, or for clients with large legacy holdings..

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**Performance data shown up to 30 September 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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Dorset County Pension Fund
administered by Dorset Council
Environment Agency Pension Fund
Somerset Council
AVON PENSION FUND
Cornwall Pension Fund
Devon County Council
Wiltshire Pension Fund
Oxfordshire Pension Fund
www.oxfordshire.gov.uk/pensions
Buckinghamshire Council
Buckinghamshire Pension Fund
Gloucestershire COUNTY COUNCIL
Brunel Pension Partnership

TABLE 1

OXFORDSHIRE COUNTY COUNCIL PENSION FUND
OVERALL VALUATION OF FUND AS AT 31st DECEMBER 2023

Investment	COMBINED PORTFOLIO 01.10.2023	Brunel Pension Partnership Active Equities		Brunel Pension Partnership Passive Equities		Legal & General Fixed Interest		Brunel Pension Partnership Fixed Interest		Brunel Pension Partnership Property		Brunel Pension Partnership Other Investments		In House Other Investments		COMBINED PORTFOLIO 31.12.2023		
	Value £' 000	Value £' 000	% of Total Value	Value £' 000	% of Total Value	Value £' 000	% of Total Value	Value £' 000	% of Total Value	Value £' 000	% of Total Value	Value £' 000	% of Total Value	Value £' 000	% of Total Value	Value £' 000	% of Total Value	Target %
EQUITIES																		
UK Equities*	**343,389**	**345,717**	**27.0%**	**18,112**	**3.1%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**363,829**	**10.8%**	**10.0%**
Emerging Market Equities																		
Global Equities		932,428																
Overseas Equities																		
Total Overseas Equities	**1,405,148**	**932,428**	**72.9%**	**566,151**	**96.9%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**1,498,579**	**44.5%**	**41.0%**
BONDS																		
UK Gilts	18,471	0	0.0%	0	**0.0%**	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	
Corporate Bonds	121,253	0	0.0%	0	**0.0%**	0	0.0%	134,001	25.9%	0	0.0%	0	0.0%	0	0.0%	134,001	4.0%	
Overseas Bonds	10,834	0	0.0%	0	**0.0%**	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	
Index-Linked	144,884	0	0.0%	0	**0.0%**	0	0.0%	235,392	45.6%	0	0.0%	0	0.0%	0	0.0%	235,392	7.0%	
Multi Asset - Credit	139,613	0	0.0%	0	**0.0%**	0	0.0%	147,129	28.5%	0	0.0%	0	0.0%	0	0.0%	147,129	4.4%	
Total Bonds	**435,055**	**0**	**0%**	**0**	**0.0%**	**0**	**0.0%**	**516,522**	**100.0%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**516,522**	**15.4%**	**16.0%**
ALTERNATIVE INVESTMENTS																		
Property	226,387	0	0.0%	0	**0.0%**	0	0.0%	0	0.0%	204,253	93.9%	0	0.0%	22,955	6.5%	227,208	6.8%	8.0%
Private Equity	393,993	0	0.0%	0	**0.0%**	0	0.0%	0	0.0%	0	0.0%	129,916	31.3%	274,042	77.7%	403,958	12.0%	10.0%
Multi Asset - DGF	66,883	0	0.0%	0	**0.0%**	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Infrastructure	96,208	0	0.0%	0	**0.0%**	0	0.0%	0	0.0%	0	0.0%	88,255	21.3%	17,425	4.9%	105,680	3.1%	5.0%
Secured Income	124,831	0	0.0%	0	**0.0%**	0	0.0%	0	0.0%		0.0%	131,780	31.7%		0.0%	131,780	3.9%	5.0%
Private Debt	58,103	0	0.0%	0	**0.0%**	0	0.0%	0	0.0%	0	0.0%	65,337	0.0%		0.0%	65,337	1.9%	5.0%
Total Alternative Investments	**966,405**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**204,253**	**93.9%**	**415,288**	**100.0%**	**314,422**	**89.2%**	**933,963**	**27.8%**	**33.0%**
CASH	**62,470**	**147**	**0.0%**	**0**	**0.0%**	**-43**	**100.0%**	**0**	**0.0%**	**13,186**	**6.1%**	**-164**	**0.0%**	**38,195**	**10.8%**	**51,321**	**1.5%**	**0.0%**
TOTAL ASSETS	**3,212,467**	**1,278,292**	**100.0%**	**584,263**	**100.0%**	**- 43**	**100.0%**	**516,522**	**100.0%**	**217,439**	**100.0%**	**415,124**	**100.0%**	**352,617**	**100.0%**	**3,364,214**	**100.0%**	**100.0%**
% of total Fund		38.00%		17.37%		0.00%		15.35%		6.46%		12.34%		10.48%		100.00%		

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PENSION FUND COMMITTEE – 01 MARCH 2024

MANAGEMENT FEES ANALYSIS POST-POOLING

Report by Executive Director of Resources & Section 151 Officer

RECOMMENDATION

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

Introduction

2. As requested by the Committee this report has been prepared to provide an analysis of the management fees payable by the Pension Fund pre- and post-pooling. The report is based on data to the end of March 2023.

3. The analysis has been prepared on a best endeavours basis using the information available. It should be noted that there are issues in making direct comparisons including different fee structures such as tiered fee scales, and the different investment targets in place for mandates. For pre-pooling fees the current portfolio valuation has been applied to the old fee scale to determine the basis points figure for comparison purposes.

4. The report covers management fees only, so not additional portfolio costs such as transactions fees. For Brunel fees the cost applied by Brunel for managing the portfolio has been included.

5. In the below sections management fees are assessed for the different asset classes the Fund invests in.

Passive Equities

6. Passive equities are where the most meaningful comparison can be made on management fees due to alignment of targeted investment outcomes. The Fund initially transitioned to like-for-like portfolios at Brunel but has now moved all passive investment into the PAB Fund. The table shows significant savings were achieved at the point of transition, although fees have since risen as a result of asset allocation decisions made by this Committee.

Mandate	Pre-Brunel (bps)	Brunel (bps)
UK Equities	4.5	0.5
Global Equities	13	0.75
Paris-Aligned Benchmark (Global Equities)	N/A	3.5

Active Equities

7. The below table shows the management fees for active equity portfolios including the performance target for the mandate. The table indicates the

difficulty in undertaking any real analysis, as in each case the transition was not on a like for like basis. On the UK mandate, there is a small fee saving on transition despite the mandate seeking to deliver a higher investment return. On the global mandates, it is difficult to draw any meaningful conclusions.

Mandate	Target	Pre-Brunel (bps)	Brunel (bps)
UK Equities	FTSE All-Share +1.25%	24	N/A
UK Equities	FTSE All-Share +2%	N/A	22
Global Equities 1	MSCI ACWI +2%	42 (1)	N/A
Global Equities 2	MSCI ACWI +3%	28	N/A
Global High Alpha	MSCI World +2-3%	N/A	35
Global Sustainable Equities	MSCI ACWI +2%	N/A	33

(1) This fee was subject to tiering based on aggregate investment from LGPS Funds as a whole. The figure assumes the same level of total LGPS investment as at the time the Fund transitioned out of the portfolio.

Fixed Interest

8. The Fund had an active fixed interest portfolio prior to pooling with government bonds managed in a segregated account incurring a management fee of 19bps.

9. The corporate bond element of the portfolio was managed separately through a pooled fund with a management fee of 30bps. The Brunel Sterling Corporate Bonds portfolio management fee is currently 12bps.

10. For a period before the assets were transferred to Brunel the Fund's index-linked Gilts were held in a passive fund with an effective fee of 3.6bps, the Brunel passive index-linked portfolio currently has a fee of 2bps.

11. The figures above suggest that in each case Brunel delivered considerable savings on investment fees at the point of transition.

Property

12. Under the pre-Brunel property portfolio there was a fee payable to the appointed manager of 20bps. There were then management fees payable at the individual property fund level for the funds the manager selected.

13. Brunel operate two property portfolios and the Brunel management costs applied to those are 4.5bps for UK Property and 3.2bps for International Property. Within UK Property there have also been several examples of Brunel securing preferable fee rates at the individual fund level due to representing a larger volume of funds.

Private Markets

Private Equity and Infrastructure

14. The below table shows fee savings on private equity and infrastructure for the last two full financial years in monetary terms. The figures have been produced by comparing estimated fees the Fund calculated during the Brunel set-up period for private equity and infrastructure, to current fees incurred by Brunel. It should be noted that private market fee structures are complicated including a significant proportion of the fees coming from performance related elements and varying over the lifecycle of a fund. In addition, the type of fund influences the management fee (e.g. direct vs fund-of-fund). This makes drawing any firm conclusions when comparing private market fees difficult.

Oxfordshire - Summary of Private Market Cost Savings 2022/23		
Portfolio	**2022/23 Price Variance (£)**	**2021/22 Price Variance (£)**
Infrastructure C1	132,921	139,126
Infrastructure C2	107,845	149,629
Infrastructure C3	155,388	0
Private Equity C1	102,489	169,796
Private Equity C2	113,776	430,346
Total	**612,418**	**888,897**

Other

15. Several private market portfolios the Fund is currently invested in did not form part of the asset allocation pre-Brunel and so no meaningful fee analysis can be undertaken, these are: Private Debt, Secured Income, and Multi Asset Credit.

Lorna Baxter
Executive Director Resources & Section 151 Officer
February 2024

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Division(s): n/a

ITEM 10

PENSION FUND COMMITTEE – 1 MARCH 2024

DEVELOPMENT OF THE FUND'S RESPONSIBLE INVESTMENT POLICY

Report by the Executive Director of Resources & Section 151 Officer

RECOMMENDATION

1. **The Committee is RECOMMENDED to agree the draft Responsible Investment Policy as presented at Annex 1 to this report as the basis of a consultation exercise with key Fund Stakeholders**.

Introduction

2. Over recent years, the issue of responsible investment has become a much more important element of this Committee's discussions in exercising their fiduciary duty in respect of the Fund's investments. In June 2020, the Committee approved its first Climate Change Policy as part of its revised Investment Strategy Statement, recognising that climate change now represented the single most important factor impacting on the long-term investment performance of the Fund.

3. It was also recognised by the Committee that there were a number of other material financial risks to the long-term investment performance of the Fund arising from wider responsible investment issues. Following the establishment of and appointment to, the new post of Responsible Investment Officer for the Fund, the Committee has requested the development of a broader Responsible Investment Policy, setting out the Fund's approach to responsible investment and the current issues which it sees as of highest priority.

Development of Draft Policy.

4. The initial draft of the Fund's first Responsible Investment Policy is presented as Annex 1 to this report and has been developed by the Officers following a wide engagement programme. This engagement programme has included a survey of scheme members, which as reported to the last Committee resulted in over 4,000 responses. The Fund's Responsible Investment Officer also led a presentation to the Employers Forum on 24 January 2024, where those present were invited to provide feedback.

5. We then held a half-day workshop on 26 January 2024 to which all members of the Pension Fund Committee and Pension Board were invited. This workshop was facilitated by an Independent Facilitator, who supported the officers in determining the objectives for the workshop, managing the discussion on the

day, and producing a summary of the key decisions. The discussion documents for the workshop were developed by the Fund's officers following engagement with the Responsible Investment team at Brunel, a review of responsible investment policies published by other pension funds, and a detailed review of the research papers published on the issues and risks associated with the responsible investment agenda. The feedback from the member survey and session at the Employer Forum was also fed into the discussion papers.

6. Those present at the workshop noted both the quality of the discussions and the degree of consensus reached on both the key investment principles and the short-term priorities for the Fund. The outcome of the workshop has now been incorporated in the first draft of the Responsible Investment Policy.

7. As noted in the Policy, it is intended to produce a further document, an Responsible Investment strategy document, which will be developed to sit alongside this Responsible Investment policy. This document will set targets, identify benchmarks and enable progress against the Policy to be measured. This will help support the review and assurance process for the Policy, as well as allowing the fund to hold asset managers and other service providers to account around the delivery against the fund's Responsible Investment requirements.

8. In developing both this initial draft Responsible Investment Policy and the subsequent Responsible Investment Strategy Document, it is important to balance the work to be undertaken within this area with the available resources. Neither Oxfordshire nor Brunel have the capacity to engage across the wide spectrum of responsible investment issues. Within the Policy, attempts have been made to identify the clear sub-priority areas within each of the main priority headings, and this will be further refined in the strategy document.

Next Steps

9. The Committee are invited today to review the draft policy as presented at Annex 1 and confirm it is consistent with the consensus views developed at the workshop. The draft policy then needs to subject to a formal consultation exercise, which would again include scheme members, scheme employers, and key stakeholders, including Brunel, and the partner funds.

10. The intention would then be to bring a final version of the Responsible Investment Policy to the June Committee for approval, along with the first draft of the Responsible Investment Strategy Document. As noted in the Policy, both documents would be subject to regular review to reflect both the rapidly changing nature of the key issues within the responsible investment space, and the available resources to undertake work in this area.

Lorna Baxter
Executive Director of Resources & Section 151 Officer

Contact Officers: Greg Ley – gregory.ley@oxfordshire.gov.uk &
Josh Brewer – josh.brewer@oxfordshire.gov.uk

February 2024

Oxfordshire County Council Pension Fund Responsible Investment Policy

About the Fund

The Oxfordshire Pension Fund forms part of the Local Government Pension Scheme and manages £3.3bn on behalf of c.70,000 members as of 31 March 2023. Oxfordshire County Council is the administering authority for the Fund and runs the fund on behalf of participating employers, active scheme members and current and future pensioners.

The primary purpose of the Fund is to achieve and maintain a 100% funding level over the long term, to achieve a return on investments, within an acceptable risk envelope, sufficient to cover future liabilities of the Fund, and to maintain sufficient liquidity to enable the Fund to pay pensions as they fall due.

The Pension Fund is part of the Brunel pool along with nine other LGPS funds and the Fund invests in the range of portfolios offered by Brunel along with the other funds. Brunel Pension Partnership invests the Fund's assets within the portfolios the Fund allocates to and undertakes stewardship activities on the Fund's behalf within these portfolios.

The Administering Authority has a fiduciary duty to act in the best interests of scheme members and investment powers must be used to achieve what is best for the financial position of the Fund. The Pension Fund believes that responsible investment forms an integral part of its fiduciary duty due to the potential material financial implications that flow from it.

This Policy supplements the Pension Fund's Investment Strategy Statement and Climate Change policy and covers the Fund's broader approach to responsible investment.

Vision

As a long-term investor in global markets the Fund's investments impact on the future of the global economy, environment and society. We take this responsibility seriously, so we regularly look at the major environmental and social issues facing the world and work to ensure we are actively considering them in our decision making.

We believe the financial system has a role to play in the transition to a more resilient and sustainable global economy. As a participant in the financial system the Fund seeks to invest in those companies committed to building a better future, engage with issuers and other stakeholders and to advocate for positive change through working in partnership with other like-minded organisations.

The Fund will be transparent in its responsible investment activities, clearly communicating both our approach and our progress.

Investment Beliefs

The following are the investment beliefs held by the Fund that will inform investment decision making:

- Asset allocation is the key investment decision that has the greatest impact on the investment performance of the Fund. The Fund seeks to make investment decisions supported by robust evidence and takes into account the liabilities of the Fund. Markets are competitive and dynamic, with active returns challenging to find.

- Risk and return are positively correlated. There are a variety of investment risks that carry premiums / compensations; illiquidity risk is one such premium. Investment diversification improves the risk to return ratio of the Fund.

- The long-term nature of the Fund's liabilities is a key consideration and typically implies a long-term investment horizon. As a long-term asset owner, we have a duty to interact with companies about their governance structures, policies, and operations.

- The Fund must seek to ensure that the actions of those appointed to work on the Fund's behalf align with the long-term interests and policies of the Fund.

- Investing responsibly and investment performance are not mutually exclusive. We believe that investments will generate improved returns in the long run where there is consideration of ESG factors at a strategic level by investee companies. We believe in investing in well governed companies. In making investments we will seek to minimise negative impacts on society and the environment and, where possible, to make a positive contribution.

- The Fund believes that using active stewardship to encourage the highest standards of corporate governance and promoting corporate responsibility by investee companies helps protects the financial interests of pension fund members over the long term.

- Engagement can be effective in initiating change but must be backed up with a robust escalation policy, up to and including divestment. In determining the approach to engagement the nature of the industry and ability to change should be considered.

- Aligning with like-minded investors and organisations is often more effective than working in isolation.

- Managing fees and costs is important but should be considered in the overall return profile of an investment.

Developing the Policy

This Responsible Investment (RI) Policy has been developed in response to the understanding that, although climate change is the most significant RI risk the fund is exposed to, other RI issues are material to the financial performance of the fund too. The key risks and priorities to the fund were identified through a process of sector risk materiality analysis, World Economic Forum global risk reporting, member survey, Brunel priorities and the intersection of risks with climate change. This then fed into a workshop of the Pension Committee, Pension Board and Officers, where a set of priorities was agreed.

The pension fund is a long-term investor. Someone joining the scheme now may be receiving a pension in 80 years' time. As a long-term investor, the fund needs to consider the long-term risks to its ability to meet its liabilities.

The Pension 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, thereby improving risk-adjusted returns.

What is Responsible Investment

Responsible investment is the integration of environmental, social and corporate governance (ESG) considerations into investment management processes and ownership practices in the belief that these factors can have an impact on financial performance. Responsible Investment principles are at the foundation of the Fund's approach to stewardship and underpin the Fund's fulfilment of its fiduciary duty to scheme beneficiaries.

The Fund's approach to RI and integration into investment processes

The Fund has identified climate change 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. As such, the Fund has produced a Climate Change Policy that forms part of the Investment Strategy Statement. The commitments in that document have fed into this policy document.

The development of the fund's approach to RI is an ongoing process. Over time, as the fund develops its responsible investment analysis, capabilities and processes this policy will be reviewed and updated by the Pension Committee to expand its scope.

Through the integration of RI into the investment process the fund aims to reduce long term risks, some of which are systemic in nature. It is the view of the fund that this approach helps contribute to well-functioning capital markets. The fund has a significant asset allocation to a Paris Aligned Benchmark passive fund and to an active Global Sustainable Equities portfolio. The combined value of these investments (as at

December 2023) represents over 60% of the fund’s investments into publicly listed equity.

Stewardship and reporting
The systematic integration of stewardship into the investment process across all asset classes is fundamental to the fund’s ability to deliver improved risk adjusted returns and long-term sustainable pensions to its members and beneficiaries. The fund is a signatory to the UK Stewardship Code. Each year the fund will publish a Stewardship Code application statement that will identify how it meets the Principles of the Code and provides case studies to support the application. The fund also produces an annual report on how it is addressing the risks and opportunities related to climate change, which aligns with the Taskforce on Climate related Disclosures (TCFD) framework.

Governance
Oxfordshire County Council is the Administering Authority of the fund and has delegated responsibility for the administration of the fund to the Pension Committee. The Committee meets on a quarterly basis and considers all investment and administration issues relevant to the fund, including RI factors.

The Committee consists of voting members made up of County Councillors, and non-voting members selected to provide a broad level of representation to the wide range of employers and members in the fund.

The Committee have established a Local Pension Board. The role of the Board is to assist the Pension Committee to secure compliance with the Regulations and all associated legislation, and to ensure the efficient and effective governance and administration of the scheme.

Brunel Pool
The fund pools its assets with nine other administering authorities though the Brunel Pension Partnership (Brunel), which is authorised by the Financial Conduct Authority and has been established specifically to manage the assets of the pool.

Brunel has a dedicated Responsible Investment team, including a dedicated Stewardship Manager who oversees voting and engagement. This policy will enable the fund to clearly identify priority RI areas to Brunel and, in turn, help inform the ongoing development of their RI approach.

Brunel has built its responsible investment approach on three pillars: to integrate sustainability criteria into its operations and investment activities; to collaborate with others across the industry and support effective policymaking; and to be transparent in its activities.

Brunel's manager selection process is central to the effective implementation of its Responsible Investment, Stewardship and Climate policies. Managers must be able to clearly demonstrate how ESG is embedded into their investment process.

RI policy review

The fund's policies are kept under regular review and are updated and approved by Committee as required. Once signed off this policy will be reviewed at no more than a three year interval.

It is intended that an RI strategy document will be developed to sit alongside this RI policy. This document will set targets, identify benchmarks and enable progress against the Policy to be measured. This will help support the review and assurance process for the Policy, as well as allowing the fund to hold asset managers and other service providers to account around the delivery against the fund's RI requirements.

Engagement

Voting and engagement form an important part of the fund's management of ESG risks. Engagement on behalf of the pension fund primarily takes place through Brunel, their appointed fund managers, and their engagement provider, in accordance with the approach set out in Brunel's Engagement policy, to which the fund provides input. Voting is undertaken on behalf of the fund by Brunel utilizing the expertise of their voting and engagement provider and appointed managers.

Initially the focus for engagement will be on listed equities and corporate bonds which make up a large proportion of the fund's investments and have more established processes and data to enable the Policy to be applied. Ultimately engagement should extend to all asset classes though.

The fund's engagement policy outlines its expectations for engagement. It should be transparent, the reasoning for decisions should be predictable, recorded and accessible as far as practicable. The engagement approach should take opportunities to signal positive change to the wider market and society.

Decisions on when and how to engage with investee companies should not be postponed or avoided in the absence of perfect data. Reasonable estimates should be used when actual data is unavailable. The absence of data should be considered as a potential criterion fail where there is a reasonable expectation for a company to make the data available. It is primarily the responsibility of companies to generate verifiable data that can be used to guide investment decisions that integrate stewardship and responsible investment principles.

Escalation

The fund recognises that, although there is value to be gained from engagement with companies in terms of building relationships to help drive improved performance, engagement cannot be an end in itself. For engagement to be effective it requires there to be milestones and objectives set that should be delivered in a time limited manner. It is important for there to be a clear escalation path if progress is not being made quickly enough or is not going far enough.

Engagement should follow the existing escalation process whereby, if insufficient progress is being made, additional actions will be initiated, including collaborative engagement with like-minded institutional investors, speaking at the company's AGM, voting against the chair and other board members, filing or co-filing a shareholder resolution, and raising concerns in the public domain.

The fund retains the right to disinvest from or exclude certain companies or sectors if approaches to addressing their concerns prove unsuccessful and it is determined that an investment is no longer aligned with the interests of the fund or poses a material risk. Normally this would be a last resort once all other engagement avenues have been explored but the company has not demonstrated it is taking sufficient steps to manage the risk. There are also some occasions where it may be necessary to implement an exclusion policy where involvement in specific activities calls for one.

Collaboration
As an investor the Oxfordshire fund understands that it needs to work collaboratively with other investors to amplify its voice and help drive a transition to a sustainable financial system where the fund's beneficiaries and members can enjoy their pensions. The fund is a member of several investor groups. These include the Institutional Investor Group on Climate Change (IIGCC), Climate Action (CA) 100+, Pensions for Purpose and the Local Authority Pension Fund Forum (LAPFF). As a signatory to these alliances, it is supportive of the actions taken by these organisations to engage with companies on the key issues of relevance to the fund's members and beneficiaries.

Responsible Investment Priorities:

The Fund has identified the following four priorities for its responsible investment activities:

1. Climate Change
2. Nature and Biodiversity
3. Human Rights, Including Supply Chain Labour Standards and Slavery
4. Governance

Further details on each of the priorities are set out below.

Climate Change

- GHG emissions reduction in the real economy
- Just Transition
- Transparency and disclosure
- Financed emissions
- Green revenues (impact investing)

Climate change remains the single most important RI priority. It has been identified as the biggest long term systemic risk to the value of the fund. As such, it has the potential to impact the long-term value of all asset classes into which the fund invests.

The World Economic Forum (WEF) produces an annual global risks report, failure to mitigate climate change and failure of climate change adaptation are identified in the 2023 report as the two greatest long-term global risks. When looking at material risks for the sectors the fund has greatest exposure to, climate change is a key risk. In our recent survey of fund Members climate change was identified as their highest environmental priority.

The fund's investment returns, and the beneficiaries of the fund, are reliant on a healthy, functioning global economy, and the fund's interests are best served by the delivery of the 2015 Paris Agreement goal of holding global temperature rises to 2°C or lower, and to pursue efforts to limit any temperature increase to 1.5°C above pre-industrial levels.

As part of its Paris-alignment the fund is committed to transitioning its investment portfolios to net-zero GHG emissions by 2050. The fund is also committed to transitioning its investment portfolios consistent with the best available scientific knowledge, including the findings of the Intergovernmental Panel on Climate Change.

From an investment perspective the 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.

The fund will seek to reach its Paris commitments 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 across all asset classes. The pension fund is cognisant that some asset classes are less 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 fund also commits to achieving net-zero GHG emissions on its own operations by 2030.

Emissions reduction

As a minimum the pension fund will utilise the following metrics, where applicable to its investment portfolios, with a view to reducing both the intensity of carbon emissions and overall GHG footprint of its investments:

- Carbon Intensity (WACI)
- Extractive Exposure
- Transition Pathway Initiative Scores
- % of Total Investments in Fossil Fuel Companies
- % of Total Investments in Climate Change Solutions

Just Transition

The fund supports the Just Transition, 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 and stewardship activity. This approach intersects with human rights, particularly through the commitment to ensure that vulnerable communities are not disproportionally impacted by the transition to a low carbon economy.

Disclosure
In line with its commitment to investing into well-governed companies, the pension fund expects investee companies to be transparent in their climate-related disclosures. At a minimum the fund expects high impact investee companies to adopt globally accepted disclosure standards such as the Task Force on Climate-related Financial Disclosures (TCFD). The pension fund will itself work towards reporting in-line with the TCFD recommendations and has voluntarily produced an annual TCFD report since 2021.

Financed emissions
Financed emissions are the downstream carbon emissions that commercial lending by banks and other finance institutions enables. As a fund we have a significant exposure to companies in the Finance sector (over £130m in public equities as at September 2023). Therefore, financed emissions are an important consideration for understanding our exposure to climate change. The IEA has established in its latest report that there can be no new developments of oil and gas fields if we are to achieve Net Zero by 2050. As such the provision of finance to fossil fuel companies for these projects is an area of key concern to the fund.

Green revenues
In order to meet the challenge of climate change there will be a major transition of the economy away from fossil fuels towards alternative forms of energy. This transition will be a challenge but it also represents a significant opportunity. Investment into renewable energy is a key route for the fund to grasp this opportunity but there are other possibilities extending beyond this sector, such as investing into the infrastructure needed to deliver a transport system based upon electricity, rather than internal combustion. These assets deliver what are known as 'green revenues' and the fund is committed to growing its portfolio exposure to the companies and assets delivering green revenues as part of the energy transition.

In support of this approach, 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.

Nature and Biodiversity

- Nature and biodiversity risk assessment
- Deforestation
- Natural Capital (impact investing)

Nature and biodiversity and the related area of natural capital are a significant emergent risk and opportunity to the fund.

Biodiversity loss and associated ecosystem collapse has been identified in the WEF 2023 Global Risk Report as being a top five global risk by 2033. It has also been assessed by the WEF as the fastest emerging risk. In the recent fund member survey biodiversity and nature was identified as the second highest environmental priority. In fact, if we add the scores for deforestation and biodiversity and nature together, as there is an argument that these are the same issue, then it scored higher even than climate change as an environmental priority for the fund to address.

Nature and biodiversity risk assessment
Biodiversity and nature is a complex and, in ESG terms, relatively new area. As such the current data landscape is patchy, however. the sharp focus on this issue by investors over the last few years means that there is increasing data being made available. The end of 2023 saw the launch of the Taskforce for Nature Related Financial Disclosure (TNFD), a disclosure framework designed along the same lines as the TCFD to help companies to act on evolving nature-related dependencies, impacts, risks and opportunities. This framework will help deliver enhanced data in this area. Brunel are an early adopter of the TNFD and their engagement will help the fund to identify where the key risks and opportunities in relation to nature and biodiversity are.

The TNFD framework will help the fund to understand its own exposure to the broader range of nature and biodiversity related risks and opportunities. The fund will also carry out engagement on climate change physical risk with companies in the food and drink sector who are at heightened risk from negative impacts in this area.

Deforestation
Although robust data on nature and biodiversity can be challenging to source there is good data available in relation to deforestation and related human rights issues. This issue is a good entry point for nature and biodiversity as it is relatively easy to assess portfolio risk and there are overlaps with both climate change and human rights issues.

Deforestation is estimated as being responsible for 11% of annual global GHG emissions, so it is a highly material issue for addressing climate change, as well as biodiversity loss. There is an emergent regulatory landscape from the EU, UK and the US SEC in the form of regulations that look to prevent the importation into these jurisdictions of products produced from deforestation. As such it is a significant risk in the supply chains of the largest agricultural companies, as well as food manufacturers and retailers. It is also a risk for the finance sector through their provision of capital to companies involved in deforestation through land conversion for soft commodities such as cattle, soy and palm oil. As such, a commitment by the fund to address deforestation risks in its portfolios is a target that is both measurable and achievable. This issue also intersects with the theme of human rights through a focus on the rights of indigenous peoples where deforestation and land conversion is taking place.

Natural capital
There are significant opportunities around natural capital as an asset class. High quality nature restoration projects not only benefit biodiversity but also can help to mitigate the effects of climate change. As such the fund will work with Brunel to identify potential investment opportunities in this area.

Human Rights, Including Supply Chain Labour Standards and Slavery

- Human rights norms compliance
- Just Transition
- Diversity and inclusion
- Free, prior, informed consent

The protection of human rights is a key issue for members of the fund. This issue was identified in the member survey as the highest priority in relation to Responsible Investment. Erosion of social cohesion and societal polarisation, risks often associated with breaches of human rights norms, is identified by the WEF as a top 10 global risk by 2033.

However, human rights, which also includes supply chain labour standards, slavery and related issues such as health, is an enormous area to cover. Given the breadth of this issue the fund will need to rely upon Brunel to provide much of the heavy lifting to ensure that the companies in its portfolios are managing their human rights related risks appropriately.

Human rights norms compliance
One of the key ways that Brunel does this is to carry out screening against the United Nations Global Compact (UNGC). There are ten Principles of the United Nations Global Compact, of which six are related to human rights. These six Principles are derived from the Universal Declaration of Human Rights and the International Labour Organization's Declaration on fundamental Principles and Rights at Work.

The Principles are:

Human Rights
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
Principle 2: make sure that they are not complicit in human rights abuses.

Labour
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
Principle 4: the elimination of all forms of forced and compulsory labour;
Principle 5: the effective abolition of child labour; and
Principle 6: the elimination of discrimination in respect of employment and occupation.

Screening companies against the UNGC Principles is part of the Brunel investment assurance process, which involves identifying companies that are non-compliant with one or more of the Principles. Where a company is identified as non-compliant there is then a process of engagement and escalation.

Just transition
Mitigating the impact of climate change also entails mitigating the impact that the required energy transition will have on communities, ensuring that there is a just transition that respects human rights. This relates to ensuring that communities that

have traditionally been economically disadvantaged are not left behind when there is a transition away from the fossil fuel economy, or that there is equal access to clean energy in the form of renewables, particularly in developing economies.

Diversity and inclusion (DEI)
Diversity and inclusion is an issue where the themes of governance and human rights intersect. Ensuring equity of opportunity and inclusion of all groups is fundamental to securing a just transition. More broadly strong DEI policies serve the purpose of underpinning key human rights related to promoting equality and protecting diverse groups that have historically experienced discrimination.

Free, prior, informed consent
Similarly, with a multi-faceted issue such as deforestation it is important that the human rights of local communities, particularly the right to free, prior, informed consent, are protected. This is especially the case for indigenous peoples, who can act as guardians and protectors of forests and are often in the firing line where deforestation is taking place.

Governance

- Transparency and disclosure
- Diversity and inclusion (DEI)

Transparency and disclosure
Well governed companies will manage risks, including those related to RI, better than less well-governed companies. Transparency and disclosure are key indicators of a well-run company. For example, part of the fund's climate change strategy is to ask for high impact companies to provide TCFD reporting as this provides evidence as to how well their climate change risk is being managed.

Diversity and Inclusion (DEI)
DEI is another indicator that a company is well-governed. Strong policies in this area can lead to improved innovation, greater employee engagement and retention of talent, and the opening up of new markets for the company's goods or services.

More diversity within an organisation's board of directors enhances organisational decision-making processes and creativity and innovation. It also attracts a more diversified pool of talent.

DEI assessments can be highly data-driven, allowing easy comparisons between companies, and the setting of benchmarks.

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The Division(s): n/a

ITEM 11

PENSION FUND COMMITTEE – 1 MARCH 2024

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 26 January 2024. The virtual meeting was attended by Matthew Trebilcock as the independent Chairman, and four of the five current voting members of the Board. No progress had been made on filling the remaining vacancy on the Board. 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 Governance and Communications report, the Risk Register and the Administration report. The Board also reviewed the new reports drafted specifically for the Board covering Scheme Member Engagement and compliance with the draft General Code of Practice published by the Pension Regulator.

4. The Board members had a good discussion on all items as noted in the draft minutes as included elsewhere on today's agenda. They welcomed the progress made on implementing the action plan on scheme member engagement, noting the delays caused where the Fund was dependent on the development of technical enhancements outside their direct control. They agreed the priorities proposed for 2024/25 as set out in the Governance and Communications report elsewhere on today's agenda.

5. The Board welcomed the report which set out the Officers initial assessment of the Fund's compliance with the draft General Code of Practice as published by the Pension Regulator. They noted that a key element of their role and responsibilities was to ensure that the Committee acted in accordance with the relevant Scheme Regulations, and that the compliance assessment was a key tool for them in meeting their responsibilities. They asked to receive a regular report on compliance with the General Code of Practice and progress on action plans to address all areas not showing as fully compliant. The Board requested that this report would initially be received on a quarterly basis, although they indicated they would be happy with an annual report once full compliance was achieved.

6. The Board recommended that the Committee also received the reports on compliance with the General Code of Practice and subsequent action plans, suggesting that this should follow the initial quarterly schedule, with a move to an annual review once the initial gaps in compliance were addressed.

7. The Board expressed their strong concern about the impact of the imminent retirement of the Pension Services Manager, followed closely by the impending retirement of the Head of Pensions. They asked that the Executive Director of Resources & Section 151 Officer presented a report on the succession planning for these two posts to their next meeting in May 2024.

8. Finally the Board noted that the Committee were to receive a report on investment management fees post pooling at their meeting today, and asked for that report to be included in the agenda pack for their meeting in May.

Matthew Trebilcock
Independent Chairman of the Pension Board

Contact Officer: Sean Collins
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February 2024

Division(s): n/a

ITEM 12

PENSION FUND COMMITTEE – 1 MARCH 2024

BUSINESS PLAN AND BUDGET 2024/25

Report by the Executive Director of Resources & Section 151 Officer

RECOMMENDATION

1. **The Committee is RECOMMENDED to:**
    a. **Note the progress against the service priorities for 2023/24;**
    b. **Determine their preferred approach to the proposed activity-based exclusions as set out in Annex 2; and**
    c. **approve the Business Plan, Budget, Training Plan and Cash Management Strategy for 2024/25 as set out at Annex 1, and authorise the Executive Director of Resources & Section 151 Officer to approve the Special Reserved Matter in respect of the Brunel budget.**

Introduction

2. This report sets out the business plan and budget for the Pension Fund for 2024/25. It follows on from the Workshop held on 15 January 2024 to which all members of the Committee and the Local Pension Board were invited. The Plan sets out the key priorities for the Fund as agreed at the workshop, details the key service activities for the year, and includes the proposed budget and cash management strategy for the service.

3. The report also reviews the progress against the key service priorities included in the 2023/24 Plan as context for setting the key priorities going into the next financial year.

4. The key objectives for the Oxfordshire Pension Fund are set out on the first page of the Business Plan for 2024/25 (contained in annex 1) and remain consistent with those agreed for previous years.

5. The overall objectives are summarised as:
    - Fulfil the Fiduciary Duty to all key stakeholders
    - To administer pension benefits in accordance with the relevant regulations, and the guidance set out by the Pensons Regulator to a high service standard for our members
    - 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.

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

Key Service Priorities – A review of 2023/24

7. 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 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
- Red – insufficient progress or insufficient actions identified to deliver measures of success

8. 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.	Carry Forward outstanding Work on the McCloud project to 2024/25 in line with Government timescales.

	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.

9. As reported last quarter, all measures of success agreed this time last year have been rated Green, reflecting either the successful completion of the required task, or a revision of the required timescales in line with Government decisions. Work on completing the McCloud and Pension Dashboard projects will need to be carried forward into 2024/25.

10. <u>Deliver further improvements to the governance arrangements of the Fund.</u> There were 6 specific measures of success set out in the 2023/24 Business Plan in respect of this priority. The progress against these in 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. Analysis of compliance against the draft General Code of Practice presented to Committee with no significant shortfalls identified.	Complete analysis of compliance with the final General Code of Practice to be carried forward to 2024/25 once Code becomes effective.
Revised Administration Strategy agreed by Committee with clear Service Level Agreement established with all scheme employers. GREEN	Final version of revised Administration Strategy agreed.	
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	Initial Workforce Planning report presented to Committee to set parameters for full review.	Detailed Workforce Strategy carried forward to 2024/25 and reconciled with Good Governance Guidance once published by Government
Increase in average scores for the National Knowledge Assessment. AMBER	Knowledge Assessment Completed.	

11. The first 4 measures of success under this objective have all been rated Green, largely due to the completion of the expected actions. In terms of compliance with the General Code of Practice, this has been delayed until 2024/25 due to the late publication of the final Code. The measure of success has though been rated Green as the assessment against the draft Code as reported elsewhere on today's agenda has not identified any significant shortfalls against the Pension regulators expectations.

12. We have scored amber the work in relation to the workforce strategy. This work was delayed during 2023/24 whilst we were waiting for the Government to publish the expected Good Governance Guidance. Whilst the work on developing the strategy has now started in advance of the Government Guidance, and there is a report on today's agenda which sets out the key issues that need to be determined, the retirement of the Pension Services Manager and the impending retirement of the Service Manager have highlighted the importance of having this strategy in place. This is a key piece of work to take forward at the beginning of 2024/25

13. The other area rated Amber is in respect of the skills and knowledge of the Committee and Board reflected the drop in average scores against the Knowledge Assessment tool. The revised training programme contained within the Business Plan for 2024/25 seeks to address the gaps in skills and knowledge, with the results likely to come under greater scrutiny with the Government expected to provide greater requirements in this area.

14. <u>Enhanced Delivery of Responsible Investment responsibilities.</u> 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 all key policy documents.	Extend climate scores to the private market portfolios. Review additional ESG scores to be included in future reports.
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.

15. Work has continued to progress alongside colleagues within the Brunel Pension Partnership to deliver further improvements in this area. In line with the approved Brunel Climate Change Policy, the client funds have agreed target criteria for this year which we expect the highest carbon emitting companies as contained in the Climate Action 100+ to meet, with the expectation that selective divestment will follow if the criteria is not met. The client funds have also agreed provisional criteria for the following year. The provisional criteria demonstrate greater ambition in line with the Policy. We are currently discussing with Brunel how we balance the wishes for transparency and accountability with regulatory requirements, with the expectation more detail will be provided in the next few months.

16. Another key discussion currently ongoing within the Brunel Pension Partnership is the issue of activity-based exclusions. Whilst Oxfordshire in common with many funds currently has a policy which excludes any blanket-based

exclusions, in favour of making decisions on a company-by-company basis, there is a view that certain sectors are unlikely to be able to adapt in sufficient time to meet the requirements of the Paris Agreement.

17. Brunel have produced the confidential paper attached as Annex 2, which sets out their initial thinking in this area. The paper invites the client funds to consider a limited number of activity-based exclusions around tar sands, thermal coal, controversial weapons and tobacco production, with criteria for each areas set out in the paper.

18. **Annex 2 sets out detailed proposals around potential activity-based exclusions from the current Brunel portfolios and as such disclosure would inform the markets in advance of trades the investment intentions of Brunel. Such disclosure would therefore breach the Market Abuse Regulations. The public should therefore be excluded if there is to be any discussion of the detailed contained within Annex 2 because its discussion in public would be likely to lead to the disclosure to members of the public present of information in the following category prescribed by Part I of Schedule 12A to the Local Government Act 1972 (as amended): 3 Information relating to the financial or business affairs of any particular person (including the authority holding that information); and since it is considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information, in that the information is commercially confidential and its disclosure would be in breach of the Money Abuse Regulations.**

19. Officers are happy with the proposals in respect of tar ands and thermal coal as we believe limited exclusions would be consistent with the Fund's current Climate Change Policy. As noted in the paper, the proposals would have very limited impact on the investible universe, with only two holdings across the Brunel portfolios proposed for exclusion. Whilst the exclusion of controversial weapons is not covered under the current investment policies of the Committee, again the impact of the proposed exclusion would have very limited impact with just two holdings to be potentially excluded. As the paper notes, further checks on the definitions followed need to be completed to understand the rationale as to why these companies are currently held.

20. The proposal regarding tobacco production is likely to be more controversial, and the impact on the investible universe is higher than the other three categories. It should be noted though, that if this Committee wanted to oppose this element of the proposal in that it is inconsistent with their current policies, the actual holdings held by this Fund will reduce on transition to the revised UK active portfolio based on the FTSE All Share Index excluding the FTSE 100.

21. In terms of the Fund's new commitment of £30m to a local renewable infrastructure portfolio, alongside 5 other partner funds from within the Brunel Pension Partnership, it is noted that the Fund Manager has now called down the first £20m of this commitment to finance the purchase of a series of solar farms.

22. Finally in this area, the Committee are invited elsewhere on today's agenda to approve their first draft 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. Once approved, this draft will be subject to formal consultation before final approval at the June meeting of this Committee.

23. 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 performance scores. GREEN	Work programme of technology enhancements agreed with system supplier.	
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. GREEN	Action Plan developed and information now being collected from scheme employers.	
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.	

24. 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.

25. Delivery of the above priorities has been inside the administrative and oversight and governance budgets which in total are expected to underspend by £213,000. There is estimated to be a further £450,000 underspend on

investment management fees, bringing the total underspend against the budget to £663,000.

	Budget	YTD	%	Forecast Outturn	Variance
	2023/24	2023/24		2023/24	2023/24
	£'000	£'000		£'000	£'000
Administrative Expenses					
Administrative Employee Costs	1,607	1,230	77%	1,607	0
Support Services Including ICT	930	767	83%	975	45
Printing & Stationary	132	51	39%	132	0
Advisory & Consultancy Fees	315	3	1%	100	-215
Other	59	39	67%	70	11
Total Administrative Expenses	**3,043**	**2,090**	**69%**	**2,884**	**-159**
Investment Management Expenses					
Management Fees	12,450	3,000	24%	12,000	-450
Custody Fees	30	15	50%	30	0
Brunel Contract Costs	1,258	1,313	104%	1,258	0
Total Investment Management Expenses	**13,738**	**4,328**	**32%**	**13,288**	**-450**
Oversight & Governance					
Investment Employee Costs	380	265	70%	370	-10
Support Services Including ICT	12	0	0%	12	0
Actuarial Fees	190	184	97%	190	0
External Audit Fees	50	0	0%	50	0
Internal Audit Fees	17	0	0%	17	0
Advisory & Consultancy Fees	98	28	29%	98	0
Committee and Board Costs	64	2	3%	40	-24
Subscriptions and Memberships	70	30	43%	50	-20
Total Oversight & Governance Expenses	**881**	**509**	**58%**	**827**	**-54**
Total Pension Fund Budget	**17,662**	**6,927**	**39%**	**16,999**	**-663**

26. The two main causes of the underspend have been an underspend of £215,000 against the budget for advisory and consultancy fees and a £450,000 underspend against the investment management fees budget. The former

reflects the delay in a number of projects where additional support was expected, largely due to delays from the Government e.g. on the pension dashboard. As noted in previous years, the underspend on investment management fees reflects the difficult in estimating future market movements which directly impact fees paid.

Service Priorities for 2024/25

27. The service priorities for 2024/25 were again developed through a workshop to which all members of the Pension Committee and Pension Board were invited, in line with the recommendations of the Independent Governance Review undertaken during 2020/21. This year, the workshop was held on 15 January 2024, and was again facilitated by Hymans Robertson.

28. The Workshop enabled members of the Committee and Board to identify what they saw as key priority areas for the Fund for 2024/25 and what they wanted to see as measures of success. Officers have sought to bring this together under three key priorities within the 2024/25 Business Plan which are summarised as follows.

29. Priority one is to deliver further improvements to the governance arrangements of the Fund. Key amongst this is to develop a workforce strategy to meet the changing needs to the Fund, and in particular to deliver a succession plan following the retirement of the Pensions Administration Manager and the impending retirement of the Head of Pensions. Failure to deliver on this issue presents one of the biggest risks to the Fund at the current time.

30. A second key element of this priority is to develop an action plan to address any shortfalls identified following an assessment of the Fund's position against the requirements of the new General Code of Practice published by the Pensions Regulator.

31. The third key element of this priority as identified within the workshop was an improvement in the reporting to the Pension Fund Committee to provide Members with the assurance that performance in both the administration and investment areas was at the standards set by the Committee and delivered in accordance with the objectives set within the Funds key policies, notably the Climate Change Policy.

32. The final element of this priority is to ensure that the Committee and Board have the necessary skills and knowledge to successful deliver on their roles in managing the Fund.

33. The second priority is to continue to improve the operational effectiveness of the pension administration services and ensure all new regulatory responsibilities are met. This priority area includes delivering the McCloud project which has previously been recognised as a major challenge to this and all other LGPS Funds (alongside similar challenges to deliver the equivalent projects in the rest of the public sector, including the Sergeant project in respect of fire-fighters, which also falls to this Committee to deliver). Other key regulatory challenges

include the remedy to deal with the Goodwin case, and the implementation of the Pensions Dashboard.

34. A key action under this priority is a review of the data collection processes to ensure that the Fund receives all data on a timely and accurate basis, reducing the number of breach reports and fines issued under the Administration Strategy. This should also be reflected in improvements in the Funds data quality scores as reported to the Pension Regulator.

35. A third element of this priority is a continuation of the work to develop the Fund's use of Altair in line with best practice, as well as reviewing the Fund's website, and the use of the developing Artificial Intelligence tools, including Chatbots to increase the provision of self-service functionality. Hopefully the improvements to functionality available to members will also be reflected in reduced complaints and higher customer satisfaction scores, as well as a reduction in the costs of providing services.

36. The third and final priority area centres around the Fund's Investment Strategy Statement. There are four clear streams to this task, all of which though need to be considered together as each has implications for the others. These streams include the initial planning for the 2025 Valuation and need to reflect the significantly improved funding level for the Fund, and the potential to introduce multiple investment strategies reflecting the differences in risk profiles and appetites of the various scheme employers.

37. Another key stream under this priority is the need to re-visit the cashflow modelling for the Fund. With another significant increase in the pension benefits in payment (linked to the CPI figure from last September), and the potential reduction in contributions from scheme employers/members in light of the impact of ever tightening public sector budgets, the Fund is more likely to become cash negative in respect of its dealings with members. This means that liquidity becomes a higher priority when looking at the strategic asset allocation, alongside the need to switch to income share classes within some of the current Brunel portfolios.

38. Reviewing the latest Government guidance on pooling and asset allocation also needs to be considered under this priority, although the level of change required will depend on the extent if any that the Government mandates change.

39. Finally under this priority is the development of the Fund's first Responsible Investment Policy and the delivery of the key objectives as set out within the accompanying Strategy Document.

40. The full details of the three priority areas, action plans and measures of success are included in Part B of the draft Business Plan included at Annex 1.

Budget 2024/25

41. The proposed budget for 2024/25 is set out as Part C of the Business Plan which also includes a comparison with the budget for 2023/24. Overall, there is an

increase in the proposed budget from £17,662,000 to £20,741,000 (17.4%). The main elements of this variation are explained in more detail below. A report comparing the Pension Fund budget for the full 2023/24 financial year against the actual expenditure will be produced for the June 2024 Committee meeting.

42. Other than inflationary increases, there are five main increases in the budget. The increase in the Administration Staffing budget reflects the increased staffing proposal as set out within the Administration Report elsewhere on today's agenda. This in turn reflects the increased volume and complexity of the administration work, particularly in light of new Government legislation.

43. The increase in the budget for Investment Management Fees partly reflects the growth in the assumed average asset value over the course of the next year on which fees are payable. The Committee have no control over this aspect of the budget. The other element of the increase in this budget though does reflect the decision of this Committee to increase the strategic allocation to the private markets, which attract higher fee levels than the listed sector.

44. The increase in support service costs is largely explainable by the increased fees associated with the greater use of Altair and the costs of extending the current contract. The increased costs in Actuarial Fees reflects the costs incurred in the past year, and the additional work that will be required in 2024/25 as work begins on the 2025 Valuation.

45. The final area where costs have increased is in respect of the Brunel Fee which has seen an increase from £1,258,000 to £1,453,000. The increase in the Brunel budget has been subject to close scrutiny by the Client Group and the Brunel Oversight Board, who both recommend approval of the budget. It is fair to say that neither group were happy with the level of increase at a time when public sector budgets were under such pressure, but both groups accepted that the increased costs were the minimum necessary to enable Brunel to deliver the programme of work requested by the clients. The main areas of increase were the full-year costs of the people strategy agreed as part of last year's budget proposal, the need to re-tender the provision of back-office software, and the need to revise the operating model for the company. A key element of the last two increases was to provide the functionality to meet the client demands for more information, especially in respect of the responsible investment agenda.

46. It should be noted that the increase in the Brunel Fee is currently subject to a Special Reserved Matter issued by the Brunel Company for the approval of the Client Funds. The deadline for submitting that approval is 4 March 2024, and requires the approval of a minimum of 8 of the 10 Funds. The Committee are recommended to authorise the Executive Director of Resources & Section 151 Officer in her role as Shareholder Representative to approve the budget.

Training Plan

47. Part D of the Business Plan sets out the broad Training Plan for Committee Members. This reflects the latest Knowledge Assessment and feedback from

Committee and Board members. The programme includes sessions on Pensions Administration which saw a fall in scores under the most recent Knowledge Assessment, with a suggestion there is a focus on advances in technology and the development of Artificial Intelligence tools, Actuarial Methods with a focus on the requirements of the 2025 Valuation and Pensions Accounting and Audit Standards.

48. The Plan also includes reference to the on-line training offered by Hymans Robertson which all Members are encouraged to complete, a list of recommended external courses and conferences which Members are invited to consider as well as the offer of individual sessions with Officers and the development of a specific training plan to meet individual needs.

Cash Management

49. The final section of the business plan, Part E, provides the annual cash management strategy for the Fund. The Strategy is based on the Treasury Management Strategy for the Council but has a significantly reduced number of counter-parties reflecting the lower sums of cash involved, and the wider set of alternative investment classes open to the Pension Fund.

Lorna Baxter
Executive Director of Resources & Section 151 Officer

Contact Officer
Sean Collins

February 2024

Annex 1

Oxfordshire Pension Fund: Business Plan 2024/25

Service Manager - Pensions: Sean Collins

Service Definition:

- To administer the Local Government Pension Scheme and the Fire Fighters Pension Schemes on behalf of Oxfordshire County Council in line with the Regulatory Framework and the Committee's Fiduciary Duty.

Our Customers:

- Scheduled scheme employers e.g. County Council, District Councils, Oxford Brookes University, other Colleges and Academies
- Designating scheme employers e.g. Town & Parish Councils
- Admission Bodies including charitable organisations with a community of interest, and bodies where services have been transferred on contract from other Scheme Employers
- Contributory Employees
- Pensioners and their Dependants
- Council Tax payers

Key Objectives:

- Fulfil the Fiduciary Duty to all key stakeholders
- Administer pension benefits in accordance with the relevant regulations and the guidance as set out by the Pension Regulator, to a high service standard for scheme members
- Achieve a 100% funding level (LGPS only)
- Ensure there are sufficient liquid resources available to meet the Fund's liabilities and commitments (LGPS only) and
- Maintain as nearly a constant employer contribution rate as is possible (LGPS only).

Part A: Service Activities

Service Activity	Outputs	Outcomes
Investment Management – LGPS Only		
Management of the Pension Fund Investments	The Fund is invested in assets in accordance with the Committee's wishes. The Fund's assets are kept securely. Quarterly reports to the Pension Fund Committee.	Sufficient resources available to pay all pension benefits as they fall due. Employer contribution rates maintained at a stable and affordable level. Investments achieved in line with the Fund's Climate Change Policy
Management of the Pension Fund Accounts	Completion of the Annual Report and Accounts.	No adverse comments from the Fund's auditors.
Management of the Pension Fund Cash	Cash management strategy and outturn reports. Cash Managed in accordance with the strategy.	The Pension Fund cash is managed securely and effectively.
Scheme Administration and Governance		
Management of the Pension Fund Administration	The administration procedures are robust and in accordance with regulations and service standards, with particular focus on regular reviews to safeguard scheme members from Pension Scams.	The workload is completed & checked in accordance with regulations and procedures. Work is completed within specified time scales No adverse comments from the Fund's auditors, the Pension Regulator and Scheme Members/Employers
	Changes to regulatory framework of the scheme	Implementation of actions arising from regulation changes

Part B – Service Priorities

Objective	Actions	Measures of Success
Deliver further improvements to the governance arrangements of the Fund.	Develop a full workforce planning strategy for the Fund. Complete a full assessment of the Fund's compliance with the new General code of Practice. Develop a set of targets and an action plan to deliver these targets, in respect of any gaps in compliance against the Code of Practice. Develop the Fund's reporting arrangements to ensure the Committee and all key stakeholders are clear on the Fund's performance (both investment and administration) and delivery against the Fund's policy objectives. Deliver a comprehensive training programme for Committee and Board members.	Succession Plan in place, and suitably skilled and knowledgeable replacements recruited for Head of Pensions and Pensions Administration Manager. Workforce Strategy in place. End of year compliance with General Code of Practice in line with targets set. Committee satisfied they are able to evidence compliance with their policies and demonstrate the performance standards of the Fund. Increase in average scores for the National Knowledge Assessment.
Deliver further operational effectiveness of the administration function, including delivery of regulatory changes.	Deliver the McCloud Project Plan. Review current processes for the supply of data and contributions from scheme employers. Identify all required regulatory changes and develop action plans to deliver against new requirements (to include Goodwin and Pensions Dashboard) Continue to develop use of Altair in line with best practice. Review use of website and new AI tools to deliver increased self-service functionality to scheme	Issue all estimates/benefit calculations in line with the McCloud requirements. Increased Common Data and Scheme Specific Data Quality scores. Reduction in numbers of reported regulatory breaches/fines issued under the Administration Strategy. Reduction in number of formal complaints. Increased customer satisfaction scores. Reduction in scheme costs associated with technology improvements.

	employers and scheme members.	
Review the Fund's Investment Strategy Statement in light of: • The 2025 Valuation • Government Policy • Cashflow Requirement • Responsible Investment Priorities	Develop 2025 Valuation programme to include early engagement with scheme employers re risk appetite, and potential for multiple investment strategies. Undertake cashflow modelling in light of key employer budget changes, changes in benefits in payments, private market commitments. Review Government policy statements and develop action plans to deliver any new requirements. Undertake consultation exercise with key stakeholders on draft Responsible Investment Policy	Clear Strategic Direction agreed for 2025 Valuation, to the satisfaction of scheme employers. Revised cashflow model in place and sufficient cash in place to meet pension benefits and investment commitments as they fall due. Plans in place to deliver Government Policy requirements. Publish Fund's first Responsible Investment Policy and Strategy Documents. Revised Strategic Asset Allocation agreed.

Part C. Budget:

	2024/25 Budget £'000		2023/24 Budget £'000
Administrative Expenses			
Administrative Employee Costs	1,861		1,607
Support Services including ICT	1,338		930
Printing and Stationery	82		132
Advisory and Consultancy Fees	165		315
Other	60		59
	3,506		**3,043**
Investment Management Expenses			
Management Fees	14,800		12,450
Custody Fees	30		30
Brunel Contract Costs	1,453		1,258
	16,283		**13,738**
Oversight and Governance			
Investment Employee Costs	444		380
Support Services Including ICT	13		12
Actuarial Fees	292		190
External Audit Fees	50		50
Internal Audit Fees	9		17
Advisory and Consultancy Fees	101		98
Committee and Board Costs	24		64
Subscriptions and Membership	20		70
	952		**881**
Total Pension Fund Budget	**20,741**		**17,662**

Part E - Pension Fund Cash Management Strategy 2024/25

Introduction

1. The Oxfordshire Pension Fund maintains a balance of cash arising from the receipt of employer and employee contributions, and income from internally managed investments. This incoming cash currently exceeds the amount of payments made on behalf of the Fund, although this position could reverse during 2024/25. Income generated in investment portfolios is generally reinvested, the exceptions being listed private equity and some private market investments. At the point the Pension Fund's cashflow in respect of dealings with scheme members turns negative the Fund will look to have income generated from its portfolios paid back to the Fund as required to make up any cash shortfall. This could be achieved by switching to income share classes within a number of key Brunel portfolios. The cash managed in-house by the Administering Authority, provides a working balance for the fund to meet its short-term commitments.

2. The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 state that administering authorities must hold in a separate bank account all monies held on behalf of the Pension Fund. The regulations also state that the Administering Authority must formulate an investment strategy to govern how the authority invests any Pension Fund money that is not needed immediately to make payments from the fund. This document sets out the strategy for cash for the financial year 2024/25.

Management Arrangements

3. The Pension Fund cash balances are managed by the Council's Treasury Management team and Pension Fund Investments team. Cash balances are reviewed on a daily basis and withdrawals and deposits arranged in accordance with the current strategy. Pension Fund cash deposits are held separately from the County Council's cash.

Rebalancing

4. The Oxfordshire County Council Pension Fund has a strategic asset allocation range of 0-5% for cash. The cash balance is regularly monitored and reviewed as part of a quarterly fund rebalancing exercise undertaken by officers and the Independent Investment Adviser.

5. Arrangements will be made for cash balances which are not required for cashflow purposes, to be transferred to the Pension Fund's Investment Managers in accordance with the decisions taken during the rebalancing exercises.

6. In general, a minimum cash balance of £40million will be retained following a fund rebalancing exercise, to meet cashflow requirements and private market investment transactions. The level of cash balances will fluctuate on a daily basis and may be considerably higher than the minimum balance dependent upon the timing of transactions and strategic asset allocation decisions.

Investment Strategy

7. The Pension Fund cash investment policies and procedures will be in line with those of the administering authority. Priorities for the investment of cash will be:-

   (a) The security of capital
   (b) The liquidity of investments
   (c) Optimum return on investments commensurate with proper levels of security and liquidity

Investment of Pension Fund Cash

8. Management of the Pension Fund's cash balances will be in accordance with the Administering Authority's approved Treasury Management Strategy and policies and procedures.

9. The Pension Fund cash balances will be held predominantly in short-term instruments such as notice accounts, money market funds and short-term fixed deposits. Approved instruments for pension fund cash deposits will be the County Council's list of specified investments for maturities up to 1 year, excluding the Debt Management Account deposit facility which is not available to pension funds and UK Government Gilts which are managed by an external fund manager. The County Council's current approved list of specified investments is attached at appendix 1.

10. Pension Fund deposits will be restricted to a subset the County Council's approved counterparties at the time of deposit and will include the Fund's custodian bank. Approved counterparties as at 31st January 2024 are shown in annex 2. There will be a limit of £30m for cash held with each counterparty.

Borrowing for Pension Fund

11. The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 give administering authorities a limited power to borrow on behalf of the pension fund for up to 90 days. The power cannot be used to invest, but only for cashflow management in specified circumstances which should in practice be exceptional, i.e. to ensure that benefits are paid on time, and in transition management situations when the allocation of a pension fund's assets is being amended. Money can only be borrowed for these purposes if, at the time of borrowing, the administering authority reasonably believes that the sum borrowed, and any interest charged as a result, can be repaid out of the pension fund within 90 days of the date when the money is borrowed.

12. Pension Fund management arrangements presume no borrowing normally, but the possibility remains of unexpected pressures occurring and in these circumstances the power would enable the Pension Fund to avoid becoming forced sellers of fund assets due to cashflow requirements.

13. The Director of Finance (S.151 Officer) has delegated authority to borrow money for the Pension Fund in accordance with the regulations but only in exceptional circumstances. .

Oxfordshire County Council 2022/23 Approved Specified Investments for Maturities up to one year

Investment Instrument	Minimum Credit Criteria
Term Deposits – UK Government	N/A
Term Deposits – other Local Authorities	N/A
Term Deposits – Banks and Building Societies	Short-term F1, Long-term BBB+, Minimum Sovereign Rating AA+
Certificates of Deposit issued by Banks and Building Societies	A1 or P1
Money Market Funds	AAA
Other Money Market Funds and Collective Investment Schemes[1]	Minimum equivalent credit rating of A+. These funds do not have short-term or support ratings.
Reverse Repurchase Agreements – maturity under 1 year from arrangement and counterparty of high credit quality (not collateral)	Long-term Counterparty Rating A-
Covered Bonds – maturity under 1 year from arrangement	Minimum issue rating of A-

[1] I.e., credit rated funds which meet the definition of a collective investment scheme as defined in SI 2004 No 534 and SI 2007 No 573.

Appendix 2

Approved Counterparties

Aberdeen Standard Sterling Liquidity Fund

State Street Bank & Trust Company
Lloyds Bank Plc
Oversea-Chinese Banking Corp
Svenska Handelsbanken
Santander Plc

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Oxfordshire Pension Fund
Training Plan 2024/25

Regulatory Requirements

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 fall collegiately on Committees as collective bodies rather than on their members as individuals.

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:

1. Pensions Legislation and Guidance;
2. Pensions Governance;
3. Fund Strategy and Actuarial Methods;
4. Pensions Administration and Communications;
5. Pensions Financial Strategy, Management Accounting, Report and Audit Standards;
6. Investment Strategy, Asset Allocation, Pooling, Performance and Risk Management;
7. Financial markets and product;
8. Pension Services Procurement, Contract Management and Relationship Management;

There is a separate technical knowledge and skills framework which is CIPFA Local Pension Boards (2015) with the following 8 core areas:

1. Pensions Legislation;
2. Pensions Governance;
3. Pensions Administration;
4. Pensions Accounting and Auditing Standards;
5. Pension Services Procurement and Relationship Management;
6. Investment Performance and Risk Management;
7. Financial Markets and Product Knowledge;
8. Actuarial Methods. Standards and Practices.

Training Needs Analysis 2023

A regular training needs analysis is carried out by the Fund to understand how best to meet the training needs of the Pension Fund Committee and Local Pension Board members. Most recently, Hymans Robertson ran a Knowledge Progress Assessment for the Fund which was completed by Pension Fund Committee and the Local Pension Board members in October 2023.

Each assessment consists of 48 multiple choice questions across 8 key areas. Each question contains the option “I currently have no knowledge relating to this topic” to discourage individuals from guessing answers and therefore potentially distorting the results. The 8 areas covered are:

- Committee Role and Pension Legislation
- Pensions Governance
- Pensions Administration
- Pensions Accounting and Audit Standards
- Procurement and Relationship Management
- Investment Performance and Risk Management
- Financial Markets and Product Knowledge
- Actuarial Methods, Standards and Practices

Key Findings of the Training Needs Analysis

- 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.
- 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.
- The area of Pensions Administration is the area where both groups saw the steepest regression from the National Knowledge Assessment in 2022 to the 2023 assessment. As a result, future training will be focussed on this area to support understanding. Other lower scoring areas included Pensions Accounting and Audit Standards and Actuarial Methods, Standards and Practices which will be the focus for targeted training this year.
- Each member of the Committee and Board was given an individual score and assessment, enabling better targeted training.

Training Plan 2024-25

Hymans Robertsons – LGPS Online Learning Academy (LOLA)

All members of the Pension Fund Committee and the Local Pension Board to undertake all modules of the LGPS Online Learning Academy. The modules cover the following topics:

- Committee Role and Pension Legislation
- Pensions Governance
- Pensions Administration
- Pensions Accounting and Audit Standards
- Procurement and Relationship Management
- Investment Performance and Risk Management
- Financial Markets and Product Knowledge
- Actuarial Methods, Standards and Practices
- Current issues in the LGPS

This training is highly recommended for all Committee and Board Members.

Committee and Board members are recommended to complete all modules during the course of the year and to continue to watch the 'Current Issues' videos as they are added to the platform.

Hymans Robertson National Knowledge Assessment

Pension Fund Committee and Local Pension Board members will again be asked to participate in the National Knowledge assessment in the Autumn of 2024.

Business Plan and Current Issues Training

Potential training for the year may include workshops on

- Pensions Administration (to include advances in technology and AI)
- Pensions Accounting and Audit Standards
- Actuarial Methods, Standards and Practices (pre 2025 Valuation)

Dates to be confirmed.

Individual Training for Committee and Board Member

All members can arrange to meet with fund officers to discuss their individual training needs. Based on this meeting, an individualised training plan can be developed to best suit each individual member.

External Training

Training	Dates
Local Government Association: LGPS Fundamentals Training for newly Elected Members. LGA Annual Conference (Harrogate) Link: LGA Annual Conference and Exhibition 2024	 TBC – 3 days in the Autumn 2-4 July 2024
PLSA Local Authority Conference (Gloucestershire) Link: Local Authority Conference | PLSA PLSA Local Authority Forum (London) Link: Local Authority Forum | PLSA	11-13 June 2024 7 November 2024
LAPF Strategic Investment Forum (Hertfordshire) Link: LAPF Strategic Investment Forum – July - DG Publishing	1-3 July 2024
LAPFF Annual Conference	December 2024
The Pensions Regulator's Public Service Toolkit	The Pensions Regulator offers online training consisting of seven separate modules which support the General Code of Practice guidance. The toolkit can be accessed using the following link: https://education.thepensionsregulator.gov.uk/login/

Upcoming webinars:
LGPS, Pools and the Future (plsa.co.uk) 30 April 2024
LGPS-Live | Home Regular bi-monthly webinar on key LGPS issues

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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Division(s): n/a

ITEM 13

PENSION FUND COMMITTEE – 1 MARCH 2024

RISK REGISTER

Report by the Executive Director of Resources & Section 151 Officer

RECOMMENDATION

1. **The Committee is RECOMMENDED to 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**.

Introduction

2. The risk register 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

3. At their meeting on 26 January 2024, the Local Pension Board considered the latest risk register and requested that a report on Succession Planning be presented at the Local Pension Board meeting to be held on 3 May 2024, in relation to mitigating the risk of losing the Pension Services Manager and the Service Manager.

Latest Position on Existing Risks/New Risks

New Emerging Risks

4. No new emerging risks have been identified for the fund this quarter.

Increasing Risk

5. Risk 15 – 'Insufficient Skills and Knowledge amongst officers.' This particular risk has been assessed as an increasing risk due to the departure of the Pensions Administration Manager and the impending departure of the Head of Service. As per point 3 above, the Pension Board have requested a report on Succession Planning for the next Board meeting. The risk has increased from an amber 6 to a red 8 score.

Reducing Risk

6. None of the fund risks have been deemed to have decreased since the last meeting of the pension fund committee.

Risks removed from the Risk Register

7. Risk 24 – 'Increasing Central Government requirements for Asset Allocations' – has been removed as a risk on the register. This risk was deemed as a previous emerging risk however there is no mandatory asset allocation requirements from central government, hence there is no longer any risk posed.

8. Risk 25 – 'Potential loss of key members of staff'. This risk related to the departure of the Pensions Administration Manager and the impending departure of the Head of Service. The risk is being mitigated and managed through an existing risk, Risk 15 – 'Insufficient Skills and Knowledge amongst officers'. Hence, Risk 25 has been removed from the risk register.

Same Risk Rating

9. Risk 23 - 'Impact of Pension Scams' is still a low risk with a risk rating of 3. However, the risk has been transferred from being an 'emerging' risk to a standard risk on the risk register.

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

11. The Pension Fund Committee are asked to note the Risk Register.

Lorna Baxter
Executive Director of Resources & Section 151 Officer

Contact Officer: Mukhtar Master Tel: 07732 826419 March 2024

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

(Red)	Risk requires urgent attention
(Amber)	Risks needs to be kept under regular review
(Green)	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	Feb 2024	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	Feb 2024	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	Feb 2024	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	Feb 2024	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	Feb 2024	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	↔	Fund have started the development of a specific RI Policy.	June 24	4	1	4	Feb 2024	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	Feb 2024	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 under-writing 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	Feb 2024	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	Feb 2024	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	Feb 2024	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	Feb 2024	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	Feb 2024	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	Feb 2024	
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	Feb 2024	

												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 3rd party agencies	4	2	8	↑	The Workforce Strategy required next year as part of the 'Good Governance' Project from Central Government. Recruit to the Pensions Administration Post Local Pension Board Report on Succession Planning	Apr 2024 May 2024	3	1	3	Feb 2024	Awaiting publication of the Good Governance Project proposals. Potential loss of Head of Service and Pensions Administration Manager.
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 GCOP.	Apr 2024	4	1	4	Feb 2024	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 GCOP.	Apr/Dec 2024	4	1	4	Feb 2024	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	Feb 2024	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	Feb 2024	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	Feb 2024	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	↔	The deadline for employer data is 31st Jan – still awaiting returns. Delays in loading data to systems.	On-Going	2	2	4	Feb 2024	
22	Loss of strategic direction		Governance	Loss of key person	Short term lack of direction on key strategic issues	Director of Finance	Establishment of a Governance & Communications Team provides the resilience that the fund requires.	2	1	2	↔			2	1	2	Feb 2024	At Target.
23	**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	↔	Gap Analysis and review of regulations in the new General Code of Practice.	Apr 2024	3	1	3	Feb 2024	
24	**EMERGING RISK 1:** Lack of administrative resources and knowledge for FPS, specifically with additional remedy workload and second options exercise for	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 complete. Start date to be agreed and then training to take place.	TBC	2	2	4	Feb 2024	New post currently with Job Evaluation , hence delays.

	on call fire fighters.																	

Division(s): n/a

ITEM 14

PENSION FUND COMMITTEE – 1 MARCH 2024

GOVERNANCE & COMMUNICATIONS REPORT

Report by the Executive Director of Resources & Section 151 Officer

RECOMMENDATION

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

   i) **Note the Fund's update on the Pension Regulator's General Code of Practice.**
   ii) **Review and note the latest quarter's breaches for the fund.**
   iii) **Note the communications update regarding the McCloud Disclosure requirements and Member Engagement.**

General Code of Practice

2. The Pensions Regulator published a draft General Code of Practice document in March 2021 which will replace the existing 15 codes of practice. The reason behind implementing the single General Code of Practice was the ability to clarify, modernise and simplify the disparate sets of codes of practice.

3. The Local Government Pension Scheme (LGPS) currently assesses compliance against the Code of Practice 14 (CoP14) which will be superseded by the General Code of Practice, when the final document comes into force.

4. The draft code consisted of 51 modules which relate to 5 main areas:

   i) Governing Body – 18 modules
   ii) Funding and Investments – 2 modules
   iii) Administration – 10 modules
   iv) Communications and Disclosure – 11 modules
   v) Reporting to TPR – 4 modules

5. Not all the 51 modules apply to LGPS funds. As such, the Fund has carried out a high-level review of each module which was deemed to be relevant. **APPENDIX 1** shows the full results of this review. Fund officers assessed Oxfordshire Pension Fund's compliance for each module and applied a Red/Amber/Green rating. Green shows the fund is fully compliant with the requirements in the relevant module; amber indicates the fund is compliant with over 75% of the requirements in the module; red indicates the fund is compliant with less than 75% of the requirements.

6. The initial results indicated no Red ratings, with 19 modules rated as Green and 19 as Amber. The majority of the Amber ratings were in the Administration modules, where Officers took a very prudent approach in advance of a review of current processes and procedures. It is expected that action already underway will address many of the Amber areas.

7. Since carrying out the compliance review, the Pensions Regulator has laid the final version of the General Code of Practice with Parliament. The code is due to come into force by the end of March 2024. A comparison of the final version of the code against the draft code from 2021 has been carried out. The comparison can be seen at **APPENDIX 2** and indicates no material differences.

8. The Governance & Communications Team will ensure that Oxfordshire Pension Fund is fully compliant to the new General Code of Practice during 2024/25. To this end, the following tasks will be scheduled and carried out:

   i) Development of an implementation Action Plan
   ii) Review and agree which modules apply
   iii) Review compliance against each module
   iv) Develop practices and procedures to meet the gaps in compliance.

Breaches for the period October to December 2023

9. 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.

10. The following table shows the number of breaches in the last quarter – October to December 2023.

    Note – The breaches policy has been revised and new improved systems were implemented for identifying breaches in August 2023. Consequently, Q3 sees another increase in breaches being identified and reported compared to the previous quarter. However, Q3 is the first complete period being reported to the Committee that reflects the fund's new approach to breach reporting.

2023/2024					
Breach Type	**Apr-Jun (Q1)**	**Jul-Sep (Q2)**	**Oct-Dec (Q3)**	**Jan-Mar (Q4)**	**Total**
Contribution - COP	2	17	16		35
Data - COP	0	15	42		57
Other - COP	0	0	1		1
Data - GDPR	2	9	1		12
Total	4	41	60		105
Number escalated	2	1	4		
Number resolved	4	41	56		
Number carried over to next quarter	Nil	Nil	4		

Code of Practice Breaches

11. A breach is recorded every time a contributions payment or data return is submitted after the 19th of the month following payroll. A breach is also recorded when an employer fails to provide member data or information to the administration team in line with the escalation policy.

12. In Q3, three cases were escalated to a Team Leader and one case was escalated to the Pensions Manager. There are two cases which are still ongoing. All other Code of Practice breaches have been resolved.

13. The 'Other-COP' breach was where the Fund failed to send Pensions Savings Statements to six members by the 6 October 2023 deadline. They were sent on 25 October 2023. This was not deemed to be a materially significant breach.

Data Breaches

14. One data breach occurred this quarter. A letter was sent to an incorrect address, opened by the new occupant, and then returned to us. The case was escalated to the Team Leader, our records were updated, and the case is now closed.

15. None of the breaches were materially significant and as such were not reported to either The Pensions Regulator or the Information Commissioner.

Communications Update: McCloud Disclosure Requirements and Member Engagement

16. A project to ensure that disclosure requirements under The Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013, relating to the McCloud project, has been completed. A total of 18,300 letters and 25,500 emails were sent to the membership by the statutory deadline of 31 December 2023.

17. An update on Member engagement was given to the Local Pension Board in January 2024 and the following priorities were identified for 2024:

    i) A rolling schedule of quarterly member surveys.

    ii) Use the reports rolled out in November 2023 to segment and target specific member cohorts with relevant communications.

    iii) The possibility of a new website built to our own specification.

    iv) Make good progress on collecting member email and mobile numbers as a matter of process, as well as postal addresses.

    v) Focus on expanding our use of webinars and videos to engage members.

    vi) Use the roll out of new technology by Heywood (the new 'TME' or Transformational Member Experience) to measure the usage of My Oxfordshire Pension.

vii) Write a plan for the use of upgraded newsletter software which will enable us to track its success.

viii) Continue to promote and run face to face member talks.

Lorna Baxter
Executive Director of Resources & Section 151 Officer

Contact Officer: Mukhtar Master Tel: 07732 826419 March 2024

Appendix 1

Oxfordshire Pension Fund
Initial Compliance Assessment for TPR's General Code of Practice

	Less than 75% compliant with requirements
	More than 75% compliant with requirements
	100% compliant

The Governing Body

Module Number	Module Description	Number of Requirements	Oxfordshire Pension Fund Self-assessed R/A/G Rating
Board structure and activities			
TGB001	Role of the governing body – How the Fund is managed and the structure	8 requirements	
TGB014	Recruiting to the governing body – Appointing members to a governing body	13 requirements	
TGB015	Role of the chair – Defined responsibilities of the chair	11 requirements	
TGB006	Meetings and decision-making – recording details of all meetings and decisions made	21 requirements	
TGB016	Remuneration policy – Remuneration for those undertaking fund related activities	9 requirements (best practice only)	
Knowledge and understanding			
TGB017	Working knowledge of pensions – Governing bodies ability to demonstrate a level of understanding to fulfil their duties	62 requirements	
TGB003	Building and maintaining knowledge – Governing body to be able to demonstrate a level of knowledge and experience to run the scheme effectively	7 requirements	
Value for scheme members			
TGB009	Value for members – Assessment if DC product represents good value for members	18 requirements	
Advisers and service providers			
TGB010	Managing advisers and service providers – Demonstrate that governing bodies can effectively manage relationships	28 requirements	

The Governing Body, cont…

	Risk management		
TGB031	Identifying and assessing risks – Establish and operate internal controls which are adequate for the purpose of securing that the scheme is managed in accordance to scheme rules	34 requirements	
TGB032	Managing risk using internal controls - Establish and operate internal controls which are adequate for the purpose of securing that the scheme is managed in accordance to scheme rules	19 requirements	
TGB033	Assurance of governance and internal controls – Obtain assurance reports internal controls	14 requirements	
TGB022	Continuity planning – develop, implement and maintain continuity plans so operations can be maintained in the event of disruption.	13 requirements (best practice only)	
TGB039	Conflicts of interest – Managing conflicts of interests for public service pensions schemes.	22 requirements	
	Scheme governance		
TGB046	Scheme governance - Oversight and assurance of day to day operations of the scheme	46 requirements	

Funding and Investment

Module Number	Module Description	Number of Requirements	Oxfordshire Pension Fund Self-assessed R/A/G Rating
	Investment		
FAI001	Investment governance – Policies and procedures that ensure the governing body complies with any obligations it has in relation to investment	29 requirements (best practice only)	
FAI005	Investment monitoring – Managing investments with due skill, care and diligence.	16 requirements (best practice only)	

Administration

Module Number	Module Description	Number of Requirements	Oxfordshire Pension Fund Self-assessed R/A/G Rating
Scheme administration			
ADM001	Administration	15 requirements	
Information handling			
ADM002	Financial transactions – Core financial transactions as defined in legislation are processed promptly and accurately	12 requirements	
ADM014	Transfers – Ensuring appropriate checks are in place for transferring benefits to another pension scheme	23 requirements	
ADM003	Scheme records – Maintain complete and accurate records	26 requirements	
ADM006	Data monitoring – maintaining complete and accurate records	16 requirements	
IT			
ADM015	Maintenance of IT systems – IT systems to be reviewed and maintained regularly	7 requirements	
ADM016	Cyber controls – controls for the loss, disruption or data to a scheme or its members as a result failure in its IT systems and processes.	15 requirements	
Contributions			
ADM007	Receiving contributions	20 requirements	
ADM008	Monitoring contributions – reconciliation of pension contributions	14 requirements	
ADM011	Resolving overdue contributions – process for chasing payments once they become overdue	13 requirements	

Communications and Disclosure

Module Number	Module Description	Number of Requirements	Oxfordshire Pension Fund Self-assessed R/A/G Rating
Information to members			
CAD001	General principles for member communications – expectations of how to meet the legal obligations	11 requirements	
CAD012	Statutory financial statements (PSPS) – Providing annual benefit statements to members	8 requirements	
CAD016	Short service refunds/refunds of contributions – Appropriate options to provide to members following leaving the scheme after a short period of service.	7 requirements	
CAD005	Scams – Ensuring appropriate checks are undertaken to mitigate the risk of scams.	5 requirements	
Public information			
CAD010	Publishing information about public service pension schemes – Publishing details of the Pension Board	12 requirements	
CAD014	Audit requirements – an opinion from an independent Auditor of the Scheme on the audited accounts and statement on payment of contributions to the scheme	9 requirements	
CAD015	Dispute resolution procedures – Formal procedure and processes to investigate and decide upon pension scheme disputes.	26 requirements	

Reporting to TPR

Module Number	Module Description	Number of Requirements	Oxfordshire Pension Fund Self-assessed R/A/G Rating
Regular reports			
RTT001	Registrable information and scheme returns – Information about the fund to be published to the TPR.	6 requirements	
Whistleblowing - Reporting breaches of the law			
RTT003	Who must report – Who is required to report Breaches of law to the TPR	17 requirements	
RTT044	Decision to report – Making a judgement on the decision to report a breach of law to TPR	9 requirements	
RTT005	How to report – Process for reporting breaches to the TPR	21 requirements	

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A summary of the changes made in the final version of TPR's General Code Of Practice

The majority of modules have not seen any material changes in the final code. Most often, the edits made are to clarify the meaning or intention of the module but the requirements remain the same. The changes to the remaining modules are described briefly below.

1. **The Governing Body**

- TPR has provided greater clarity on its definition of 'the governing body' as it relates to public service pension schemes. It is for each scheme to set out who fulfils the role of 'scheme manager' within their existing arrangements: "The governance of a public service pension scheme will need to take into account the differing responsibilities of the scheme manager, pension board and, where appropriate, pension committee."

- TPR have added lines to several modules to encourage governing bodies to consider equality and diversity in their recruitment.

- The modules providing guidance for internal controls (*TGB031*, *TGB032* and *TGB033*) have undergone significant restructure, however the broad principles remain the same.

- TPR have removed the expectation to publish a remuneration policy in *TGB016*, although maintain it is best practice for schemes to have one.

- Two of the three modules covering the requirements for governing body knowledge and understanding (*TGB005* and *TGB003*) have been merged under *TGB005 – Governance of knowledge and understanding*, however the requirements remain largely the same from the draft code.

2. **Administration**

- TPR have extended the period for governing bodies to report employer failures to provide information to 28 days.

- The reporting contribution failures elements of *ADM011 – Resolving overdue contributions* have been removed and made into new module, *RTT006 – Reporting payment failures* under in the 'Reporting to TPR' section of the code.

3. **Communications and Disclosures**

- The module *CAD015 – Dispute resolution procedures* has now been updated to reflect differing time periods set out by LGPS regulation.

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Division(s): n/a

ITEM 15

PENSION FUND COMMITTEE – 1 MARCH 2024

WORKFORCE PLANNING

Report by the Executive Director of Resources & Section 151 Officer

RECOMMENDATION

1. **The Committee is RECOMMENDED to**
   i) Agree to the development of a Succession Plan for both the Pension Services Manager and the Service Manager Pensions;
   ii) Agree to the development of a Workforce Strategy for the fund which:
      a) Covers a short, medium and long-term horizon;
      b) Facilitates the implementation of the appropriate structure, staffing, skills and knowledge to meet new and changing demands;
      c) Makes use of new technologies and new ways of working, including agile working where appropriate;
      d) Considers succession planning, retention, and development of the workforce

Introduction

2. Workforce Planning is a vital function of any organisation to ensure that the appropriate workforce is in place to deliver improved services, greater productivity and better customer focus.

3. Effective Workforce Planning can help organisations in many ways.

• It promotes greater awareness of the importance of sound human resources throughout all levels of the organisation.
• It can support factors such as an aging workforce, attract the people and facilitate the other changes such as use of new technologies and agile working.
• It provides a better basis for planning employee development that makes optimum use of everyone’s skills and abilities.
• It improves the overall business planning process.
• It provides more opportunities for underrepresented groups in the future growth and strategic plans of the organisation.

Workforce Issues for the Fund

4. **Turnover of staff** - This is a issue for most funds in England and Wales. This is caused by a number of factors:

i) An aging workforce who are retiring;
ii) Competent staff being promoted or moving on;
iii) Desirability of experienced and skilled staff by other funds and pools.

5. **Difficulties in recruitment** – Primarily due to the lack of appropriately skilled staff, which can be exacerbated by organisations who offer more flexible ways of working, including agile working. This can be a particular challenge in areas like Oxford given the high pricing of housing.

6. **Structural Issues** – The current structure of the Administration Service could be reviewed to facilitate increased efficiencies and equity in workloads for staff members. Additionally, the structure should:

i) Match resources to the workload demand;
ii) Minimise the number of times a case is handed off to another worker or team;
iii) Clarify exactly where specific responsibilities lie.

7. **Agile Working** – Since the Covid pandemic, most staff within Pension Services have been largely working from home. Currently the main exception is the Benefit's Team where all team members attend the office one day a week (one sub-team per day, Monday – Thursday) which enables them to deal with the high levels of physical post, manage the telephone helpline, as well as provide support and assistance to each other, and strengthen team bonds. Any review needs to consider:

i) Benefits of remote working in increasing the potential candidates for any recruitment drive
ii) How technology advances will impact on the current postal and phone cover arrangements
iii) How we retain a team ethos and commitment to the service when everyone works remotely
iv) The on-going requirement for face to face meetings with scheme members, scheme employers and other key stakeholders

8. **Better Use of Existing and new Technologies** – The fund could make better use of the current administration system for greater efficiencies. There are many new technologies which could be used to increase efficiencies and effectiveness – some such technologies and improvements could include:

i) Use of Artificial Intelligence (AI);
ii) Technologies that improve 'Self Service' such as a chatbot;
iii) Technologies that reflect and adapt to the needs of customers of varying ages.

Increasing Demands

9. The demands on funds have increased over the years due regulation, legislation and central government requirements. There are numerous new requirements

of the next few years which will no doubt stress test workforce structures and staffing that funds have in place. These requirements include:

i) McCloud;
ii) Sergeant;
iii) O'Brien;
iv) General Code of Practice;
v) Pensions Dashboard

Recommendation

10. It is clear that many, if not, all LGPS funds, and not just Oxfordshire, are facing clear challenges in ensuring that they have the right numbers of people in the right jobs with the right skills to deliver improved services, greater productivity, and better customer focus. The following actions are proposed to ensure that the fund achieves this objective:

1	Development of a Succession Plan for both the Pension Services Manager and the Service Manager Pensions.
2	Development of a Workforce Strategy for the fund which: • Covers a short, medium and long-term horizon. • Facilitates the implementation of the appropriate structure, staffing, skills and knowledge to meet new and changing demands. • Makes use of new technologies and new ways of working, including agile working where appropriate. • Considers succession planning, retention, and development of the workforce.

Lorna Baxter
Executive Director of Resources

Contact Officer: Mukhtar Master Tel: 07732 826419 March 2024

PENSION FUND COMMITTEE – 01 MARCH 2024

ADMINISTRATION REPORT

Report by the Executive Director of Resources & Section 151 Officer

RECOMMENDATION

The Committee is RECOMMENDED to

a) Agree the change of contract for two administrators from temporary to permanent posts;
b) Determine whether to increase in establishment of one administrator post and one assistant post or reduce the SLA requirements; and
c) Review team performance statistics and determine if any further information is required.

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. In addition to the three retirements due to end of April 2024, which were reported last quarter a resignation has now also been received with the member of staff leaving at end of January 2024.

3. These changes along with the continuing staff performance issues mean that there is continued additional pressure on the whole team.

4. As part of the budget process team leaders have been asked to review their staffing levels taking the changes and the workload to be delivered during the next twelve months.

5. The employer team is responsible for all incoming data and contribution monitoring, employer liaison, admission agreements and is leading on the McCloud project. This team is carrying two vacancies – one for a senior administrator and one for an administrator. There are two team members appointed on temporary (2-year contracts) for the McCloud project and given the number of vacancies across the team it is a concern that they will now apply for one of those vacancies rather than remain working on the McCloud project. Therefore, it is proposed that these posts are made permanent posts, so that the team members are retained in their current role and a review of the overall staffing is held next year ahead of the budget process.

6. The benefit team is responsible for all member related activities providing information, quotations, and payments of benefits. Having switched on the McCloud software, we have found that there are still a lot of areas where the software needs further development which means that there is an increased number of manual calculations and checking to be factored into the workload. Additionally, as previously reported the overall workload is increasing. This team is currently carrying four vacancies for a senior administrator, two administrators and an assistant.

7. In addition to recruiting to these posts the team leaders are seeking to increase establishment by one additional administrator post and one additional assistant post. This would then give the team the capacity to meet the SLA requirements, which has not been achieved for some time now and to re-organise the workload so that the administrative assistants could take on work to support the administrators and deal with invoicing and building management on a day to day basis. An alternative option would be for the committee to review and lower the SLA requirements, although this would be out of sync with the wider LGPS community.

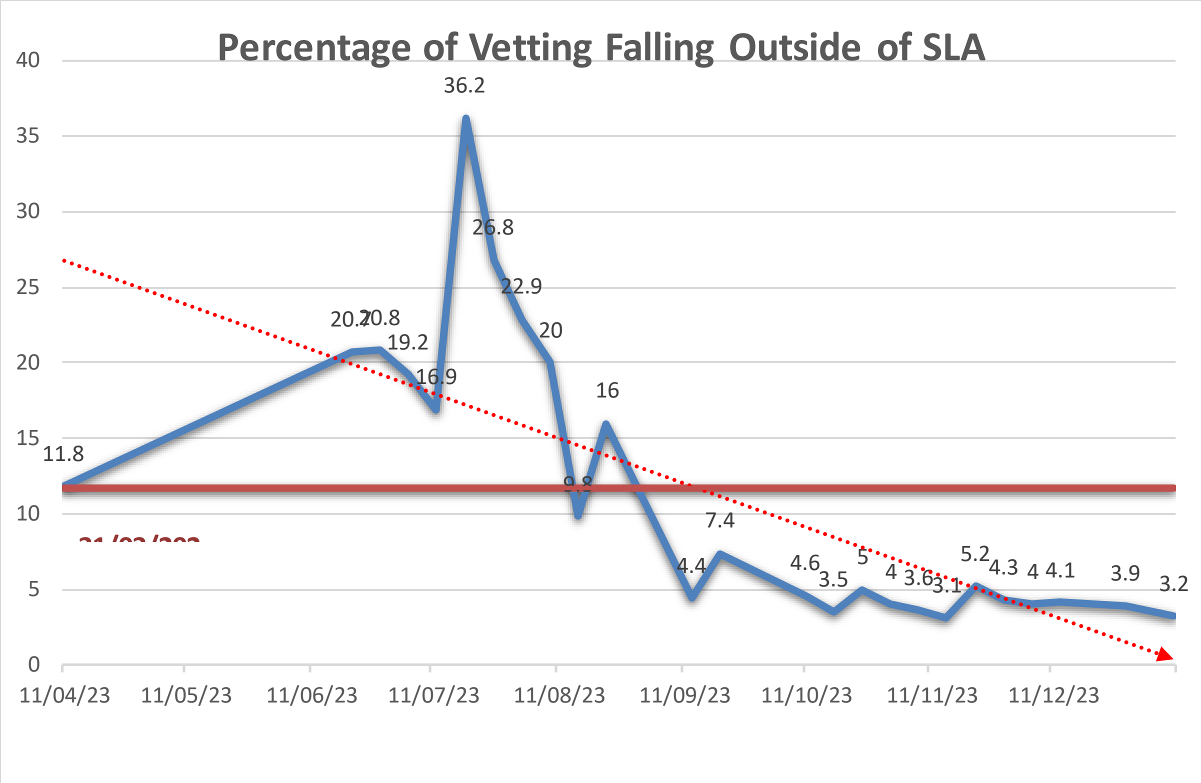
8. The systems team is responsible for the pension system ensuring that all upgrades and changes are implemented in a timely manner, as well as the pensioner payroll and Fire Pension administration. Due to impending retirements, there are two vacancies to be recruited – one for a senior administrator and one for an administrator.

9. The budget report, elsewhere on this agenda has been written assuming these additional staffing costs.

Performance Statistics

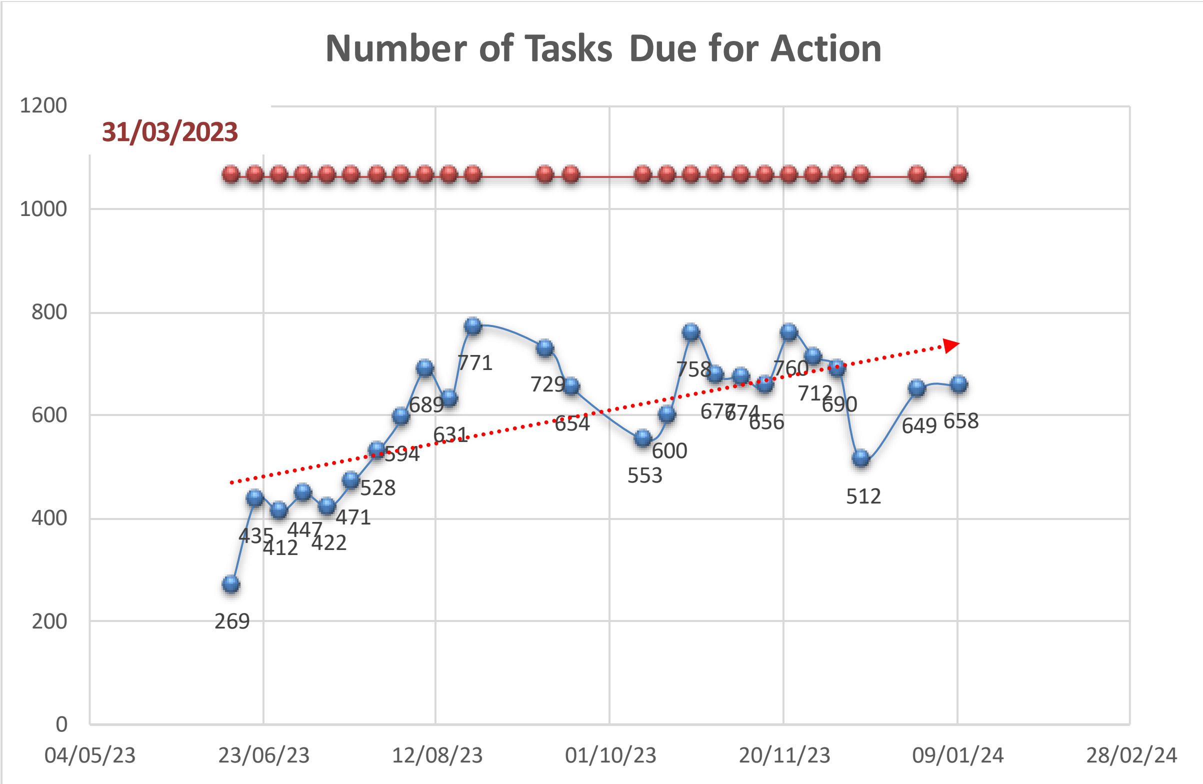
10. There are no specific issues with scheme employer data returns, which is reflected in the vetting and processing of the incoming data as shown below.

11. As at March 2023 11.7% of incoming returns were not vetted within SLA. As of January 2024, this has reduced to 3.2% of returns being vetted outside of SLA. This improvement will put the team in a better position to process end of year data ahead of issuing annual benefit statements.



12. 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 658 in January, as shown below.

13. In the next quarter further reporting changes will allow members to see the numbers of task which are in or out of specification, more clearly.



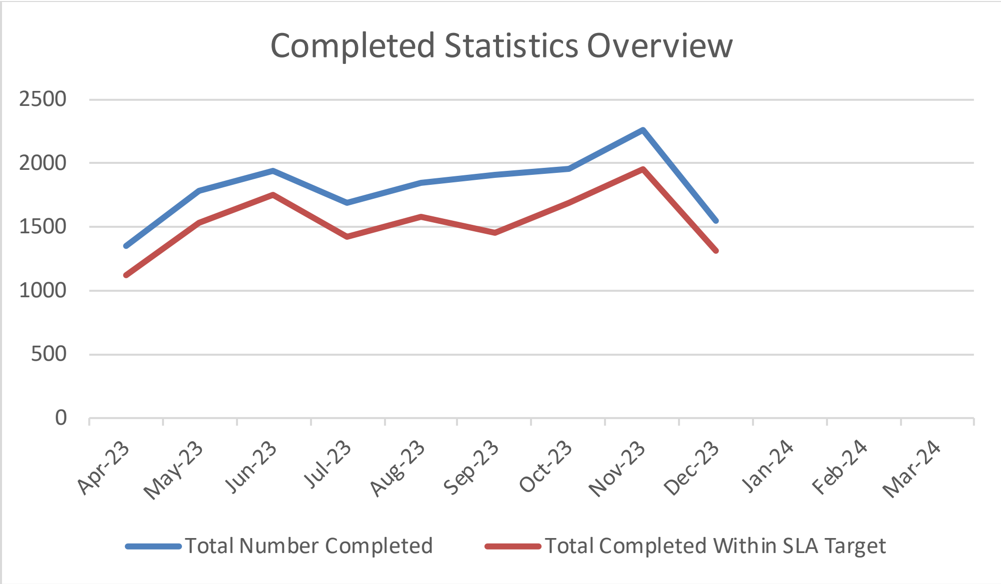
14. As at January 2024 there is:

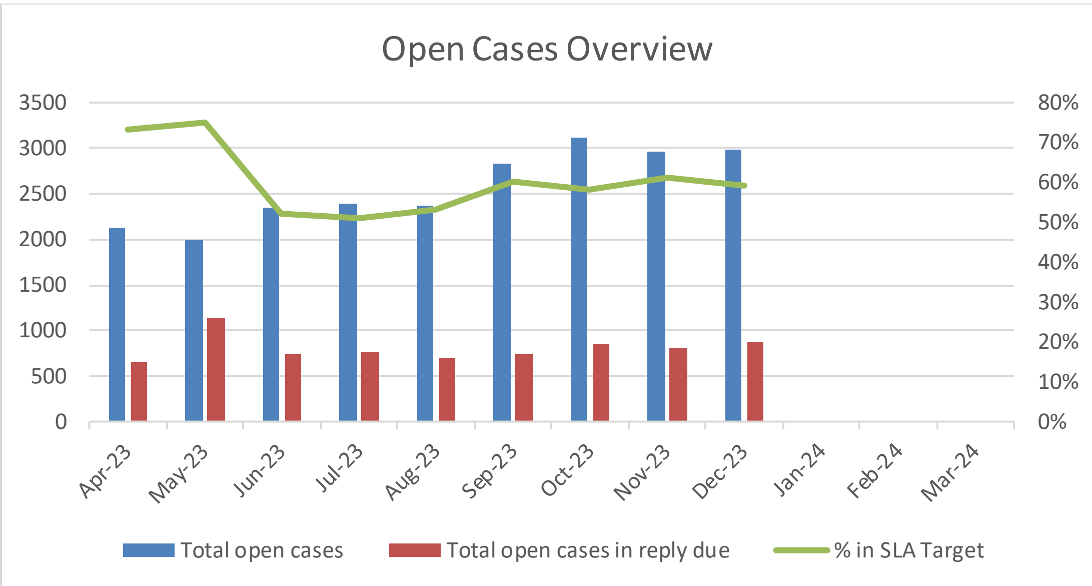
- 1 TUPE transfer due to contract relet for which an application has yet to be received.
- 2 academy conversions – one from December to be completed and one for January which is in progress.
- 9 closure valuations recorded for 2023/2024 to date.

Administration Statistics

15. The chart below shows the completion rate of work during this current year, with the red line showing what work has been completed within SLA target. The main areas of concern, and those where the completion rate within SLA is not in reach of target are leavers, concurrent mergers, and re-employments, which are the highest work volumes.

16. During this financial year the number of open cases, for these three subjects, has peaked at 1,879 cases and despite best efforts has not fallen below 1,222 cases. Overall, the number of open cases, shown in the second chart below is sitting just shy of 3,000 cases.





SLA Monitoring

17. With the introduction of the revised Service Level Agreement in January 2024 it was agreed that future reports to this Committee would include details of the fines issued under the SLA. In the 6 weeks since the start of 2024, just one fine has been issued.

Suspended Pensions

18. As of December 2023, a total of 407 pensions are suspended, a reduction of 5 since previous quarter. Of these, 208 cases are linked to the project closing old death cases, which leaves 199 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

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

Fire Service Administration

20. The Pension Fund Committee confirmed approval for an additional post to be created to assist with data collection for the On-Call Second Options Exercise. Interviews were held for this post on 15 January 2024 and an appointment has been made with the start date to be confirmed.

21. As at 16 January 2024 there were 51 open cases, 10 are future dated (2024 to 2035, 7 are awaiting a reply from the member or an external body, 4 are leavers notified by IBC who are under retirement age, 8 are transfers in or out, 2 relate to retirements, 6 are general enquiries, 5 are Death cases, and the remaining 9 relate to requests for estimates or reviews after retirement.

22. Training is ongoing for team members to improve knowledge of the pension schemes and prepare for the work coming up for Remedy and the Second Options Exercise for On-Call Firefighters.

23. The SLA targets are in line with those used by the LGPS. However, the formal SLA document, with the Fire Service, has yet to be finalised. Once this is completed, any revisions to administration targets will be incorporated into reporting going forwards.

Complaints

24. In the year to December there have been 15 informal complaints received, although one is duplicated via OCC complaint process.

25. The formal complaints received during 2023 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	No panel – therefore member has referred to PO	Referred
23/009	Decision not to approve flexible retirement request	Not Upheld	Not Upheld	
23/010	Pension transfer request refused	Not Upheld		

26. No formal complaints have yet been received during 2024.

Data Quality

27. The Pension Regulator annual returns for both LGPS and Fire were made on 25 January 2024. These reported to following data quality scores:

	Number of Records Tested	Common Data	Number of Records Tested	Scheme Specific Data
LGPS	98128	95%	83188	99%
Fire	1671	97%	2130	96%

28. For the LGPS, the fails in common data are National Insurance numbers (0.71%), which is where temporary National Insurance numbers are held, mainly for non-active members who are difficult to trace, and member addresses (7.24%). This only refers to postal addresses and an annual tracing exercise will be carried out to identify these. The main area where scheme specific data is missing is that of contracting out information.

29. For Fire, the only common data area not at 100% is that of addresses (3.56%) of total records, which will be picked up as part of the annual tracing exercise. For scheme specific data there were minor variations from the 100% pass rate in all areas, although in the main this relates to the old Fire pension scheme.

30. The team works throughout the year to analyse the errors identified and correct where possible.

31. Work is continuing with scheme employers to ensure that records for post changes are coming across with the correct date of change. We are also working with our system provider to resolve some queries on records that are being reported as in error, but actually appear correct when reviewed.

32. Contracting Out errors are also being reviewed as the information being flagged as missing does not affect benefits in payment at all. The team has undertaken a GMP reconciliation project which has ensured that correct figures are held for all pensioners.

Contribution monitoring

33. 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.

34. In the period November 2023 – January 2024 11 payments were made past deadline of 19th month following payroll. In all cases, follow up with the scheme employer resulted in payments being made to the fund.

Projects

35. 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. Calculations to identify any over or under payments and benefits due are now being done and the outcome of this review will be reported to this Committee in June 2024.

36. AVC – this change of provider is now completed. However, it has generated a number of member queries which are still being dealt with at the time of writing this report.

37. Administration to Pay (A2P) – death payments are being tested during February alongside the new process with the intention that this will go live once the February payroll has been completed. This project is then complete.

38. McCloud – a copy of the project plan is shown at Annex 1. The data cleansing exercise is well under way with information being sent out to scheme employers, who had until 31 January 2024 to confirm that the correct data is held and there are no changes to this data.

39. At the time of writing this report McCloud – there are 65 employers who didn't make returns on time – 20 returns relate to School Lunch Company contracts; the largest outstanding employer return is due from Pope Francis Academy who hasn't responded. Of the other employers there is a mixture of those who haven't replied and some have asked for extensions, including Activate.

40. Pension Dashboards - officers are attending webinars and reviewing requirements for the dashboard programme. A ministerial statement in March 2023 confirmed that the Pensions Dashboards Programme will be unable to meet the connection deadlines set out in legislation, and that the timeline for connection to the dashboard will be revised. There is a proposed staging date

for public sector schemes of 30 September 2025.

41. Age Discrimination Remedy – work is ongoing on this. The Firefighters' Pensions (Remediable Service) Regulations 2023 (legislation.gov.uk) were issued on 20 July 2023 with an effective date of 1 October 2023. Immediate Detriment quotes have now ceased, and cases already processed will be reviewed. Formal retirement quotes for retirements after 1 October 2023 are now being issued. Disclosure letters were sent in December 2023 to all scheme members. Data is being collated by IBC and batches of data are being sent to Pension Services weekly.

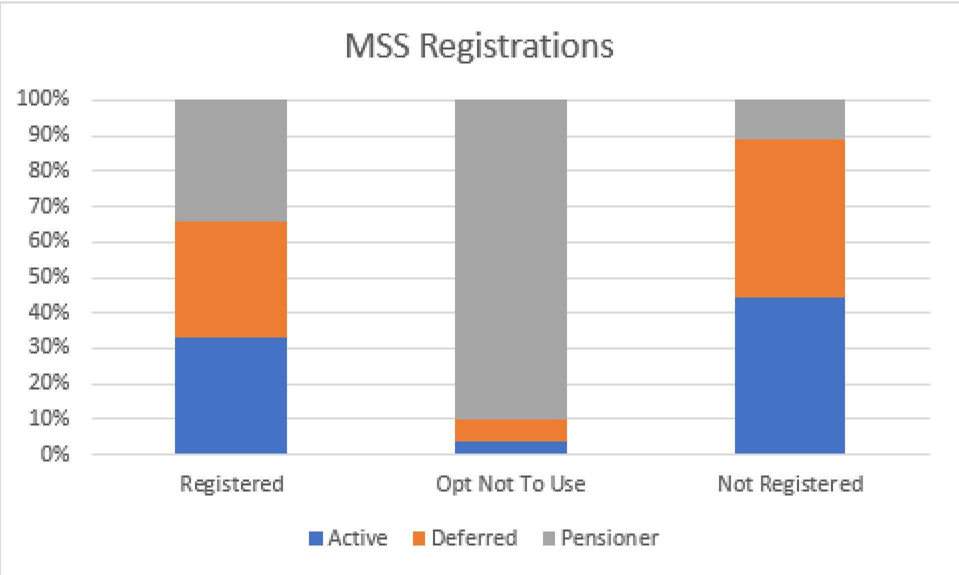
42. On-Call Second options exercise. A working group has been established to look and plan the work required over the 18-month implementation period. Letters were sent to all eligible on-call firefighters in December 2023. Forms are being completed and returned to request further information and these forms will be acknowledged with further information on timescales for issuing the quotations. Any letters returned as undelivered will be followed up with an address tracing exercise. If a new address is located, then the letters will be re-sent to the new address.

Debt Management

43. The current value of outstanding invoices amounts to £69,964.43, which are going through the process for recovery. There are no specific issues to report.

Member Self - Service

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



Contact Officer: Sally Fox - Pension Services Manager - Tel: 01865 323854
Email: sally.fox@oxfordshire.gov.uk February 2024

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McCloud

Pension Services
Employer Team

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	G	100%	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	16%	05/10/2023	17	31/01/24	33/205
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 - Status 1 and Age 55+	Benefit Team Seniors	A	66%	16/10/2023		31/01/24	630/959 records
OCC data loaded to Altair records - Status 1 and Age below 55	Gil	A	1%	07/12/2023		31/01/24	12/882 records
OCC data loaded to Altair records - All other statuses		R				00/01/00	00/4135 records
Non-OCC - confirmed data uploaded to Altair	Steph and Ken	A	11%	01/11/2023		31/03/24	22/205 employers
Altair 23.4 release - Awaiting dates	Rach					00/01/00	
Altair 24.1 release - Awaiting dates	Rach					00/01/00	
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					00/01/00	
Altair 24.1 release - Awaiting dates						00/01/00	
Run bulk CARE tranche and McCloud dataview creation on status 4 records (3886)	Rach					00/01/00	
Resolve errors from bulk CARE tranche creation (154)						00/01/00	
Run bulk PROVISIONAL Underpin calculation on status 4 records	Rach					00/01/00	
Resolve errors from PROVISIONAL underpin creation						00/01/00	

Display Week: 1

TASK	ASSIGNED TO	RAG status	PROGRESS	START	DURATION (Weeks)	END
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	G	100%	01/11/2023	8	31/12/23
Amendments to Standard Letters	Becky O					00/01/00
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	100%	04/10/2023		04/10/23
						00/01/00
						00/01/00
Employer Review						
Employer 00001						
Employer 00002						
Employer 00003						
Employer 00004						
Employer 00005						
Employer 00006						
Employer 00007						
Employer 00008						
Employer 00009						
Employer 00010						
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Employer 00020						
Employer 00021						
Employer 00022						

Display Week: 1

TASK	ASSIGNED TO	RAG status	PROGRESS	START	DURATION (Weeks)	END
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Employer 00042						
Employer 00043						
Employer 00044						
Employer 00045						
Employer 00046						
Employer 00047						
Employer 00048						
Employer 00049	Steph	G	100%			
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Display Week: 1

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Employer 00083						
Employer 00084	Steph	G	100%			
Employer 00085						
Employer 00086	Steph	G	100%			
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Display Week: 1

TASK	ASSIGNED TO	RAG status	PROGRESS	START	DURATION (Weeks)	END
Employer 00097						
Employer 00098						
Employer 00099						
Employer 00100						
Employer 00101						
Employer 00102						
Employer 00103						
Employer 00104						
Employer 00105						
Employer 00106						
Employer 00107	Ken	G	100%			
Employer 00108	Ken	G	100%			
Employer 00109						
Employer 00110						
Employer 00111	Ken	G	100%			
Employer 00112						
Employer 00113						
Employer 00114						
Employer 00115						
Employer 00116	Ken	G	100%			
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Employer 00118						
Employer 00119						
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Employer 00132						
Employer 00133						

Display Week: 1

TASK	ASSIGNED TO	RAG status	PROGRESS	START	DURATION (Weeks)	END
Employer 00134						
Employer 00135	Ken	G	100%			
Employer 00136						
Employer 00137						
Employer 00138						
Employer 00139						
Employer 00140						
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Employer 00144						
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Employer 00161						
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Employer 00164						
Employer 00165						
Employer 00166						
Employer 00167						
Employer 00168	Steph	G	100%			
Employer 00169						
Employer 00170						

Display Week: 1

TASK	ASSIGNED TO	RAG status	PROGRESS	START	DURATION (Weeks)	END
Employer 00171						
Employer 00172						
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Employer 00188						
Employer 00189	Steph	G	100%			
Employer 00190	Steph	G	100%			
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Employer 00220						
Employer 00221						
Employer 00222	Steph	G	100%			
Employer 00223						
Employer 00224	Steph	G	100%			
Employer 00225						
Employer 00226	Steph	G	100%			
Employer 00227						
Employer 00228						
Employer 00229						
Employer 00230	Steph	G	100%			
Employer 00231	Steph	G	100%			
Employer 00232						
Employer 00233						
Employer 00234						
Employer 00235	Steph	G	100%			
Employer 00236						
Employer 00237	Steph	G	100%			
Employer 00238						
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Employer 00243						
Employer 00244						

Display Week: 1

TASK	ASSIGNED TO	RAG status	PROGRESS	START	DURATION (Weeks)	END
Employer 00245						
Employer 00246						
Employer 00247	Steph	G	100%			
Employer 00248						
Employer 00249						
Employer 00250						
Employer 00251						
Employer 00252						
Employer 00253						
Employer 00254	Ken	G	100%			
Employer 00255						
Employer 00256						
Employer 00257						
Employer 00258						
Employer 00259						
Employer 00260						
Employer 00261						
Employer 00262						
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Employer 00278						
Employer 00279						
Employer 00280						
Employer 00281						

Display Week: 1

TASK	ASSIGNED TO	RAG status	PROGRESS	START	DURATION (Weeks)	END
Employer 00282						
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Display Week: 1

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Employer 00319						
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Employer 00325						
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Employer 00350						
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Employer 00355						

Display Week: 1

TASK	ASSIGNED TO	RAG status	PROGRESS	START	DURATION (Weeks)	END
Employer 00356						
Employer 00357						
Employer 00358						
Employer 00359						
Employer 00360	Ken	G	100%			
Employer 00361						
Employer 00362	Ken	G	100%			
Employer 00363						
Employer 00364						
Employer 00365						
Employer 00366						
Employer 00367						
Employer 00368						
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Employer 00370						
Employer 00371						
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PENSION FUND COMMITTEE – 01 MARCH 2024

CYBER SECURITY REPORT

Report by the Executive Director of Resources & Section 151 Officer

RECOMMENDATION

The Committee is RECOMMENDED to review this report and determine any further actions to be taken.

Executive Summary

1. This report is the annual review of cyber security for the fund.

Introduction

2. The Fund initially reviewed its cyber security risk prevention and response approach in 2022. Since that point, the Pension Regulator has set out further requirements in the draft General Code of Practice, which is a separate item on this agenda, and the Fund has tailored its approach to ensure compliance with the General Code of Practice.

Review of Suppliers

3. The annual review of the Fund's supplier cyber security arrangements has been undertaken and, as with last year, one return is outstanding and being chased.

4. IT colleagues reviewed the information provided by the suppliers and confirmed that there are no concerns.

Team Training

5. During the year, the team has received / completed:

   - Stay safe online – OCC e-learning course.
   - An IT email update on cyber-attacks using email – what they need to look out for and actions to take.
   - OCC conducted an exercise where IT send a mock phishing email to all staff (see below).
   - A team specific online e-learning course comprising of two short videos covering phishing and fake emails, along with a quiz will be launched in February.

6. Following the mock phishing email exercise IT sent the following email message to our team:

> *Last week, we conducted an exercise where we sent a mock phishing email to all staff, containing a harmless link intended to simulate a malicious one.*
>
> *We had 4 successful reports of the email from Pensions Service colleagues (and noted Rachael Salsbury had warned the team as a whole) and impressively none of you clicked the link. This was one of the best results for departments of this size across the service.*

Monitoring Arrangements

7. Quarterly meetings have been set up with the Council's Information and Technology to ensure that the fund's processes are kept under review. IT has provided a report for this Committee which is attached at annex 1.

8. This year Internal Audit carried out a review of the IT applications. The report was amber in three areas – logical security, system administration and backups, leading to an overall rating of amber.

9. An amber rating is defined as "There is generally a good system of internal control in place and the majority of risks are being effectively managed. However, some action is required to improve controls."

10. All actions arising from the audit have been completed.

Conclusion

11. The key systems and controls are in place with a mechanism to review this information on a quarterly basis.

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
February 2024

Pension Services – OCC Cyber Security

Scope

This report aims to cover the high-level security posture of any OCC-maintained Pension Services infrastructure, namely the following:

- “R Drive” – The Pension Services shared drive.
- Bottomline/PTX Server.

The service relies heavily on externally hosted software managed by third-party providers. This limits the checks that ITID can perform in-house. To address this, we have proactively sought information directly from the suppliers to assess their security posture. This includes reviewing penetration test reports and any security certifications. There are no concerns with any of the information provided or the wider security posture from these providers.

Summary

No critical security issues have been identified. All outstanding software vulnerabilities are to be expected, in line with expected patching cycles and will be addressed as part of business-as-usual maintenance.

The Bottomline/PTX Server was migrated to Windows Server 2022 in September 2023, this work has extended the lifecycle of the server and ensured that it will remain supported and secure until at least 2031.

Vulnerabilities

This includes a check for any technical, software vulnerabilities, covering the Operating System and any supported applications.

- The “R Drive” has no significant security vulnerabilities.

- The Bottomline/PTX server has no outstanding vulnerabilities, following regular scheduled maintenance which took place on Sunday January 28th, 2024.

Access Control

- Access to the R drive is marked as ‘Restricted’, subject to approval from Sean Collins or Sally Fox. 45 colleagues currently have access.

- Access to the ‘PTX-DataIn’ folder on the Bottomline/PTX server is restricted to the following individuals: Sally Fox, Rachael Salsbury, Amy Middleton and Jeanette Thomas.

Outstanding actions

We currently have an outstanding action to implement Single Sign-On for the Bottomline application. Once completed, this initiative will simplify our access to the service and improve the security. It will eliminate the necessity for a manual 'leavers' process and provide ITID with auditing capabilities. Furthermore, real-time advanced security checks will be applied to identify potential risks, such as 'impossible travel detection' and instances where staff access the application from unusual locations or devices.

This is awaiting technical details from the 3rd party, and implementation planning and governance from ITID. This work is scheduled to take place in Q1 2024.

Division(s): n/a

ITEM 18

PENSION FUND COMMITTEE – 1 MARCH 2024

REVIEW OF THE SCHEME OF DELEGATION

Report by the Executive Director of Resources & Section 151 Officer

RECOMMENDATION

1. **The Committee is RECOMMENDED to agree the revised Scheme of Delegation contained as Annex 1 to this report, noting the key changes set out in the report below**.

Introduction

2. A key element of good governance for the Pension Fund is for this Committee to keep under review all the key policies and procedures of the Fund. The annual reviews had slipped following the disruption to the normal Committee cycle during the Covid pandemic, but the Committee agreed a revised cycle of reviews at its meeting in September 2023.

3. This report is the first of the renewed cycle of annual reviews for the Fund's Scheme of Delegation. This was last reviewed in June 2021.

Key Changes since last Review.

4. Two substantial amendments are proposed within the latest Scheme of Delegation. The opportunity has also been taken to make a number of minor adjustments to job titles, including the change from Director Finance to Executive Director of Resources & Section 151 Officer, and from Independent Financial Adviser to Independent Investment Adviser.

5. The first of the substantial changes is to include within the Scheme, the delegation to the Executive Director of Resources & Section 151 Officer the authority to open new bank accounts and investment accounts as appropriate, and to borrow money when appropriate and in line with the Regulatory provisions. These changes are included in paragraphs 11 and 15 of the revised Scheme of Delegation attached as Annex 1 and replace the need for the Committee to agree the equivalent delegations on an annual basis as part of the annual approval of the Treasury Management Strategy for the Pension Fund.

6. The second substantial change is within the Scheme of Financial Delegations and relates to the payments made from the Pension Fund in respect of taxation due, lump sum payments made to scheme members on retirement, and transfer

payments made to other Pension Funds where a scheme member moves to a new employment. Whilst these payments can be significant, the Pension Fund has no discretion in making the payment and the authority is provided in the relevant regulations. A recent review of our policies and procedures has identified that the requirement to obtain high level authorisation for these payments is causing additional delay in the process and impacting on the capacity of Team Leaders and above in managing the service as a whole.

7. It is noted that all such payments are made following an agreed process which is set out in checklists which staff are required to follow, and for which a second officer independently checks. These checklists seek to ensure all payments are calculated in accordance with the relevant regulations and that all the required supporting paperwork has been received. Team Leaders oversee that the process, including the appropriate level of checks has been completed. The whole arrangement is also independently checked as part of the annual internal audit of the service. As such it is proposed to remove the requirement for additional authorisation from the Scheme of Delegation, which noting the technical verification all payments are subject to.

Lorna Baxter
Executive Director of Resources & Section 151 Officer

Contact Officer: Sean Collins, Service Manager – Pensions
sean.collins@oxfordshire.gov.uk February 2024

Pension Fund Scheme of Delegation

Introduction

1. In addition to the responsibilities listed in the Council's schemes of delegation, some additional responsibilities for functions specifically related to pension fund activities have been delegated to officers by the Pension Fund Committee.

Adjudication of Disagreements

2. Under the Local Government Pension Scheme Regulations 2013, a member of the Pension Scheme has a right to raise a complaint in respect of their pension entitlement with their employer (or previous employer where they have left the employment to which the dispute relates).

3. The complaints procedure has 3 stages. Stage 1 will be determined by the relevant scheme employer or the Administering Authority depending on the nature of the complaint. Stage 2 is an independent review of the complaint by a person with delegated authority from the Administering Authority. Stage 3 is determined by the Pensions Ombudsman.

4. At their meeting in December 2012, the Pension Fund Committee delegated authority to the Pensions Services Manager to determine cases on behalf of the Administering Authority at Stage 1, and the Service Manager - Pensions to determine all cases at stage 2. In both cases, the Committee determined that the relevant officer can agree an award of compensation up to £5,000 subject to a report back to the next meeting of the Pension Fund Committee. Any award of compensation above £5,000 must be determined by the full Pension Fund Committee.

Death Benefits

5. The Local Government Pension Scheme Regulations 2013 state that if a scheme member dies before his 75th birthday, the administering authority at their absolute discretion may make payment, in respect of the death grant to or for the benefit of the member's nominee or personal representatives or any person appearing to the authority to have been his relative or dependant at any time.

6. At their meeting in June 2012, the Pension Fund Committee delegated authority to the Team Leaders in the Pension Services Team to determine all non-contentious cases. (N.B. Delegation was made to this level to avoid potential conflict in the case of complaint which would be heard by the Pension Services Manager at Stage 1 – see complaints delegation above).

Power of Attorney – Custody Accounts

7. The Pension Fund Committee has delegated the decision to authorise POA's on behalf of the Pension Fund to Officers, after consultation with the Chairman of the Committee.

Fund Management and Custody Agreements

8. Two signatories are required from the following:
   - Service Manager – Pensions
   - Financial Manager – Pension Fund Investments
   - Authorisers listed in the approved Treasury Management Responsible Officers List.

9. The following are authorised to approve invoices relating to agreed fund management and custody arrangements:
   - Service Manager – Pensions
   - Financial Manager – Pension Fund Investments

Pension Fund Cash Management Strategy

10. The Oxfordshire Pension Fund maintains a balance of cash arising from the receipt of employer and employee contributions exceeding the amount of payments made on behalf of the Fund. The cash balances held by the administering authority are managed by the Council's Treasury Management team and the Pension Fund Investments team. The Pension Fund Committee has delegated authority to the Executive Director of Resources & Section 151 Officer to make changes necessary to the Pension Fund Cash Management Strategy.

11. The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009, state that the Administering Authority must hold in a separate bank account all monies held on behalf of the Pension Fund and formulate an investment policy to govern how the authority invests any Pension Fund cash. At their meeting in March 2024, the Pension fund Committee delegated authority to the Executive Director of Resources & Section 151 Officer to open separate pension fund bank, deposit and investment accounts as appropriate.

12. Day to day management of the Oxfordshire Pension Fund cash balances is delegated to the Treasury Management team. The Treasury Management team responsible officers list is authorised by the Executive Director of Resources & Section 151 Officer.

13. Officers authorised to enter into Money Market arrangements are listed as Dealers on the Treasury Management Responsible Officers List.

14. To avoid cashflow deficits or the excessive build-up of cash over the strategic asset allocation, the level of cash balances is reviewed as part of a quarterly asset allocation review by the Independent Investment Adviser and the Pension Fund Investments officers.

15. At its meeting in March 2024, the Pension Fund Committee delegated authority to the Executive Director of Resources & Section 151 Officer to borrow money for the pension fund in accordance with the regulations.

Strategic Asset Allocation

16. The Pension Fund strategic asset allocation is approved by the Pension Fund Committee and is periodically reviewed by the Independent Investment Adviser. Due to market volatility and the varying performance levels of fund managers, the actual asset allocation fluctuates on a daily basis.

17. The Independent Investment Adviser and officers review the actual asset allocation on a quarterly basis and make arrangements to transfer assets or cash to/from fund managers, to rebalance the fund.

18. Decisions to rebalance the fund within approved strategic asset allocation ranges are delegated to officers. Arrangements to rebalance the fund outside the strategic asset allocation ranges, are taken after consultation with the Chairman of the Pension Fund Committee, and reported to the next Committee.

Voting rights

19. Investment Managers are delegated authority to exercise voting rights in respect of the Pension Fund's holdings they manage.

Private Equity

20. In February 2011, the Pension Fund Committee resolved to transfer the responsibility for the listed private equity fund management decisions to the lead officer for Pension Investments. The Fund's Independent Investment Adviser is responsible for advising officers on the management of the listed private equity portfolio. Officers consider the advice and decide whether or not to act on the recommendations. In practice, private equity decisions are delegated to the Service Manager – Pensions, or in his absence the Financial Manager – Pension Fund Investments.

In-House Property Investments

21. Internal property fund decisions are delegated to the lead officer for Pension Fund investments or in their absence to the Financial Manager – Pension Fund Investments. Responsibility for placing internally managed property trades is delegated to the Pension Fund Investments team.

Early Release of Benefits

22. At its meeting in June 2014, the Pension Fund Committee delegated decision making to the Executive Director of Resources & Section 151 Officer to determine cases under the Early Release of Benefits Policy where the scheme member's previous employer no longer existed.

Admission of new Admitted Bodies

23. At its meeting in June 2014, the Committee delegated the authority to agree admission of new admitted bodies to the Oxfordshire County Council Pension Fund to the Service Manager – Pensions.

Payment of Benefits to an Authorised Person

24. At its meeting in September 2012, the Pension Fund Committee delegated to the Executive Director of Resources & Section 151 Officer, following consultation with the Chairman, Deputy Chairman and Opposition Group Spokesperson, the authority to determine payments to an authorised person in instances where the scheme member is incapable of managing their own affairs.

Reports back to the Committee

25. In all cases where a decision has been delegated to Officers, decisions made will be reported back to the Committee at the next meeting for information only.

Scheme of Financial Delegation

Authority to Sign Purchase Orders, Invoices and Contracts for the Oxfordshire County Council Pension Fund

Sole signatories for Pension Fund Payments (Transfer Payments, Retirement Grants, Tax, etc) up to £500,000

As these are statutory payments made in accordance with the relevant Regulations, separate authority to make the payment is not required. All payments though are subject to technical verification to ensure they have been calculated in accordance with the relevant Regulations and all supporting paperwork has been provided.

Sole signatories for Pension Fund Goods and Services

Up to £500,000 for Goods and Services,

Chief Executive
Executive Director of Resources & Section 151 Officer
Service Manager – Pensions (solely for the approval of fund management invoices)
Financial Manager – Pension Fund Investments (solely for the approval of fund management invoices)

Up to £200,000 for Goods and Services

Service Manager – Pensions
Financial Manager – Pension Fund Investments
Pension Services Manager
Governance and Communications Manager
Team Leaders – Pensions Services

Joint signatories for Pension Fund Goods and Services

With the Chief Executive for Goods and Services over £500,000:

- Executive Director of Resources & Section 151 Officer
- Service Manager – Pensions

Income (Debt) Write Offs

Write off of outstanding debts to the Local Government Pension Scheme above £10,000 need the approval of the Pension Fund Committee.
The authorisation of debt write offs from £500 up to and including £10,000 is delegated to:

Debts below £500 - Pension Services Manager
Debts up to £7,500 - Service Manager – Pensions
Debts between £7,500 and £10,000 - Service Manager – Pensions, in conjunction with the Executive Director of Resources & Section 151 Officer.

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Quarterly Engagement Report

October-December 2023

Local Authority Pension Fund Forum

Say on Climate, National Grid, BP, UN Forum on Business and Human Rights, Rio Tinto

UPDATES

LAPFF Conference

LAPFF held its 2023 annual conference in Bournemouth, covering a range of topics with a particular focus on climate-related issues. On the first afternoon, delegates heard from Richard Eadie and Simon Davy on how water companies can better deliver environmental value. This was followed by a discussion panel on how LGPS funds are managing climate-related financial risks. The first day closed with a review of the 2023 shareholder resolutions and a glimpse of the ones to come in 2024.

The second day kicked off with a discussion panel on the significance of proxy voting choices for investors in passive funds and the breakthrough introduction of passthrough voting. This allows asset owners to adopt their own voting policies in pooled funds. Delegates then heard from asset managers on how they respond to the recent headline phenomenon of an ESG backlash. This was followed by a deep dive from Sir Philip Augar on whether investors should be concerned about the listing rules review.

The afternoon had a strong climate-related focus, opening with a discussion on how clean and equitable EV supply chains can be ensured, an emerging area of importance in the endeavor to decarbonise. This was accompanied by a session on how nature-related risks and the biodiversity crisis are managed and tackled. Another session outlined the role of alternatives in the race to achieving net zero by 2050. Also in the afternoon, delegates engaged in a poignant discussion on investors' role in ending modern-day slavery, highlighting the pressing need and methods to take action and make change.

The final morning of the conference opened with a session with economic commentator, Will Hutton, on the great pay divide between executives and employees, followed by a discussion on the Living Wage with a representative from the Living Wage Foundation. This was followed by a presentation from LGA adviser, Barry Quirk, on levelling up. The conference closed with an inspirational story by Dave Fishwick about his journey to creating the Bank of Dave to help local businesses and communities in the wake of the 2008 financial crisis.

COMPANY ENGAGEMENTS

CLIMATE ENGAGEMENTS

LAPFF engages on climate change through both policy and company engagement channels. This dual approach is necessary to ensure that companies have an enabling environment to promote their climate change mitigation and adaptation work.

Say on Climate

Objective: Despite the significant investment risks of climate change, investors are not provided with a specific vote by investee companies on how they are seeking to decarbonise their business models. Against the backdrop of growing climate risks, rising expectations from investors for companies to outline their climate strategy, continued ratcheting up of climate regulations and emerging recommendations from the Transition Plan Taskforce, LAPFF has been engaging companies for the past few years on putting their transition plans to a shareholder vote. Last quarter, LAPFF coordinated an investor letter to 35 FTSE companies in high emitting sectors requesting such a vote. The letter was signed by 18 other investors with around £1.8tn AUM.

Achieved: LAPFF has received substantive responses to the letter, with some companies outlining their approach to climate and stating that they are considering such a vote for their AGM next year. Some companies outlined previous votes and their intention to continue to hold similar votes in the future. However, others stated either that they did not plan to hold such a vote and engaged shareholders through other means or that while having a vote in the past, they did not have immediate plans to do so again.

In progress: Despite additional companies having transition plan votes, they are not standard practice and often absent at AGMs where climate risks are most acute. LAPFF will continue to work with other investors engaging companies on having transition plan votes to enable investors to have a specific say on the climate strategies of investee companies.

LAPFF's main company engagements on climate this quarter were with National Grid and BP.

National Grid

Objective: LAPFF, along with two other investors of CA100+ Working Group, Church of England and Northern Trust, has been seeking to improve National Grid's disclosure and accountability on direct and indirect lobbying. The CA100+ benchmark on National Grid places it below its peer companies under indicator 7 on lobbying. In June 2023, National Grid pledged to publish its trade association memberships and updated climate policy ahead of the next AGM. LAPFF therefore is seeking to ensure the company's disclosure is timely and of a high standard.

LAPFF has also been seeking to ensure the company is more transparent about its plans to support the energy transition and reducing grid connection. The objective was to encourage disclosure and to offer the opportunity to provide feedback on the company's approach in both respects. LAPFF also sought a separate climate meeting with the company and to write a lobbying letter to National Grid seeking disclosure of industry associations and an updated climate policy.

Achieved: In November, LAPFF together with the Church of England wrote to the company, stating expectations for its upcoming lobbying report.

At the end of November, LAPFF met the Chief Sustainability Officer of National Grid. In this meeting LAPFF asked for an update on the backlog of grid connections and an update on the transition plan. The recent change in regulations has enabled the backlog to start to be cleared. This has been a main concern as the average time between requesting a connection and being offered one has increased from 18 months in 2019-20 to 5 years in 2023, as reported by the company. The easing of regulations will allow the company to terminate projects not progressing and push projects which are ready to the front of the queue.

Given that the expected power to be generated from these held-up contracts is as much as 400 Gigawatts with connection dates of 2030 or later, this change will help towards decarbonising the power systems by 2030. However, there is still a challenge in speeding up building necessary infrastructure to physically enable the grid connections. LAPFF will monitor the effect of lifting these regulations and how quickly the company clears the backlog and is also looking for clarity in its infrastructure development plans.

The meeting also discussed the new transition plan to be published next year. LAPFF welcomed the fact that this is likely to be updated next year and will be put to a shareholder vote. LAPFF also encouraged the company to ensure the report is not only about reducing emissions but how the company can facilitate new infrastructure to be built, and its wider role in the energy transition. The company also recognised a challenge in reaching long-term targets of net zero by 2040 in absence of a pathway for gas distribution in the US.

In Progress: The release of the lobbying disclosure report next year in good time before the AGM is expected and will enable the Forum to assess the progress made in the company on this area. So far National Grid appears to be responding well.

LAPFF also expects the new transition report to be released and to address the points have raised here. A key outstanding issue is gas distribution in the US, where the company asserts the ongoing importance of gas networks to the business due to its existing infrastructure and cost efficiency and envisage both hybrid solutions and clean gas. To address this LAPFF will seek to understand the US energy market in more detail. On engagement specifics, LAPFF is organising a wider CA100+ meeting in January and will arrange some direct follow up meetings through 2024.

BP

Objective: With the surprise departure of Chief Executive Bernard Looney, LAPFF requested a meeting with the Chair, Helge Lund, to help ascertain whether that departure affected BPs climate commitments.

Achieved: LAPFF attended a meeting with Lund in November, where we were told that the departure of the CEO had

COMPANY ENGAGEMENTS

not changed BPs climate commitments.

In Progress: Since that meeting COP28 has strengthened the emphasis for solutions to the transition away from fossil fuels, which emerged as a last-minute compromise instead of the original goal to "phase out fossil fuels." Prior commitments were in the form of far more malleable goals of "net zero by 2050" and complicating matters with Scope 1, Scope 2 and Scope 3 emissions. LAPFF's policy for several years has been that fossil fuel components of businesses need to be put into managed decline.

With a closer match between COP and LAPFF policy, the emphasis on phase out will be the focus of BP and other oil and gas companies. Scope 3 emissions, originating from the products sold by fossil fuel companies, have been obfuscated by a focus on the comparatively minor Scope 1 and Scope 2 emissions, missing the obvious point that less Scope 3 extraction naturally leads to less Scope 1 and Scope 2.

Housebuilding also has a large impact on climate change. As part of an ongoing engagement with the sector, LAPFF met with **Persimmon** this quarter.

Persimmon

Objective: Minimising the investment risks associated with climate change involves decarbonising housing stock. Housebuilders therefore play an important role in reducing emissions as well as facing regulatory risks if they fail to prepare for higher energy efficiency and emissions standards. As part of LAPFF's engagements with UK housebuilders, LAPFF seeks to ensure that adequate transition plans are in place. With the vast majority of emissions not coming from their own activities, the engagements focus on plans for decarbonising supply chains and decarbonising homes in use.

Achieved: LAPFF met with representatives from the FTSE100 housebuilder Persimmon. In the meeting LAPFF had an open discussion about target setting which covered issues around embodied carbon. The meeting covered transition planning and plans. The discussion touched on so-called hard to abate sectors within the supply chain, such as cement and offsetting,

Persimmon housing estate Suffolk, UK

trial schemes for net zero homes, and engagement with smaller suppliers on the transition.

In progress: LAPFF will be following the development of housebuilders' transition plans and delivering on the targets that they have set.

CLIMATE & INSURANCE

LAPFF has also re-started its 2020 engagement with insurance companies on their climate strategies and practices. After meeting with Munich Re last quarter to discuss the company's progress on assessing its impact on climate change and integrating climate considerations into corporate strategy and operations, LAPFF met with **AIA, AXA, Legal & General, Lloyds Banking Group**, and **Ping An** to discuss the same issues. Given the interest of LAPFF members in natural resources – and specifically biodiversity – LAPFF also asked these insurers how they are addressing natural resources within their climate strategies.

While there has been some progress in insurers' understanding of the need to assess their impacts on climate change in order to understand their climate-related business risks (otherwise known as double materiality), in LAPFF's view there has not been enough progress on this front. In particular, insurers are focusing almost exclusively on their investment businesses in relation to climate mitigation. This approach makes sense at face value, but LAPFF would like to see greater consideration given to the role the insurance products can play in mitigating climate change through setting societal expectations of risk.

All companies engaged are at the beginning of understanding the relationship between climate and natural resources and how to bring natural resources into business decision-making. Therefore, LAPFF will aim to engage with the remaining large insurance holdings before moving on its largest bank holdings under this engagement.

Because there is an increasing recognition of the impact that climate change has on natural resources, LAPFF has engaged a range of companies on their impacts on nature.

TJX Companies – Deforestation

Objective: As a retailer specialising in brand-name clothing, home goods, and outdoor products, TJX Companies is exposed to various commodities that potentially link to deforestation in its supply chain. However, it currently lacks a public deforestation policy and does not address this issue in its vendor code of conduct.

Achieved: LAPFF initiated a dialogue with TJX Companies and met with representatives for the first time to discuss the development of such a policy. The conversation began with an overview of the company's sustainability priorities,

COMPANY ENGAGEMENTS

focusing on climate and energy, before shifting to the topic of deforestation.

In Progress: This marks the commencement of ongoing discussions with TJX, a company substantially held by LAPFF. The Forum aims to continue engaging with TJX to advocate for the benefits of imposing deforestation requirements on its vendors.

Nestlé – Regenerative Agriculture and Climate Change

Objective: In the context of the agri-food sector's shift towards more sustainable practices, LAPFF sought a meeting with Nestlé to assess and understand the integration of regenerative agriculture into its strategy. This includes understanding the company's specific goals, initiatives, and progress in implementing regenerative practices, as well as its contributions to climate change mitigation and biodiversity conservation.

Achieved: During LAPFF's meeting with Nestlé, the Forum gained insights into the strategies and initiatives involved in implementing regenerative agriculture. Discussions looked at how this would be incorporated into their broader climate strategy and covered biodiversity more widely. While the long-term efficacy of these actions is yet to be measured, the conversations indicated a strong commitment from Nestlé, although further evaluation will be required in the future to gauge the impacts of strategies.

In Progress: LAPFF will continue to engage with Nestlé, focusing on monitoring the implementation of their regenerative agriculture practices. LAPFF will also look more widely across the agri-food sector as others are incorporating this into their business strategies as new methods and technologies become available.

Chipotle – Water Stewardship

Objective: LAPFF has been engaged with Chipotle on its approach to water stewardship since 2019. The initial engagement objective was met during 2022, with the company undertaking an ingredient level water risk assessment to identify areas of water stress within the supply chain. The risk assessment found that a significant proportion of the company's suppliers operate in areas of water stress. LAPFF now considers it imperative that the company utilise the results of this risk assessment to set measurable and time-bound targets in order to reduce negative impacts on freshwater.

Achieved: In October 2023, CERES published a corporate benchmark assessing the water stewardship practices of 72 companies against the six Corporate Expectations for Valuing Water, including Chipotle. Chipotle underperformed relative to the quick service restaurant (QSR) peer group. LAPFF Executive member John Anzani met with the company in December to discuss progress in adopting a more ambitious approach to its water stewardship practices.

In Progress: LAPFF is the lead investor for Chipotle as part of the Valuing Water Finance Initiative (VWFI) and will continue to engage with Chipotle on this basis during 2024. It is LAPFF's expectation that Chipotle leverages the work it has undertaken in mapping exposure to water stress in order to set ambitious targets, particularly given that during Q4 2023 the science-based targets network has released guidance for companies to set the relevant freshwater targets.

Chipotle Mexican Grill at Pineapple Commons, Stuart, Florida

HUMAN RIGHTS ENGAGEMENTS

Similar to the climate space, human rights policy and practice must align for companies to be able to implement their human rights responsibilities. Legislation requiring mandatory human rights and environmental due diligence, including the imminent Corporate Sustainability Due Diligence Directive (also know as the 'CS triple D'), makes the need for this alignment pressing. LAPFF has taken a number of measures this quarter to work toward this alignment.

LAPFF's view is that investors are still struggling to understand the link between human rights and financial materiality. LAPFF sees this link more and more clearly, particularly through its work with mining companies. LAPFF regularly undertakes various avenues of engagement on human rights, andwill continue to seek in its engagements with both companies and investors to clarify this link. The goal is that human rights become an investor imperative to the extent that climate change is, not least because of the need for a just transition.

UN Forum and Working Group on Business and Human Rights

On the policy front, LAPFF was again

COMPANY ENGAGEMENTS

invited to present its work at the UN Forum on Business and Human Rights in Geneva on 27 November. LAPFF's video about its visit to Brazil to see communities affected by tailings dams was selected for screening out of, reportedly, a huge number of potential options. The video was well-received, with attendees stating that they would share it with colleagues, clients, and law students to drive home the on-the-ground impact that mining companies can have on people in host communities.

LAPFF also submitted a response to a UN Working Group on Business and Human Rights consultation on investors, ESG, and human rights. The goal of this consultation is exactly to push alignment between law and practice on human rights. One of the main points LAPFF made is that corporate and commercial legal frameworks must align with international human rights law principles, for example of joint ventures, to facilitate good corporate practice.

COMPANY ENGAGEMENTS MEETINGS

In terms of company engagements, **Glencore** and **Grupo Mexico** were companies of focus this quarter. LAPFF generally has at least an annual meeting with the Glencore Chair. This meeting was its second with Chair Kalidas Madhavpeddi. Although LAPFF had requested a meeting with CEO Gary Nagle to discuss both climate and human rights performance at Glencore, Mr. Madhavpeddi was accommodating and helpful. LAPFF asked about the company's engagement with affected communities, but Mr. Madhavpeddi did not share much on this front.

LAPFF subsequently held a seminar for investors with communities from Colombia and Peru who are affected by Glencore's Cerrejon and Antapaccay projects, respectively. It has also been in touch with IndustriALL representatives who worked with investors last year to bring a climate-related resolution to Glencore's AGM. LAPFF's view from speaking to these stakeholders is that in the coming year, Glencore is likely to be the target of a concerted union and community campaign because of its human rights and environmental practices. Therefore, LAPFF has reached out to the company for a follow up meeting to discuss these stakeholder concerns and to push the company to build and disclose stronger stakeholder engagement mechanisms and climate practices.

TECHNOLOGY COMPANIES AND HUMAN RIGHTS

Objective: Governance of new technology is well recognised as an investment risk. However, such risks have come to the fore again with significant advances in AI technologies. Alongside the significant potential benefits of AI, it has the potential to adversely impact people's employment and creates human rights risks, not least around discrimination. These risks are often greatest at companies developing and selling AI services and products. As with other human rights risks, LAPFF expects technology companies to have due diligence policies in place to prevent negative impacts.

Achieved: LAPFF executive member Heather Johnson met with the German tech company SAP. The company faces specific risks related to AI, including products which support HR functions. The meeting covered how the company was managing the risks of adverse human rights impacts, including discrimination. The discussion covered identification of risks and the company set out the framework and processes it has in place for preventing negative impacts. The meeting also covered how the company had responded to the German Supply Chain Due Diligence Act.

In progress: AI is an emerging technology with risks likely to become greater and more complicated. LAPFF will continue to engage technology companies in how these risks are being managed to ensure appropriate frameworks and safeguards are in place.

RESPONSIBLE MINERALS – ELECTRIC VEHICLE MANUFACTURERS (FORD, RENAULT AND MERCEDES)

Objective: As highlighted, there is an increasing trend in international regulations to impose the responsibility for human rights due diligence on companies. These regulations highlight the electric vehicle industry's obligation to ensure ethical and sustainable practices, particularly in supply chains. This development is part of a broader global movement towards enhanced corporate accountability and transparency. Over recent years, LAPFF has consistently engaged with various electric vehicle manufacturers on this matter, advocating for improved due diligence and transparency as these regulations have evolved.

Achieved: LAPFF has maintained ongoing dialogues with Ford, Renault, and Mercedes, meeting with Ford and Renault for the second time, and with Mercedes for the third time on this

Sonora, Mexico: 40,000 cubic meters of copper sulfate were spilled into a damm, property of Grupo Mexico

COMPANY ENGAGEMENTS

issue. All three companies have shown notable progress in their human rights management processes and efforts to comply with regulations, especially in the depth of their public reporting. Despite some areas still requiring improvement, it would appear they are more actively engaging with suppliers and pursuing ethical sourcing to meet international human rights standards.

In Progress: LAPFF will continue to monitor and seek engagement with those companies exposed to the various human rights risks associated with electric vehicles, which become ever more evident as production is scaled up.

COLLABORATIVE ENGAGEMENTS

PRI ADVANCE

LAPFF continued its engagement with **Vale** and **Anglo American** through the PRI Advance human rights initiative, including through bringing investors in other PRI Advance groups into stakeholder engagement meetings on Glencore, BHP, and **Rio Tinto**. These initiatives are moving quite slowly, in part in LAPFF's view, because investors are generally less aware of and less attuned to human rights considerations than they are corporate governance and environmental issues. Therefore, they are still considering how best to engage companies on human rights, which tend to deal with 'soft' issues such as illegal discrimination and freedom of association rather than 'hard' issues like clear financial costs.

LONDON MINING NETWORK AND COMMUNITIES AFFECTED BY MINING

LAPFF continues to find great value in engaging with community groups affected by mining company operations. The meeting with communities affected by Glencore operations in Colombia and Peru was the first in-person meeting of this kind that LAPFF had held since the Covid pandemic. Most community meetings are online because affected community members tend to be in developing countries, and everyone has limited travel budgets (not least for climate reasons). However, LAPFF

workers stock the shelves at a Home Depot store

coordinated with London Mining Network to hold an in-person seminar which six investors attended. The Colombian and Peruvian community members shared the severe environmental impacts Cerrejon was having on its rivers and soil, which is leading to significant health concerns in both countries. A LAPFF representative also met with communities with continued concern about BHP's practices in Brazil.

LAPFF held online meetings with communities from Brazil and Mexico. LAPFF continues to engage with the community members with whom it visited in Brazil, particularly in relation to the reparations at Samarco-affected communities. Although over 100 houses have reportedly been built in one of the resettlements – Bento Rodrigues - these community members continue to be concerned that the quality of the houses is poor, and they report that they don't know who to contact at Vale or BHP to complain. Part of the problem is that the Renova Foundation CEO with whom LAPFF met in Brazil has been sacked but not replaced successfully. His immediate successor lasted two months, according to the community members. LAPFF is waiting to hear whether a permanent, successful CEO has now been appointed or whether the search continues.

In relation to Mexico, LAPFF was assured earlier in the year that **Grupo Mexico** had met its reparations obligations in relation to its 2014 tailings pond leak in Sonora, Mexico. However, LAPFF was alerted by a community representative and a news article about a Mexican government lawsuit to reinstate the reparation fund due to inadequate reparations payments. LAPFF has tried three times this quarter to obtain a meeting with the company but has been met with silence. Meanwhile, LAPFF met with the community representative at the UN Forum on Business and Human Rights at the end of November to receive a further update on the case. It appears that LAPFF will now need to investigate options to escalate its engagement with Grupo Mexico, but it will need to do so in consideration of safety concerns for the affected communities.

In Progress: LAPFF's view is that investors are still struggling to understand the link between human rights and financial materiality. LAPFF sees this link more and more clearly, particularly through its work with mining companies. Therefore, LAPFF will continue to seek in its engagements with both companies and investors to clarify this link so that human rights become an investor imperative to the extent that climate change is, not least because of the need for a just transition.

INVESTOR ALLIANCE FOR HUMAN RIGHTS

LAPFF continued to work closely with the

COLLABORATIVE ENGAGEMENTS

Investor Alliance for Human Rights, both in relation to the Uyghur Group and in relation to conflict-affected and high-risk areas (CAHRA).

Investor Alliance for Human Rights – The Home Depot Inc

Objective: As a part of the Investor Alliance for Human Rights' Uyghur Working Group, LAPFF led on an engagement with The Home Depot, which was implicated in allegations of Uyghur forced labour in its luxury vinyl tile (LVT) flooring supply chains, with PVC derived from Xinjiang. LAPFF sought to understand how Home Depot responded to these allegations, and how the company has undertaken work to eliminate forced labour risks and comply with human rights standards.

Achieved: LAPFF, alongside other investors, met with Home Depot for a second time following reports in August that shipments of LVT from Asia were being blocked by US Customs, including those destined for Home Depot. During the call, LAPFF sought answers on what the company was doing to ensure that its company supply chain was free of forced labour, potential implications of bifurcation of supply chains, and what new methods Home Depot was implementing to have sufficient audit procedures in place.

In Progress: LAPFF will continue to monitor the company's approach to global human rights due diligence and seek further engagement in due course for updates on the issue, with a focus on the company's implementation of enhanced audit procedures.

CAHRA PILOT PROJECT

LAPFF was invited to join IAHR's CAHRA pilot project. The project has been initiated in part because of the escalation of conflicts globally, including in Ukraine, Nagorno Karabakh, and Israel and Gaza, which reignited this quarter. LAPFF had already been attending a number of IAHR webinars on this topic to understand better how to engage companies on CAHRA issues, so the opportunity to participate in this pilot is welcome, especially given LAPFF's engagements with companies operating in Russia, Myanmar, and the Occupied Palestinian Territories.

VOTING ALERTS

LAPFF also issued a voting alert for BHP expressing concern that the company's rhetoric and practices on climate are not aligned and expressing concerns about the corporate culture in respect of human rights. BHP is currently the subject of potentially costly litigation in Brazil, the UK, and Australia in relation to its failings related to the Samarco tailings dam collapse alone. LAPFF continues to have serious concerns that the company is not taking appropriate accountability and responsibility for its human rights and environmental practices, and that this omission could lead to large financial losses for both the company and investors.

JUST TRANSITION ENGAGEMENTS

LAPFF's aim is to move away from siloed ESG engagements in recognition of the overlap between these three areas in pursuing a just transition. There are currently two dedicated work streams covering a just transition specifically, although the climate and human rights work by definition addresses just transition to a degree.

RIO TINTO SHAREHOLDER RESOLUTION

Within the quarter LAPFF explored the option of filing a just transition shareholder resolution at Rio Tinto's 2024 AGM requesting the company undertake independent water impact assessments at its mine sites. The proposed resolution sought to ensure that the company adequately assesses its impacts on water resources so that it can properly identify operational, reputational, legal, and consequently financial risks to the business and investors.

In the end, LAPFF did not file the resolution. LAPFF is currently in dialogue with Rio Tinto, and Rio Tinto has issued a water impact assessment in relation to its QMM operation in Madagascar. Although the company is not fully meeting the resolution's request, LAPFF is encouraged that the company is willing to discuss how to move forward on the request and continues to be hopeful that the company will meet it. LAPFF is pursuing further dialogue with the company on this issue and will take a view after the 2024 AGM whether the resolution filing process needs to be resumed.

EQUINOR

As part of its involvement with World Benchmarking Alliance just transition initiative, LAPFF participated in a collaborative call with Norwegian energy company, Equinor. Equinor has a policy commitment to a just transition and the engagement provided a useful opportunity to discuss how the policy was being implemented. The meeting covered the company's approach to assessing and mitigating negative social impacts of the energy transition, governance of just transition issues, just transition planning and metrics and targets.

In Progress: As part of LAPFF's involvement in the WBA initiative, it will continue oil and gas companies on just transition plans. LAPFF will continue to engage mining companies on undertaking independent water impact assessments.

BOARD DIVERSITY ENGAGEMENTS

Objective: It is well-documented at this point, both in academic literature and in the corporate governance world, that board diversity improves corporate performance. Diversity covers a range of areas, including gender, cultural, and economic (for example workers on boards). Consequently, LAPFF engages companies on board diversity and composition as a matter of course to work toward improved financial returns across member portfolios.

Achieved: LAPFF is a long-standing member of the 30% Club Investor Group, which began with a focus on gender diversity and has now expanded its work to include racial diversity on boards. Over time, this group has also expanded from focusing on UK companies to engaging

COLLABORATIVE ENGAGEMENTS

companies in other countries. The latest round of engagements has been with a range of Asian companies, including KKR & Co and Shinhan Financial Group.

LAPFF also questioned Glencore on its board composition this quarter. The company has a small board compared to its peers in the mining sector, and LAPFF wondered if its small size allowed for enough diversity of views. Although three of the eight board members are female, LAPFF is also looking, for example, for board members with backgrounds in climate change and human rights who are sufficiently independent to challenge the board on its climate, human rights, and internal controls systems, especially given the corruption challenges the company is continuing to face.

In Progress: Board diversity is a continuing workstream for LAPFF, as it pushes companies to move from merely appointing certain numbers of diverse board members to truly considering and integrating their views into company strategy and practice. This objective relies on cultural change which takes a long time to achieve so is something at which LAPFF chips away each quarter on different fronts. LAPFF has also secured a meeting with KKR & Co for Q1 or 2024 to discuss diversity targets.

GOVERNANCE ENGAGEMENT

Barclays

Objective: In October, former Barclays executive Jes Staley was banned by the FCA from holding senior positions in financial services and charged with a £1.8m fine for allegedly misleading the watchdog about his past relationship with convicted sex offender Jeffrey Epstein. In turn, LAPFF felt it imperative to engage with Barclays to discuss learnings from this tumultuous episode and sought to see actions the bank had taken to strengthen corporate governance at both board and management level.
Achieved: LAPFF met with the Chair of Barclays, Nigel Higgins, at the end of October. The Chair openly discussed the event and actions the bank had taken, including freezing deferred bonuses to Stanley at the time of investigation. The company stated it has strengthened their board recruitment practices and remained vigilant. However, LAPFF will be monitoring the governance going forward. More widely, LAPFF requested an update of Barclays's climate policy and have arranged to have a specific meeting on this topic separately.

In Progress: Following the recent board changes earlier this year at Barclays, including the appointment of new executives, LAPFF will continue to watch the corporate governance nominations and succession plans of the company board. LAPFF maintains a cordial dialogue with the chair and aims to continue engaging on this topic.

PUBLIC HEALTH ENGAGEMENT

FAIRR Initiative's Restaurant Antibiotics Engagement – Restaurant Brands International (RBI)

Objective: FAIRR's Restaurant Antibiotics engagement focuses on reducing the use of antibiotics in protein supply chains. This initiative involves companies within the fast-food and casual dining sector, with the aim of mitigating the risks associated with antibiotic resistance due to the overuse of antibiotics in livestock. The objective is to safeguard public health.

Achieved: LAPFF joined a call with FAIRR and other investors with Restaurant Brands International (RBI). As a first call with the company, investors shared key asks of the engagement and pushed for enhanced transparency on the company's efforts to reduce antibiotics in its supply chain.

In Progress: LAPFF signed onto a series of letters sent by FAIRR and will seek to join meetings as appropriate when they become available. LAPFF is also hoping to continue supporting engagement with RBI as the dialogue develops.

Taskforce on Social Factors

LAPFF's chair is a member of the Taskforce on Social Factors, which was established by the DWP with cross-departmental and multi-regulator involvement. The taskforce was established to outline how trustees could and should address social risks and opportunities. Specifically, the group has looked at the materiality of such issues, data on social factors, and the actions pensions funds can take. During the quarter, the group's initial findings were published for consultation. Within the report a series of recommendations were set out to pension trustees, the investment industry, regulators, government, civil society and businesses.

MEDIA COVERAGE

ESG Investor: ESG Overload – ESG Investor
Room 151: LAPFF alongside other investors call for climate vote at high-emitting companies - Room 151
IPE: Investors coalition creates platform to strengthen human rights stewardship | News | IPE
The Point: Global perspective: is ESG paying lip service to human rights? | The Point ESG News
Environmental Finance: CCLA, LAPFF call for climate votes at 'high-emitting' sectors
Pensions & Investments: U.K. investors turn up the heat on boards for climate transition plans
Sustainable Times: Investors Managing £1.8 Trillion Rally for Climate Strategy Votes at Upcoming FTSE 350 AGMs
IPE: Investor group calls for climate vote at high-emitting companies
Net zero investor: £1.8trn investors call for climate vote at high-emitting companies
Funds- Europe.com: Investors seek climate votes at high-risk firms
Pensions Age Magazine: Investor group calls for climate vote at high carbon emitting FTSE 350 firms
TheMJ.co.uk: Council pension funds call for climate vote
LocalGov.co.uk: Council pension funds call for climate vote
Investment Week: Investors overseeing £1.8tn in assets call for AGM votes on climate transition plans

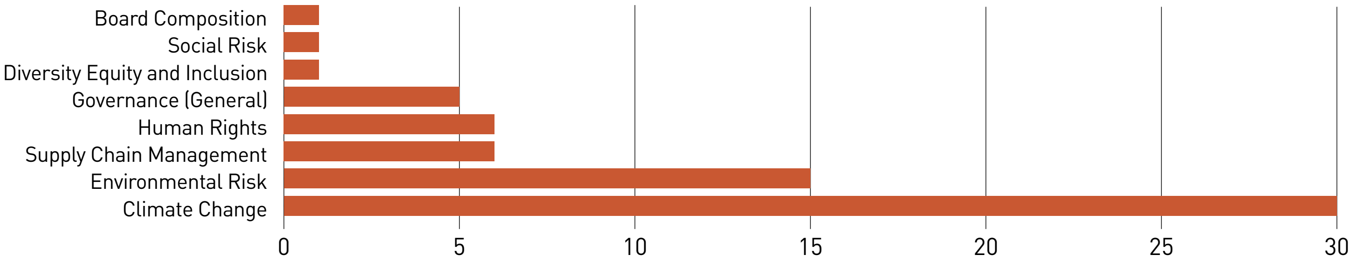
COMPANY PROGRESS REPORT

44 companies were engaged over the quarter.

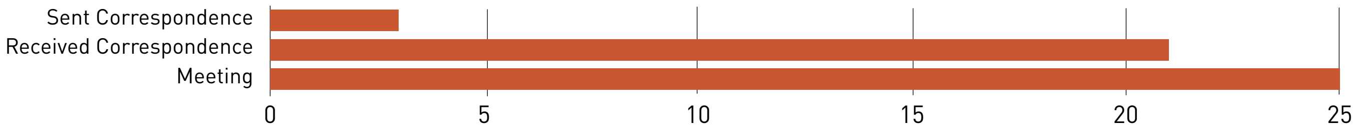
Company/Index	Activity	Topic	Outcome
Company/Index	Activity	Topic	Outcome
AIA GROUP LTD	Meeting	Environmental Risk	Dialogue
ASTON MARTIN LAGONDA GLOBAL HOLDINGS PLC	Received Correspondence	Climate Change	Dialogue
AVIVA PLC	Meeting	Climate Change	Dialogue
AXA	Meeting	Climate Change	Moderate Improvement
BAE SYSTEMS PLC	Received Correspondence	Climate Change	Dialogue
BAKKAVOR GROUP PLC	Received Correspondence	Climate Change	Dialogue
BARCLAYS BANK PLC	Meeting	Governance (General)	Dialogue
BARCLAYS PLC	Received Correspondence	Climate Change	Dialogue
BP PLC	Meeting	Governance (General)	Dialogue
CENTAMIN PLC	Received Correspondence	Climate Change	Dialogue
CHIPOTLE MEXICAN GRILL INC	Meeting	Environmental Risk	Change in Process
CRH PLC	Received Correspondence	Climate Change	Dialogue
EASYJET PLC	Received Correspondence	Climate Change	Dialogue
ENERGEAN PLC	Received Correspondence	Climate Change	Dialogue
EXXON MOBIL CORPORATION	Sent Correspondence	Social Risk	Awaiting Response
FORD MOTOR COMPANY	Meeting	Supply Chain Management	Dialogue
FRESNILLO PLC	Received Correspondence	Climate Change	Dialogue
GLENCORE PLC	Meeting	Board Composition	Dialogue
HARBOUR ENERGY PLC	Received Correspondence	Climate Change	Dialogue
HSBC HOLDINGS PLC	Received Correspondence	Climate Change	Dialogue
INTERNATIONAL DISTRIBUTIONS SERVICES PLC	Sent Correspondence	Governance (General)	Awaiting Response
JOHN WOOD GROUP PLC	Received Correspondence	Climate Change	Dialogue
KKR & CO INC	Received Correspondence	Diversity Equity and Inclusion	Small Improvement
LEGAL & GENERAL GROUP PLC	Meeting	Environmental Risk	Dialogue
LLOYDS BANKING GROUP PLC	Meeting	Environmental Risk	Small Improvement
MERCEDES-BENZ GROUP AG	Meeting	Human Rights	Small Improvement
NATIONAL GRID GAS PLC	Meeting	Climate Change	Dialogue
NATWEST GROUP PLC	Received Correspondence	Climate Change	Dialogue
NESTLE SA	Meeting	Environmental Risk	Change in Process
PERSIMMON PLC	Meeting	Climate Change	Dialogue
PING AN INSURANCE GROUP	Meeting	Climate Change	Change in Process
PRUDENTIAL PLC	Meeting	Climate Change	Change in Process
RENAULT SA	Meeting	Supply Chain Management	Moderate Improvement
RESTAURANT BRANDS INTERNATIONAL INC	Meeting	Supply Chain Management	Dialogue
RIO TINTO PLC	Meeting	Environmental Risk	No Improvement
ROLLS-ROYCE HOLDINGS PLC	Received Correspondence	Climate Change	Dialogue
SANOFI	Received Correspondence	Environmental Risk	Substantial Improvement
SAP SE	Meeting	Human Rights	Dialogue
SHELL PLC	Received Correspondence	Climate Change	Dialogue
STANDARD CHARTERED PLC	Received Correspondence	Climate Change	Dialogue
THE HOME DEPOT INC	Meeting	Supply Chain Management	Moderate Improvement
THE TJX COMPANIES INC.	Meeting	Environmental Risk	Small Improvement
TI FLUID SYSTEMS PLC	Received Correspondence	Climate Change	Dialogue
VALE SA	Meeting	Human Rights	Dialogue

ENGAGEMENT DATA

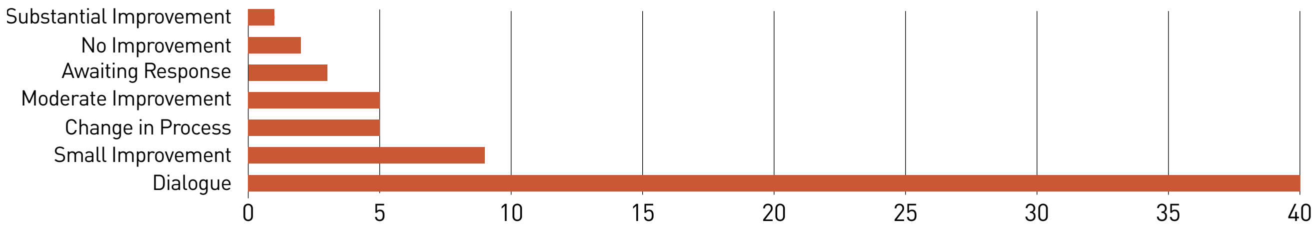
ENGAGEMENT TOPICS



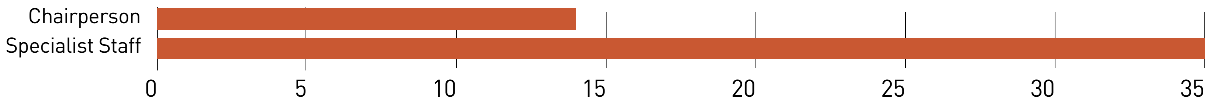
ACTIVITY



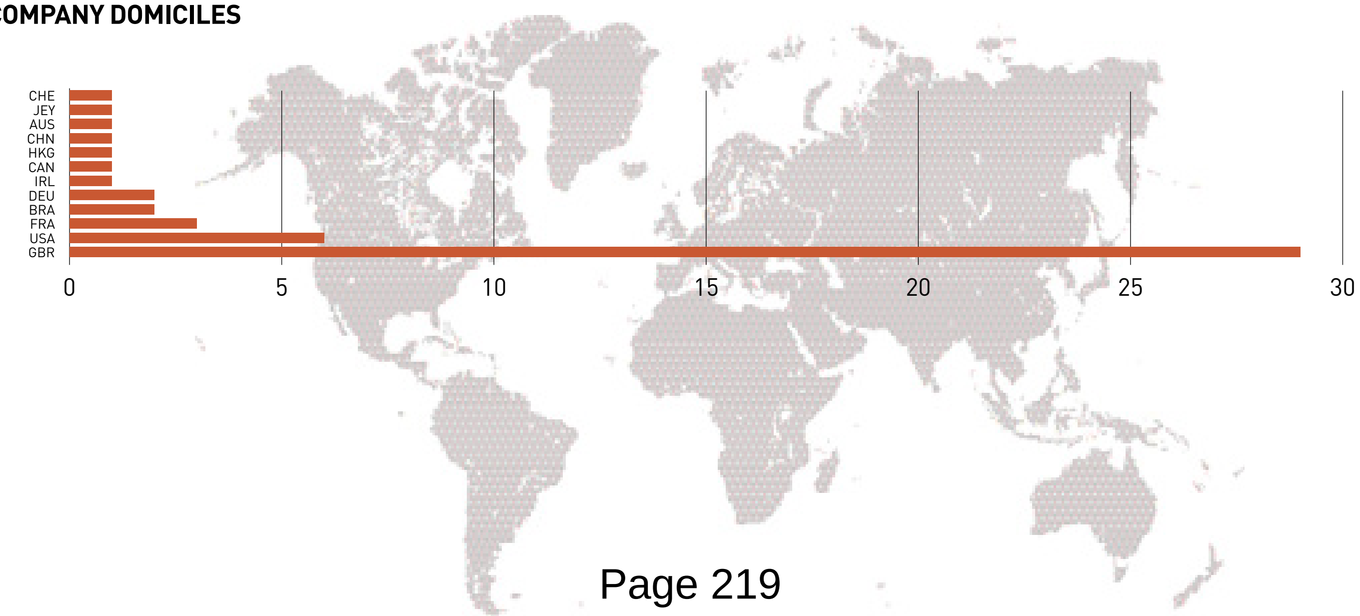
MEETING ENGAGEMENT OUTCOMES



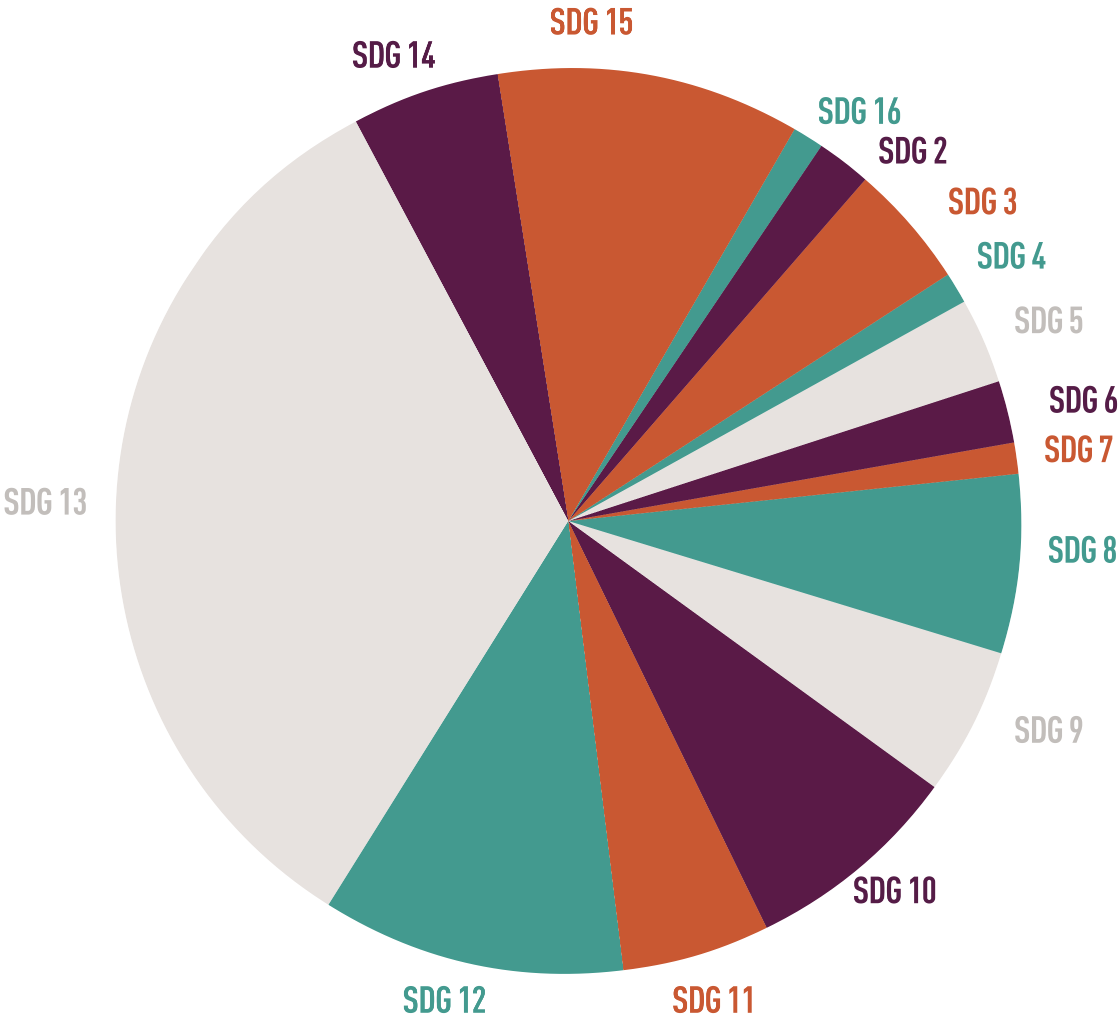
POSITION ENGAGED



COMPANY DOMICILES



ENGAGEMENT DATA



LAPFF SDG ENGAGEMENTS

SDG 1: No Poverty	0
SDG 2: Zero Hunger	2
SDG 3: Good Health and Well-Being	4
SDG 4: Quality Education	4
SDG 5: Gender Equality	3
SDG 6: Clean Water and Sanitation	2
SDG 7: Affordable and Clean Energy	1
SDG 8: Decent Work and Economic Growth	6
SDG 9: Industry, Innovation, and Infrastructure	5
SDG 10: Reduced Inequalities	7
SDG 11: Sustainable Cities and Communities	5
SDG12: Responsible Production and Consumption	10
SDG 13: Climate Action	31
SDG 14: Life Below Water	5
SDG 15: Life on Land	10
SDG 16: Peace, Justice, and Strong Institutions	1
SDG 17: Strengthen the Means of Implementation and Revitalise the Global Partnership for Sustainable Development	0

LOCAL AUTHORITY PENSION FUND FORUM MEMBERS

Avon Pension Fund
Barking and Dagenham Pension Fund
Barnet Pension Fund
Bedfordshire Pension Fund
Berkshire Pension Fund
Bexley (London Borough of)
Cambridgeshire Pension Fund
Camden Pension Fund
Cardiff & Glamorgan Pension Fund
Cheshire Pension Fund
City of London Corporation Pension Fund
Clwyd Pension Fund (Flintshire CC)
Cornwall Pension Fund
Croydon Pension Fund
Cumbria Pension Fund
Derbyshire Pension Fund
Devon Pension Fund
Dorset Pension Fund
Durham Pension Fund
Dyfed Pension Fund
Ealing Pension Fund
East Riding Pension Fund
East Sussex Pension Fund
Enfield Pension Fund
Environment Agency Pension Fund
Essex Pension Fund
Falkirk Pension Fund
Gloucestershire Pension Fund
Greater Gwent Pension Fund
Greater Manchester Pension Fund
Greenwich Pension Fund
Gwynedd Pension Fund
Hackney Pension Fund
Hammersmith and Fulham Pension Fund
Haringey Pension Fund
Harrow Pension Fund
Havering Pension Fund
Hertfordshire Pension Fund
Hounslow Pension Fund
Islington Pension Fund
Kingston upon Thames Pension Fund
Lambeth Pension Fund
Lancashire County Pension Fund
Leicestershire Pension Fund
Lewisham Pension Fund
Lincolnshire Pension Fund
London Pension Fund Authority
Lothian Pension Fund
Merseyside Pension Fund
Merton Pension Fund
Newham Pension Fund
Norfolk Pension Fund
North East Scotland Pension Fund
North Yorkshire Pension Fund
Northamptonshire Pension Fund
Nottinghamshire Pension Fund
Oxfordshire Pension Fund
Powys Pension Fund
Redbridge Pension Fund
Rhondda Cynon Taf Pension Fund
Shropshire Pension Fund
Somerset Pension Fund
South Yorkshire Pension Authority
Southwark Pension Fund
Staffordshire Pension Fund
Strathclyde Pension Fund
Suffolk Pension Fund
Surrey Pension Fund
Sutton Pension Fund
Swansea Pension Fund
Teesside Pension Fund
Tower Hamlets Pension Fund
Tyne and Wear Pension Fund
Waltham Forest Pension Fund
Wandsworth Borough Council Pension Fund
Warwickshire Pension Fund
West Midlands Pension Fund
West Yorkshire Pension Fund
Westminster Pension Fund
Wiltshire Pension Fund
Worcestershire Pension Fund

Pool Company Members
ACCESS Pool
Border to Coast Pensions Partnership
LGPS Central
Local Pensions Partnership
London CIV
Northern LGPS
Wales Pension Partnership

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