OXFORDSHIRE COUNTY COUNCIL

To: Members of the Pension Fund Committee

Notice of a Meeting of the Pension Fund Committee

Friday, 7 June 2024 at 10.15 am

Please Note – there will be a training session on the 2025 triennial valuation delivered by Hymans Robertson immediately preceding the committee meeting, starting at 9.30am

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

May 2024

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

Membership

Chairman –
Deputy Chairman -

County Councillors

Bob Johnston	John Howson	Donna Ford
Imade Edosomwan	Ian Middleton	
Nick Field-Johnson	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: 6 September 2024***

- ***The Committee meeting will be preceded by a training session in the meeting room as detailed above.***

AGENDA

1. **Election of the Chair for the Council Year 2024/25**

2. **Election of the Deputy Chair for the Council Year 2024/25**

3. **Appointment of Brunel Oversight Board Representative** (Pages 1 - 4)

4. **Apologies for Absence and Temporary Appointments**

5. **Declarations of Interest - see guidance note**

6. **Petitions and Public Address**

Members of the public who wish to speak at this meeting can attend the meeting in person or 'virtually' through an online connection. To facilitate 'hybrid' meetings we ask that requests to speak are submitted by no later than 9.00 a.m. four working days before the meeting: 9.00 a.m. on Monday 3 June 2024.

Requests to speak should be sent to Committeesdemocraticservices@Oxfordshire.gov.uk If you are speaking 'virtually', you may submit a written statement of your presentation to ensure that if the technology fails, then your views can still be taken into account. A written copy of your statement can be provided no later than 9.00 a.m. 2 working days before the meeting: 9.00 a.m. 5 June 2024. Written submissions should be no longer than 1 A4 sheet.

7. **Minutes of the Previous Meeting** (Pages 5 - 14)

To approve the minutes of the meeting held on 1 March 2024 and to receive information arising from them.

8. **Minutes of the Local Pension Board** (Pages 15 - 22)

10:20 a.m.

A copy of the unconfirmed Minutes of the Local Pension Board, which met on 3 May 2024 is attached for information only.

9. Report of the Local Pension Board (Pages 23 - 24)

10:25 a.m.

The report sets out the items the Local Pension Board would like to draw to the attention of the Committee following their last meeting on 3 May 2024.

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

10. Response for letter from the Minister for Local Government (Pages 25 - 30)

10.30 a.m.

To consider a draft response to the letter received on 15 May 2024 from the Minister for Local Government on efficiencies in the management of the LGPS.

11. Review of the Annual Business Plan (Pages 31 - 38)

10.40 a.m.

This report will review progress against the key priorities set out in the Annual Business Plan for 2024/25.

The Committee is RECOMMENDED to

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

12. Risk Register Report (Pages 39 - 46)

10.55 a.m.

This report will present the latest position on the Fund's 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.

13. Governance and Communications Report (Pages 47 - 52)

11.10 a.m.

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:
a) Note the Fund's update on the Pension Regulator's General Code of Practice.
b) Review and note the latest quarter's breaches for the fund.
c) Note the communications update regarding the review of the fund website.

14. Governance and Communications Policy Reviews (Pages 53 - 88)

11.20 a.m.

This report will present the following reviewed policies for Committee approval:
- Communications Policy
- Governance Policy
- Governance Compliance Statement
- Regulatory Breaches Policy

The Committee is RECOMMENDED to:
a) Approve the revised Communications Policy.
b) Approve the revised Governance Policy.
c) Approve the revised Governance Compliance Statement.
d) Approve the revised Breaches Policy.

15. Administration Report (Pages 89 - 100)

11.25 a.m.

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 note the upcoming issues the pension administration team face and agree to the approach of the report to manage these.

16. Cyber Security Policy Review (Pages 101 - 104)

11.35 a.m.

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.

17. Scheme of Delegation Policy Review (Pages 105 - 112)

11.40 a.m.

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 in Annex 1 to this report, noting the key changes set out in the report below.

18. Report of the Independent Investment Advisor (Pages 113 - 198)

11.45 a.m.

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

19. Responsible Investment Policy (Pages 199 - 218)

12.00 p.m.

This report will present an update on the Responsible Investment policy to the Committee.

The Committee is RECOMMENDED to agree the final version of the Responsible Investment Policy included at Annex 1 which incorporates the amendments set out in the report.

20. Fund Cashflows (Pages 219 - 290)

12.10 p.m.

This report will present a review of fund cashflows.

The Committee is RECOMMENDED to:

a) note the updated funding position and the reasons for the change since the 2022 valuation,
b) note the key funding risks currently facing the Fund,
c) agree to the pre-2025 valuation planning actions to be taken by the Fund as set out in paragraph 42, and
d) consider the cash flow implication throughout the 2025 triennial valuation process and next strategic asset allocation review.

21. Corporate Governance and Socially Responsible Investment
(Pages 291 - 302)

12.20 p.m.

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.

22. EXEMPT ITEMS

The Committee is RECOMMENDED that the public be excluded for the duration of item 23 in the Agenda since it is likely that if they were present during those items there would be disclosure of exempt information as defined in Part I of Schedule 12A to the Local Government Act 1972 (as amended) and specified in relation to the respective items in the Agenda and since it is considered that, in all the circumstances of each case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

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

23. Cessation of A Scheme Employer (Pages 303 - 332)

12.30 p.m.

This item includes exempt information pursuant to Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972. If the Committee wishes to discuss matters relating to the information set out in attached report to this item, it will be necessary for the Committee to pass a resolution to exclude the press and public from the meeting (as set out at agenda item 22).

The report provides details of a proposed closure of a scheme employer including detailed financial information, the disclosure of which could prejudice the financial position of the company prior to its final closure, as well as the position of the Administering Authority in respect of future cessation cases.

The Committee is RECOMMENDED to agree the recommendation contained within the report.

Councillors declaring interests

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

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

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

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

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

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

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

a) Any unpaid directorships

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

Members Code – Non-registrable interests

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

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

In order to determine whether you can remain in the meeting after disclosing your interest the following test should be applied:
Where a matter affects the financial interest or well-being:

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

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

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Brunel Pension Partnership

Terms of reference for the Oversight Board

1. **Purpose**

The Oversight Board has been established by the administering authorities participating in the Brunel Pension Partnership. Acting for the administering authorities in their capacity as shareholders in, and clients of, Brunel Pension Partnership Limited ("**BPP Ltd**"), the Oversight Board will have responsibility for ensuring that BPP Ltd delivers the services required to achieve investment pooling across the 10 LGPS funds (the "**Funds**") comprising the Brunel Pension Partnership.

1.1 Subject to these terms of reference and the applicable shareholder documentation, the Oversight Board will be able to consider and address relevant matters on behalf of the administering authorities. These include exercising the monitoring and strategic oversight functions necessary to its role, as well as acting as a conduit and focus of shareholder requirements and views.

2. **Membership**

2.1 The Oversight Board shall comprise of one individual appointee of each administering authority participating in the Brunel Pension Partnership. Each such administering authority shall have the sole right to appoint and remove their representative member. Each administering authority may appoint a named substitute who may attend in place of the principal member provided that prior written notice of such attendance is given to the secretary of the Oversight Board. Any member or named substitute shall be a member of the pensions committee of the administering authority.

2.2 Only members (including non-voting members) shall have the right to attend Oversight Board meetings. However, members of the Brunel Pension Partnership Client Group (the "**Client Group**"), the BPP Ltd non-executive director nominated by the shareholders (the "**Shareholder NED**") and directors of BPP Ltd shall normally be invited to attend for all or part of any meeting. Additionally, any other officers, employees of BPP Ltd or advisers may be invited to attend as and when appropriate and necessary.

2.3 The members of the Oversight Board shall appoint a chairperson, who shall be a member of the Oversight Board. At their discretion, the members may conclude that the chairperson should be an independent appointment. In the absence of the chairperson and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting. The members of the Oversight Board may also appoint one or more of their number to act as vice-chairperson(s).

2.4 The administering authorities participating in the Brunel Pension Partnership shall in good faith decide upon the secretary of the Oversight Board, and will ensure that its members receive information and papers in a timely manner to enable full and proper consideration to be given to the issues. The Client Group shall input to the agenda for Oversight Board meetings.

2.5 In addition to the individuals appointed by each of the administering authorities, two members representing Fund members shall be entitled to attend and contribute to meetings of the Oversight Board. Such members shall attend in a non-voting capacity. They shall be nominated and selected for this role according to a process agreed by the administering authorities, and shall be drawn from the current member representatives appointed to either Pension Committees or Local Pension Boards.

2.6 For the avoidance of doubt, the Oversight Board is not a joint committee constituted under the Local Government Act 1972.

3. **Quorum**

The quorum necessary for the transaction of business shall be at least six members of the Oversight Board (excluding non-voting members).

4. **Meetings**

The Oversight Board shall determine the frequency and timing of its meetings. Subject to that, it is anticipated that the Oversight Board shall meet at least four times each year.

5. **Decision making**

The Oversight Board shall seek to arrive at conclusions on all relevant matters on a consensus basis with each member (excluding non-voting members) having one vote, but shall have no delegated authority to bind administering authorities either collectively or individually. Accordingly, any matter which requires a formal decision by the administering authorities, including all shareholder matters relating to BPP Ltd, shall be remitted back to each authority for determination in accordance with existing delegation arrangements.

6. **Notice of meetings**

6.1 Except where each of the members of the Oversight Board agrees in writing, meetings of the Oversight Board shall be called on not less than 10 business days' notice accompanied by:

(a) an agenda specifying in reasonable detail the matters to be raised at the meeting; and

(b) copies of any papers to be discussed at the meeting. If all papers do not accompany the agenda then any outstanding papers should be provided no later than five business days before the meeting.

6.2 All papers circulated to the BPP Ltd board or any of its committees, together with copies of minutes of the meetings of the board and any committee which in the reasonable opinion of the Client Group is required by the Oversight Board for it to perform its responsibilities in its strategic oversight and non-decision making capacity, shall be made available to the Oversight Board (save to the extent that provision of such information would conflict with any provision of law or duty of confidentiality). The Oversight Board shall also have the right to request any additional papers circulated to the BPP Ltd board or any of its committees which the members of the Oversight Board think fit, which shall be made available by BPP Ltd within a reasonable period.

7. **Minutes of meetings**

7.1 The secretary shall minute the proceedings and resolutions of all Oversight Board meetings, including the names of those present and in attendance.

7.2 Draft minutes of Oversight Board meetings shall be circulated promptly to all its members. Once approved, minutes should be circulated to all other members of the Oversight Board unless in the opinion of the chairperson it would be inappropriate to do so or the chairperson decides that certain parts of the minutes should be redacted.

8. **Duties**

8.1 Consistent with its strategic client role, the Oversight Board duties shall be responsible for reviewing and discussing any matter which it (in its absolute discretion) considers appropriate in relation to BPP Ltd including (without limitation) BPP Ltd.'s services, performance, operations, governance, strategy, financing and management.

8.2 Without prejudice to the foregoing, the Oversight Board shall be responsible for considering:

(a) any shareholder reserved matter;

(b) any shareholder resolution matter; or

(c) any other matter which is referred to it by the BPP Company Board or the Client Group.

8.3 The Oversight Board shall keep the shareholder representative non-executive director (Shareholder NED) on the BPP Company Board informed of material elements of the Oversight Board's agenda items and business papers.

8.4 When fulfilling its strategic oversight duties, the Oversight Board shall seek support, input and advice from the Client Group, particularly on all matters relating to the services, operations and performance of BPP Ltd.

8.5 Each member of the Oversight Board shall report back to the administering authority which they represent to make a recommendation to that administering authority on any matter which requires a decision by it as shareholder of BPP Ltd or otherwise.

9. **Section 151 and Chief Legal Officers**

The Oversight Board shall engage as appropriate with Section 151 Officers (or equivalent Chief Finance Officer) and Chief Legal Officers taking into account for such purposes the duties and functions of such Officers with respect to pension-related matters for their administering authority.

10. **Assistance by the BPP Company Board**

The Oversight Board shall be entitled to obtain from the BPP Company Board:

(a) any information it reasonably requires to enable it to carry out its duties (save to the extent that provision of such information would conflict with any provision of law or duty of confidentiality); and

(b) reasonable access to the BPP Ltd senior management team to discuss any matters which the Oversight Board considers appropriate.

11. **Declarations of interest**

11.1 Each member of the Oversight Board shall declare at each meeting any conflict of interest in the subject area to be considered at that meeting. If there is a conflict of interest the member may be asked to leave the meeting whilst the matter is considered.

11.2 Conflict of interest means a financial or other interest which is likely to prejudice the member in fulfilling their role as a member of the Oversight Board.

12. **Remuneration of Oversight Board members**

Members will not be paid remuneration for attending Oversight Board meetings. Each administering authority is responsible for paying expenses in line with its established policies.

13. **Personal liability of Oversight Board members**

As the Oversight Board is a body established by the Brunel Pension Partnership administering authorities, the members are undertaking work on behalf of their Funds and are therefore covered by the arrangements in place for their local Pension Committee.

14. **Code of Conduct**

All members and co-opted members of the Oversight Board, will abide by the Code of Conduct.

PENSION FUND COMMITTEE

MINUTES of the meeting held on Friday, 1 March 2024 commencing at 10.15 am and finishing at 1.25 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 Councillor Ian Middleton Councillor Michael O'Connor
Non-Voting Members:	District Councillor Jo Robb, District Councils (non-voting) Steve Moran, Pension Scheme Member (non-voting)
Local Pension Board Members:	Alistair Bastin
By Invitation:	John Arthur (Independent Investment Adviser) David Vickers (Chief Investment Officer, Brunel)
Officers:	Sean Collins (Service Manager, Insurance and Money Management), Mukhtar Master (Governance & Communications Manager), Gregory Ley (Financial Manager – Pension fund Investment), Josh Brewer (Responsible Investment Officer), Anna Lloyd (Governance & Communications Officer) Sharon Keenlyside (Senior Democratic Services Officer), Jack Ahier (Democratic Services Officer)

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

62/24 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS
(Agenda No. 1)

Apologies for absence were received from Alistair Fitt.

63/24 DECLARATIONS OF INTEREST - SEE GUIDANCE NOTE
(Agenda No. 2)

There were none.

64/24 PETITIONS AND PUBLIC ADDRESS

(Agenda No. 3)

Kate Robinson, Staff-Led Climate Action Group, Oxfordshire County Council addressed the meeting on Item 10.

65/24 MINUTES OF PREVIOUS MEETING

(Agenda No. 4)

The minutes of the meeting held on 1 December 2024 were agreed as a correct record subject to the following amendments:
Page 2, 48/23, Line 2 should read Alistair Bastin;
Page 7, 57/23, Line 3 should read "The Committee thanked Sally Fox".

66/24 MINUTES OF THE LOCAL PENSION BOARD

(Agenda No. 5)

RESOLVED: that the minutes of the Local Pension Board were noted.

67/24 PRIVATE EQUITY REVIEW

(Agenda No. 6)

The Committee Clerk read out the exempt statement.

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

RESOLVED to note the Private Equity Review.

68/24 REPORT OF THE INDEPENDENT FINANCIAL ADVISER

(Agenda No. 7)

The Independent Financial Advisor, John Arthur, presented the report to the Committee.

The Fund rose by 4.7% in the fourth quarter of 2023 which was slightly below the benchmark of 5%, driven mainly by Private Equity underperforming their benchmarks. This underperformance of the Fund was a continuation of the trend of the past few years. However, the returns of 7.4% p.a. for the last 10 years were above the Funds' actuarial discount rate assumption.

The Independent Financial Advisor discussed Government Bond Yields and changes in the US and UK economy, including the effects of the rapid rise in interest rates, high inflation and high wage inflation.

The Committee discussed Private Equity markets and the concern that part of the Private Equity business model during the past 10 years had been the use of cheap debt to boost returns.

The Independent Financial Advisor supported Brunel's work on the UK Equity Mandate as explained on page 27of the report.
A member of the Committee was concerned about the UK Equity Mandate and the exclusion of the FT-100 companies which may align with the Funds' investment values and strategy and would deliver growth for the Funds' Portfolio. The Independent Financial Advisor explained that a lower carbon impact was likely to be found in UK Smaller Companies outside of the FT-100 index and most long-term data showed that smaller companies grew at a rapid rate and outperformed over multi decade periods. It was more in line with the Funds' investment policies.
Within the mandate description to underlying managers was the ability to hold 25% of the portfolio off benchmark.

The Chair thanked the Independent Financial Advisor for the report.

RESOLVED to:

- **a) note the report of the Independent Financial Advisor,**
- **b) agree that the Committee does not increase its exposure to Private Equity after consideration of the report of the Independent Investment Advisor,**
- **c) agree to invite M&G Investments UK to the September Committee meeting and receive a presentation from them.**

69/24 ANNUAL REVIEW OF INVESTMENT PERFORMANCE
(Agenda No. 8)

The Committee received a presentation from David Vickers, Chief Investment Officer, Brunel which covered the main issues arising from the performance of the Brunel portfolios over the past year and highlighted key issues for the forthcoming year.

The Chief Investment Officer, Brunel explained to the Committee that the role of Brunel was to run the portfolios on behalf of the Fund according to the mandates set by the Fund. The advantages of the UK Smaller Companies mandate was a reduced basis risk, they were more likely to be companies with lower carbon impact, gave higher returns and gave 60% exposure to the UK domestic economy.

Officers explained to the Committee that the Fund's liabilities were UK based because they rise with UK inflation and therefore UK smaller companies were a better match.

A Committee member raised a concern that in excluding all companies within FT-100, a company may be excluded that did reflect the UK economy and was low carbon.
The Chief Investment Officer Brunel explained that within the mandate there was 25% held off benchmark that would allow underlying managers to invest in companies within FT-100 should they wish to.

The Chief Investment Officer Brunel discussed the performance of individual portfolios within Brunel and the rationale behind them, particularly focussing on investments with infrastructure elements.

The Chair thanked the Chief Investment Officer for the Annual Review of Investment Performance.

RESOLVED to note the Annual Review of Investment Performance.

70/24 REVIEW OF POST-POOLING INVESTMENT COSTS

(Agenda No. 9)

The Committee had before it a report, as requested by the Committee at the last meeting, which provided an analysis of the management fees payable by the Pension Fund pre-and post-pooling.

Gregory Ley, Financial Manager – Pension Fund Investment, presented the report to the Committee.

The Chair thanked the Financial Manager – Pension Fund Investment, for the report.

RESOLVED to note the report.

71/24 DRAFT RESPONSIBLE INVESTMENT POLICY

(Agenda No. 10)

The Committee were in receipt of a report which set out the draft Responsible Investment Policy.

The Chair invited the speaker to address the committee.

The Speaker represented a Staff-led Climate Action Group who endeavoured to keep up to date with the work of Oxfordshire County Council and its Pension Fund to ensure that the Fund were investing in a sustainable and fair future.
The Group was impressed by the Climate Report which the Wiltshire Pension Fund has published to demonstrate its commitment to addressing the climate emergency. They felt that this report was clear, comprehensive, and easily accessible for its pension scheme members to understand. The report showed active scrutiny of the top 10 emitters and a clarity of vision when directing the Brunel Pension Fund to divest from specific companies, such as Suncore and MEG Energy, due to their lack of action in transitioning to, and their core business aims being incompatible with, a zero-carbon future. They were also impressed by Wiltshire's focus on the positive case studies which showed where investments had been made in local and zero-

carbon initiatives, such as delivering 226 modular houses in East Sussex and carbon neutral greenhouses.
The Group appreciated that the Oxfordshire Pension Fund was currently undertaking improvements on communicating with its members on its holdings and approach, for example with the quarterly list of holdings. They observed that the material available did not give the sort of accessible information presented by Wiltshire on ways in which the fund was addressing the challenges posed by climate change.
The Group asked that the Pension Fund reviewed the work it was undertaking in this area and that the Fund consider the benefits of the Wiltshire approach.
Due to the lack of accessible communications from Oxfordshire Pension Fund, the Group were unclear on what the stance was in relation to MEG Energy and Suncore investments, as well as other top emitters.

The Chair thanked the speaker.

Committee members discussed concerns regarding the lack of information on the Oxfordshire County Council Pension Fund website pages and suggested that plans to improve it were added to the Business Plan.

Josh Brewer, Responsible Investment Officer, presented the report to the Committee.

The Fund had identified the following four priorities for its responsible investment activities: Climate Change, Nature and Biodiversity, Human Rights, including Supply Chain Labour Standards and Slavery and Governance.

If approved, the draft policy would go out to formal consultation to stakeholders.
Once approved, a more detailed strategy would be developed to monitor progress and ensure commitments were being met through this policy.

Committee members felt that the draft Responsible Investment Policy was a clear report that reflected the discussions from the workshop and an excellent starting point. It was felt that the Councils excellent Communications Team could be better engaged and used more effectively. Officers noted that whilst greater transparency was always welcomed, there needed to be care when discussing the Fund’s position in relation to individual company holdings to avoid breaching the Market Abuse Regulations.

Members enquired as to how public health was incorporated into the draft policy. The Responsible Investment Officer explained that public health was part of the human rights section – a very broad subject that needed to be narrowed down. The officer agreed to review the draft policy to see how public health could be integrated and shown more clearly.
The policy was a live document that would be constantly reviewed and any new issues that emerged would be integrated into the policy.

RESOLVED to agree the draft Responsible Investment Policy as presented at Annex 1 to the report as the basis of a consultation exercise with key Fund Stakeholders.

72/24 REPORT OF THE LOCAL PENSION BOARD
(Agenda No. 11)

Alistair Bastin, Local Pension Board Scheme Representative, gave an update to the Committee.

The Board had reviewed the Regulators General Code of Practice and had asked for a quarterly report to discuss compliance.

The Board raised concerns regarding succession planning following the retirement of a key officer of the Pension Fund and with another key officer retiring this year.

The Chair confirmed that there was a report on compliance with the General Code of Practice on the agenda.

RESOLVED that the Committee noted the comments of the Board.

73/24 ANNUAL BUSINESS PLAN 2024/25
(Agenda No. 12)

Sean Collins, Service Manager Pensions, presented the report to the Committee.

The report set out the business plan and budget for the Pension Fund for 2024/25 and key priorities for the Fund as agreed at the workshop, detailedd the key service activities for the year, and included the proposed budget and cash management strategy for the service. The report also reviewed 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.

Members asked if there had been feedback from Hymans regarding criticism of the knowledge assessment. Members felt that the test included knowledge that members were not required to know. The Service Manager had contacted Hymans who had argued that it was a difficult balance, and they were expecting government guidance on this. Hymans expected Committee members to have sufficient knowledge & skills to be able to robustly challenge advice from officers and advisors.
Members made the point that there was no opportunity for learning from the test itself and asked for this to be fed back to Hymans.
The Service Manager spoke about having training and knowledge recognised in terms of special responsibility allowances. The Pension Fund Committee members had a training burden that was greater than other committees.

The Service Manager reported to the Committee that an escalation policy leading to selective divestments had been agreed with Brunel and other partner Funds. Specific targets had been agreed for 2024, with more ambitious targets provisionally agreed for 2025. This would be reported to Committee in the June meeting. Some parts of the report may be confidential due to potential impact on individual companies, and the needs to comply with the Market Abuse Regulations.

The Committee went into private session to discuss annex 2.

The committee clerk read out the exempt statement.

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

The Committee opened the meeting to the public.

The Service Manager Pensions highlighted 3 priority areas identified in the workshop on 15 January and introduced the first of these as: further improvements to Governance – workforce planning, succession planning for two key posts, code of practice compliance and essential skills and knowledge.

Members enquired about succession planning and were informed that a job advertisement had been drafted to replace key officers and should go out next week. It was hoped that a replacement for the Service Manager Pensions would be able to start before the current officer leaves to enable a hand-over period. The position of Pension Services Manager was being covered by the Service Manager Pensions and the team leaders. There was a national shortage of skilled staff in this field and Hymans would find it difficult to provide temporary cover.

If a suitable candidate cannot be found, it was suggested that support could be sought from a colleague elsewhere in the LGPS whilst the Fund continued to recruit.

Councillor Howson asked for it to be noted that it was not possible for the Committee to do its work properly when the recruitment process was slow in advertising for key members of staff.

The Service Pensions Manager highlighted the second priority in the plan which was to improve the operational effectiveness of pension administration, improving data collection processes and to continue to develop the website, and the third priority to review the Investment Strategy Statement in light of the 2005 Valuation, Government policy, cashflow requirements and the responsible investment priorities.

RESOLVED 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 agreed in the exempt minutes.**
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.

74/24 RISK REGISTER REPORT
(Agenda No. 13)

Sean Collins, Service Manager Pensions, presented the report to the Committee which set 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. The report also set out any progress on the mitigation actions agreed for those risks not yet at target and identified any changes to the risks which had arisen since the register was last reviewed.

RESOLVED that the Committee noted the latest risk register and accepted that the risk register covered all key risks to the achievement of their statutory responsibilities, and that the mitigation plans, where required, are appropriate.

75/24 GOVERNANCE AND COMMUNICATIONS REPORT
(Agenda No. 14)

RESOLVED to defer this item due to time constraints.

76/24 WORKFORCE PLANNING REPORT
(Agenda No. 15)

RESOLVED to defer this item due to time constraints.

77/24 ADMINISTRATION REPORT
(Agenda No. 16)

The Service Manger Pensions presented the report which updated the Committee on the key administration issues including service performance measurement, the debt recovery process and any write offs agreed in the last quarter.

RESOLVED to:

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

78/24 CYBER SECURITY POLICY REVIEW
(Agenda No. 17)

RESOLVED to defer this item due to time constraints.

79/24 SCHEME OF DELEGATIONS POLICY REVIEW
(Agenda No. 18)

RESOLVED to defer this item due to time constraints.

80/24 CORPORATE GOVERNANCE AND RESPONSIBLE INVESTMENT
(Agenda No. 19)

RESOLVED to defer this item due to time constraints.

.... in the Chair

Date of signing ....

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LOCAL PENSION BOARD

MINUTES of the meeting held on Friday, 3 May 2024 commencing at 10.30 am and finishing at 12.17 pm

Present:

Voting Members:	Matthew Trebilcock – in the Chair Stephen Davis Liz Hayden Angela Priestley-Gibbins Susan Blunsden
Other Members in Attendance:	Councillor Bob Johnston

Officers:

Whole of meeting	Sean Collins (Service Manager (Pensions, Insurance & Money Management), Greg Ley (Financial Manager - Pension Fund Investments), Anna Lloyd (Governance and Communications Officer), Mukhtar Master (Governance & Communications Manager) and Shilpa Manek (Senior Democratic Services Officer)

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, copies of which are attached to the signed Minutes.

14/24 WELCOME BY CHAIRMAN

(Agenda No. 1)

The Chair welcomed everybody to the meeting.

15/24 APOLOGIES FOR ABSENCE

(Agenda No. 2)

Apologies for absence were received from Alistair Bastin, Lorna Baxter, Executive Director Resources and Section 151 Officer and Vicki Green, Pension Services Administration Manager.

16/24 DECLARATIONS OF INTEREST - SEE GUIDANCE NOTE BELOW

(Agenda No. 3)

No declarations of interest were received.

17/24 PETITIONS AND PUBLIC ADDRESS
(Agenda No. 4)

No petitions and public address requests were received.

18/24 MINUTES
(Agenda No. 5)

The minutes of the meeting held on 26 January 2024 were agreed as a correct record.

19/24 UNCONFIRMED MINUTES OF THE PENSION FUND COMMITTEE OF 1 MARCH 2024
(Agenda No. 6)

The Board had before it the draft minutes of the Pension Fund Committee meeting of 1 March 2024.

The Board noted the report.

20/24 REVIEW OF ANNUAL BUSINESS PLAN
(Agenda No. 7)

The Board had before it the report which set out the latest progress against the key service plan priorities in the Annual Business Plan for the Pension Fund 2023/24 and the new service priorities for 2024/25, as considered by the Pension Fund Committee at its meeting on 1 March 2024.

The Service Manager Pensions, presented the report, outlined a review of the 2023/24 Key Service Priorities, and the Service Priorities for 2024/25, and answered any questions raised.

In response to a question regarding the cash flow modelling for the Fund, in regard to the ageing population within their own small employer and whether this was representative of other admission bodies, the Service Manager Pensions responded that where other admissions bodies that were larger and open to new members, staff turnover kept the average age more stable. In situations where staff were more likely to be outsourced under closed agreements, reducing numbers and increasing average age would provide a larger risk. However, an example was provided of an employer that had outsourced the majority of their staff but was now planning to bring those staff back in-house, which in turn raised the numbers of LGPS employees.

In respect of the new priority around investment strategy, the Chair of the Pension Fund Committee commented that Pension Fund Members would be resistant to unwarranted government pressure on which investments should be considered and would not allow this to impact their fiduciary duty.

The Service Manager Pensions provided an update on the activity-based exclusions that had been provided to the Committee for review and to determine the limited use of activity-based exclusions to be appropriate. Of the four presented, two were supported on the grounds that they were consistent with the current Climate Change Policy, however the other two were considered not within the agreed policies and could set an unwelcome precedent for future exclusions. However, they requested officers review these against the Responsible Investment Policy that would be reviewed by the Committee at their next meeting.

In response to a query regarding if officers were confident of the amount of resource in place to ensure the McCloud data would be ready for August 2025, the Service Manager Pensions advised that the two temporary posts agreed by the Committee had become permanent posts to ensure sufficient resource in place. However, due to the new systems being implemented, manual workarounds had been required which had stretched the team's resources. Further guidance on the amount of work was expected in the next couple of weeks, which would provide clarity on the level of resource required.

The Board noted the report.

21/24 RISK REGISTER REPORT
(Agenda No. 8)

The Board was provided with the latest risk register which had not been considered by the Committee on 1 March 2024 due to lack of time, however the Board received reassurance that there had not been any significant changes since its last presentation at the previous Committee meeting.

The Governance and Communications Manager presented the report and highlighted that the Board had requested a report on succession planning to come to the next meeting, however this had now been mitigated. He outlined any changes since the last report and drew the Board's attention to increased risks in risk 15, insufficient skills and knowledge amongst officers, which had increased to a red 8 in relation to the Head of Fund and Pensions Administrations Manager both leaving the Council. A number of risks were removed from the register, including risk 25, the potential loss of key members of staff which was seen as a duplication of risk 15. One risk added to the register was risk 23, impact of pension scams, at the request of the Board, having previously been included as an emerging risk.

The Board noted the report.

22/24 GOVERNANCE AND COMMUNICATIONS REPORT
(Agenda No. 9)

The Board had before it the Governance and Communications Report which had not been presented to the Committee on 1 March 2024 due to lack of time.

The Governance and Communications Manager presented the report and advised the Board that the General Code of Practice had been agreed. The Governance and Communications Team had been working under the draft General Code of Practice and undertaken a preliminary review against the 51 modules as set out in the attached appendix to the report. The number of the breaches was provided, and it was advised that it should be a noted an increase of breaches should be expected due to better reporting practices under the new policy, and the detail of these were included within the report.

The Board noted the report.

23/24 GENERAL CODE OF PRACTICE UPDATE
(Agenda No. 10)

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, which provided a quarterly update on the Single Code of Practice as requested by the Board. An outline of the 51 modules which related to the five main areas was provided, and an action plan and timeline of actions was included in the attached appendices.

The Chair advised that there would be challenges in identifying which of the modules applied to the LGPS, and this was currently being reviewed by the Scheme Advisory Board, who would provide guidance to scheme providers.

The Board thanked officers and noted the report and agreed that this would be embedded into the Governance and Communications Report moving forward.

24/24 ADMINISTRATION REPORT
(Agenda No. 11)

The Board considered the latest Administration Report as presented to the Committee on 1 March 2024. The Committee had agreed to the additional staffing as set out in the report, and the Service Manager Pensions provided an update on the current issues in recruiting to the outstanding vacancies. The applications for the administrator positions were currently being reviewed. Also, it had been identified that more work should take place on in-house training, and the creation of a Technical and Training Officer would support the process reviews and all staff training.

In response to a question from the Board, the Service Manager Pensions advised that there was a national issue in recruiting to the outstanding positions and would be discussed further under the Workforce Planning Report. Whether these posts could be recruited to as remote positions was unclear due to the nature of some of the paper-based administrative tasks that were still required to be carried out.

The Chair of the Board advised that this was an issue for local government in its entirety and provided examples of similar circumstances experienced in recruiting to LGPS roles in Gloucester. The Board discussed other ways of working that could support the remote function, which would enable a wider pool of talent to be sourced.

In response to a request from the Board, the Service Manager Pensions advised that the numbers of people could be added to the detail on the Members' Self Service graphs contained within the report.

Following queries regarding the McCloud, an updated plan would be formulated following meetings due to be held the following week, and any missing returns on McCloud would be chased up. The Board acknowledged that there were expected issues with IT, and these would be worked through with the software supplier.

The Board noted the report.

25/24 CYBER SECURITY REVIEW
(Agenda No. 12)

The Board had before it a report on the Fund's review of its cyber security risk prevention and response approach initially agreed in 2022. Since that point, the Pensions Regulator had set out further requirements in the draft General Code of Practice, and the Fund had tailored its approach to ensure compliance with the General Code of Practice.

The Service Manager Pensions presented the report and the conclusion which advised that key systems and controls were in place with a mechanism to review this information on a quarterly basis.

The Board noted the report.

26/24 SUCCESSION PLANNING
(Agenda No. 13)

The Service Manager Pensions provided a verbal report to the Board on the steps being taken to secure replacements for the Head of Pensions and the Pension Services Administration Manager, both of whom were due to retire in April 2024. It was noted that the post of Pension Services Administration Manager had been appointed to from an internal post, however this had created a gap in that role, and would be discussed under the Workforce Planning Report. For the position of Head of Pensions, an offer had been made following an extensive application process, and a conditional offer would be approved the following week with a handover period planned to bring the new person on board.

The Chair requested that the new Head of Pensions provide a brief introduction or bio to the Board. The Service Manager Pensions advised that he would request this. (**ACTION**)

The Board thanked the Service Manager Pensions and noted the verbal update.

27/24 WORKFORCE PLANNING REPORT
(Agenda No. 14)

The Board had before them a report which set out the basis of providing a Workforce Strategy for the fund to ensure that the appropriate workforce was in place to deliver improved services, greater productivity and better customer focus. The Governance and Communications Manager presented the report and highlighted the issues around recruitment and succession planning, and the turnover of staff which was an issue for most funds in England and Wales.

Structural issues were identified that could be reviewed to increase efficiency and equity in workloads for staff members, and specific requirements were detailed in the report. The benefits of agile working were also highlighted in how technological advancement could support issues identified in recruiting to fund administrator roles.

The Governance and Communications Manager highlighted that this report had been presented to the previous Committee meeting, and the first recommendation had now been completed. Therefore, the Board were asked to note the second recommendation in agreeing to the development of a Workforce Strategy for the fund.

In response to a question regarding successful succession planning and team building, the Service Manager Pensions advised that the new Pension Services Manager had started work on workforce development, and produced ideas for developing a structure for the new team. Challenges had been identified and split into short-, medium- and long-term strategies, however meeting these would be dependent on successful recruitment to the outstanding posts and development of existing staff. When this had been finalised, work could start on implementing technological systems to support workload. It was recognised that remote working presented challenges with supporting new staff and building team-spirit, and the implications of succession planning without a strong team in place.

The Governance and Communications Manager emphasised the need for formulating a cohesive team, and outlined some examples of how the new team could be developed, which would be included within the Workforce Strategy.

The Board agreed that a timeline for further development of this Strategy would come to future meetings, following the implementation of the new management team.

In response to a query regarding when the Board could expect this to take place, the Service Manager Pensions advised that the Workforce Strategy principles would be finalised before the end of the year, with longer term objectives agreed.

The Board noted the report and agreed the following recommendation:

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

28/24 DRAFT RESPONSIBLE INVESTMENT POLICY
(Agenda No. 15)

The Board had before it a report from the Executive Director of Resources and Section 151 Officer on the Development of the Fund's Responsible Investment Policy submitted to the Committee on 1 March 2024. The initial draft of the Fund's first Responsible Investment Policy had been developed by the Officers following a wide engagement programme which included a survey response of over 4,000 from scheme members.

The Financial Manager – Pension Fund Investments presented the report and highlighted that the draft policy had been agreed by the Committee, and the formal consultation was now underway which included scheme members, scheme employers and key stakeholders, including Brunel, and the partner funds.

The Chair commented that the Board would have been represented in the consultation as part of the scheme employers' views and agreed with the process being followed in regard to the policy.

29/24 REVIEW OF POST-POOLING INVESTMENT COSTS
(Agenda No. 16)

The Board had before it a report of the Executive Director of Resources and Section 151 Officer which had been submitted to the Committee on 1 March 2024. The report provided an analysis of the management fees payable by the Pension Fund pre- and post-pooling and was based on data to the end of March 2023.

The Financial Manager-Pension Fund presented the report which had been prepared at the request of the Committee, however noted that there would be issues in making direct comparisons due to different fee structures such as tiered fees, and the different investment targets in place for mandates.

The Board noted the report.

30/24 ITEMS TO INCLUDE IN REPORT TO PENSION FUND COMMITTEE
(Agenda No. 17)

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

- The Board's agreement to recommendation ii) of the Workforce Strategy
- An agreed timeline for implementation of the Workforce Strategy be produced and circulated to the Board.

31/24 ITEMS TO INCLUDE IN THE AGENDA FOR NEXT BOARD MEETING
(Agenda No. 18)

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

- The TPR Code would be incorporated into the Governance and Communications Report.

.... in the Chair

Date of signing ....

The Division(s): n/a

ITEM 9

PENSION FUND COMMITTEE – 7 JUNE 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 3 May 2024. The virtual meeting was attended by Matthew Trebilcock as the independent Chairman, and four of the five current voting members of the Board. There has still been no interest in filling the remaining employer representative 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, as well as others which were on the agenda for the Committee but deferred due to a lack of time. 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 reports on cyber security, workforce planning, the draft Responsible Investment Policy and the analysis of investment management costs pre and post pooling. The Board also received an updated report on compliance with the new General Code of Practice published by the Pension Regulator, and the action plan developed to address any gaps during the 2024/25 financial year.

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 action plan for reviewing those modules of the new General Code of Practice which had been identified within the initial draft assessment as not being fully

compliant. The Board recommended that progress against this action plan should be incorporated within the standard Governance and Communication Report presented to each future meeting of both the Pension Fund Committee and the Pension Board.

5. As part of their discussions on the Administration Report, the Board recommended that future reports include the numbers of members in each category for the charts on Member Self-Service usage, i.e. total numbers active on the system, the total number who had made a decision to continue to receive communications in paper form, and the total numbers who had neither made an election to receive paper communications, nor set-up their on-line account.

6. The Board discussed the current staffing issues commenting on the information included in both the Administration and Workforce Planning, as well as the verbal report on the appointments to the posts of Head of Pensions and Pension Services Administration Manager. The Board noted the key short-term issues of recruiting to fill the current vacancies and the training and development of the workforce and welcomed the prioritisation of a new Training and Technical Officer post. The Board noted the challenges of remote working both in terms of developing a cohesive team, and in learning from colleagues, but also the fact that a more agile approach widened the field from which to recruit new staff, particularly those with relevant LGPS experience and skills. The Board endorsed the approach as recommended in the report, and noted the timescales which involved the agreement of key principles for the Workforce Strategy this year allowing time for the input of the new Head of Pensions, with the delivery of the strategy including the technological enhancements over the medium term.

Matthew Trebilcock
Independent Chairman of the Pension Board

Contact Officer: Sean Collins
Email: sean.collins@oxfordshire.gov.uk

May 2024

Division(s): n/a

ITEM 10

PENSION FUND COMMITTEE – 7 JUNE 2024

RESPONSE TO THE MINISTER FOR LOCAL GOVERNMENT

Report by the Executive Director of Resources & Section 151 Officer

RECOMMENDATION

1. **The Committee is RECOMMENDED to**
   a) review the draft response contained at Annex 1,
   b) provide any comments on the draft that they would wish to see incorporated into the final version, and
   c) note that the final version will be agreed between the Chief Executive and the Executive Director for Resources & Section 151 Officer, and submitted to Government by the agreed deadline, subject to any further clarification following the announcement of the general election.

Introduction

2. On 15 May 2024, the Minister for Local Government wrote to the Chief Executive Officer and Section 151 Officer of all administering authorities of the Local Government Pension Scheme. The letter, which followed up a similar letter on local government in general, asked each authority to set out its approach to achieving efficiencies in the management, governance and administration of their Fund and their asset pool.

3. The Minister acknowledged the strong financial position of most Funds and their commitment to scheme members but stated that he wished to see further improvements both in terms of reductions in costs and delivery of the Government's objectives as set out in the Autumn Statement.

4. The letter set out two key questions to which the Minister wanted to see a response, with each question including a number of sub-issues that the Minister wished to see addressed. The Minister requested responses, which he expected to be no more than two pages, be sent by 19 July 2024.

Draft Response

5. Since the Minister sent his letter, the Prime Minister has announced that there will be a general election on 4 July 2024. The deadline for the submission of responses therefore falls after the formation of the next Government. It is the view of Officers that the views set out in the draft response in Annex 1 will be of use to whoever takes on the role of the Minister for Local Government post the

general election, as both of the main parties have suggested similar ambitions for the Local Government Pension Scheme going forward. A request for clarification on this point has been sent to the Department for Housing, Levelling Up and Communities.

6. The draft response contained at Annex 1 has therefore sought to address the key questions and sub-issues as identified in the letter from the current Minister for Local Government.

7. The draft response highlights the considerable work undertaken by this Committee in recent years in respect of its own governance arrangements and working with the Brunel pool and warns against a rush to develop larger pension funds through merger or creation of new pension authorities. It does though acknowledge the governance challenges associated with pooling where decisions rely on consensus/comprise amongst the 10 partner funds and encourages the Government to issue the long overdue response to the Good Governance Review completed by Hymans Robertson in February 2021. This is seen as a better short-term solution allowing time to undertake the full business case necessary to assess the cost/benefits of reducing the current numbers of pension funds and pools.

Lorna Baxter
Executive Director of Resources & Section 151 Officer

Contact Officer: Sean Collins
Sean.collins@oxfordshire.gov.uk

May 2024

The Minister For Local Government
2 Marsham Street
London
SW1P 4DF

Sent via email to lgpensions@levellingup.gov.uk

Oxfordshire County Council
County Hall
New Road
OXFORD, OX1 1ND

Telephone: 01865 792422
Fax: 01865 726155

Martin Reeves
Chief Executive

Date: 7 June 2024

This matter is being dealt with by Sean Collins
Email: sean.collins@oxfordshire.gov.uk

Dear Minister

Thank you for the letter of 15 May requesting us to set out our approach to achieving efficiencies in the management, governance and administration of the Oxfordshire LGPS Fund and Brunel, our investment pool. We have set out the response under the headings included in the letter, and the response has been shared with members of the Pension Fund Committee.

1. **How will your Fund complete the process of pension asset pooling to deliver the benefits of scale?**

   a. **What proportion of assets have been pooled in your chosen LGPS asset pool? Is your fund on track to pool all its listed assets by March 2025, and if not, what are the barriers to this?**

      Oxfordshire currently has 89% of its assets invested through the Brunel pool. All listed assets have been pooled with the exception of our 5.5% allocation to listed private equity companies for which Brunel do not have FCA approval to manage on our behalf. It is expected that this allocation will remain under the management of Officers at the Fund in consultation with their Independent Financial Adviser. The remaining 5.5% has been committed to the pool and will transfer across as and when the current private investments distribute funds back to the Fund over the next few years.

   b. **Is there scope for minimising waste and duplication by making use of your LGPS asset pool's services and expertise in reporting and development of the pension investment strategy? What is your expenditure on pensions investment consultancy?**

      Oxfordshire already makes use of Brunel's services for the majority of it's investment reporting and continues to work with Brunel on further developments, particularly around reporting on responsible investment and future requirements under TCFD reporting. We are committed to utilising Brunel resources wherever it makes sense to do so, to achieve economies of scale. Whilst we consult with Brunel on the development of the Fund's Strategic Asset Allocation, we are concerned about the conflicts of interest in extending this work further, as it is the Fund that has the statutory duty to determine the appropriate asset allocation to meet the pension liabilities as they fall due within the parameters determined in consultation with our scheme employers. This work is undertaken with the support of out Independent Financial Adviser, the total cost for the service estimated at £45,000 per annum.

c. **Does your LGPS asset pool have an effective, modern governance structure in place, which is able to deliver timely decisions and ensure proper oversight? If not, what steps are you taking to make your pool's governance more effective?**

Oxfordshire and its partner funds within Brunel have recently completed a fundamental review of the governance arrangements at the pool, including the agreement to reduce the number of matters which must be determined by a vote of the Funds, and reducing the threshold which needs to be reached for these matters to be passed. There will always be challenges in the governance arrangements of the pool which requires some compromise across the 10 partner funds, a challenge which would potentially be much greater in the event of a reduction in the number of pools, whilst maintaining the number of administering authorities.

2. **How do you ensure your LGPS Fund is effective run, including consideration of governance and the benefits of greater scale?**

a. **Does your LGPS Fund have effective and skilled governance in place, which is able to hold officers, service providers and the pool to account on performance and efficiency?**

The Fund received a report from Hymans Robertson who undertook an independent review of its governance arrangements in March 2021, and has since implemented the recommendations from that review. Further assessment of our arrangements would significantly benefit from the implementation by Government of the recommendations which stemmed from the Good Governance review, also completed by Hymans Robertson, which would provide a benchmark against which the position of Oxfordshire could be better judged. The Fund has an agreed training policy in place, and members cannot sit on the Pension Fund Committee if they do not comply with the policy. The policy includes the annual assessment of the skills and knowledge of both the Committee and Board members utilising the National Knowledge Assessment tool operated by Hymans Robertson.

b. **Would you be likely to achieve long-term savings and efficiencies if your LGPS Fund became part of a larger fund through merger or creation of a larger pensions' authority?**

Oxfordshire undertook a detailed analysis of the benefits of merger alongside the Buckinghamshire and Berkshire Funds before the Government developed its pooling proposals. Whilst the pooling agenda has delivered, we believe there is merit in exploring this issue further for the benefits of the key stakeholders of the scheme (both scheme members and scheme employers). Any change though is likely to lead to significant transition costs, whether that be in consolidating current investments or in looking to standardise administration practices across the country (differences in administration processes was seen as a major challenge in the work undertaken with Buckinghamshire and Berkshire). There are also significant governance challenges to be addressed, most notably who acts to underwrite all pension liabilities, and how the current democratic oversight would be maintained. It should also be noted that cost savings are not always in the best interests of the scheme members/employers if they are delivered at the expense of investment returns. It is also the case that a number of the private market investment options being promoted by the Government involve significantly higher fund management fees that the alternative listed market offerings, especially when managed on a passive basis.

We therefore believe considerably more research needs to be undertaken before we can arrive at a considered response to this question.

Yours sincerely,

………………………………………………	………………………………………………………..
Martin Reeves	Lorna Baxter
Chief Executive	Executive Director of Resources & Section 151 Officer

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Division(s): n/a

ITEM 11

PENSION FUND COMMITTEE – 7 JUNE 2024

REVIEW OF THE ANNUAL BUSINESS PLAN AND BUDGET 2024/25

Report by the Executive Director of Resources & Section 151 Officer

RECOMMENDATION

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

Introduction

1. This report sets out the latest progress against the key service priorities set in the business plan for the Pension Fund for 2024/25 as agreed by the March meeting of this Committee.

2. The key objectives for the Oxfordshire Pension Fund as set out in the Business Plan for 2024/25 remain consistent with those agreed for previous years. These are summarised as:
   - To fulfil our fiduciary duty to all key stakeholders
   - To administer pension benefits in accordance with the LGPS regulations, and the guidance set out by the Pensons Regulator
   - To achieve a 100% funding level
   - To ensure there are sufficient liquid resources to meet the liabilities of the Fund as they fall due, and
   - To maintain as near stable and affordable employer contribution rates as possible.

3. The service priorities for the year do not include the business as usual activity which will continue alongside the activities included in the service priorities. Business as usual activities are monitored as part of the Administration Report, the Governance and Communications Report and the report on Investment Performance.

Key Service Priorities – Progress to Date

4. There were 3 key service priorities included in the 2024/25 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

5. Deliver further improvements to the governance arrangements of the Fund. The position against the 5 agreed measures of success are set out in the table below.

Measure of Success	Key Progress Achieved	Outstanding Actions
Succession Plan in place, and suitably skilled and knowledgeable replacements recruited for Head of Pensions and Pension Services Administration Manager. GREEN	Appointments agreed to both positions, with new Head of Pensions due to start on 1 August 2024. New Pension Services Administration Manager was an internal appointment and began work in role on 29 April 2024.	Complete succession arrangements to fill vacancy created by promotion to Pension Services Administration Manager.
Workforce Strategy in place. AMBER	Initial draft report presented to Pension Board, and key elements of approach endorsed.	Approach to be reviewed by new Head of Pensions, and full Strategy developed and signed off by Committee during 2024/25.
End of year compliance with General Code of Practice in line with targets set. GREEN	Outline Action Plan developed to timetable reviews across all modules.	Reviews to be completed, and actions agreed and delivered to address any gaps in compliance.
Committee satisfied they are able to evidence compliance with their policies and demonstrate the performance standards of the Fund. AMBER	Government has published new standard KPI requirements for Annual Report and Accounts effective from 2024/25 Report. Initial Discussions held with Heywood re automation of KPI reports.	Review of current processes and use of software to ensure automatic KPI reports meet requirements. Wider review of reporting to Committee to identify gaps in current assurance framework and develop suitable reports to address gaps.
Increase in average scores for the National Knowledge Assessment. AMBER	Training programme for 2024/25 developed.	All members of the Committee and Board to complete National

		Knowledge Assessment later in 2024.

6. Given we are less than 2 months into 2024/25 at the time of writing this report, there has not been sufficient time to complete sufficient work to indicate whether we are on target to deliver across all of the agreed measures of success in this area. The main positive development has been the successful recruitment process to replace the Head of Pensions and the Pension Services Administration Manager, although in the later case, the internal appointment has created a new issue further down the structure.

7. A key task for the new Head of Pensions once they are in role will be to complete the work on the Workforce Strategy and lead the development of the workforce. This is currently shown as Amber given the challenges nationally in recruiting to key roles across the LGPS, and the potential challenges of finding the resources required to develop the technological advances necessary to support an effective workforce going forward.

8. Work on ensuring compliance with the General Code of Practice has progressed during the first part of the year (as detailed with the Governance and Communications Report elsewhere on today's agenda). A timetable for the review of each relevant area covered by the Code has been agreed, and the initial reviews have been completed to timetable and no new gaps in compliance identified. Actions have been agreed to close the previously identified gaps and at the present time we remain on target to be fully compliant by the end of the year.

9. In terms of Committee reporting, whilst work is undergoing with Heywood, our system supplier, to develop automated reporting of Key Performance Indicators in line with the Government requirements for the Annual Report and Accounts, we need to undertake more work to review how we improve assurance reporting across the range of Fund Policies which provide evidence to Members that policies are being adhered too, and are delivering the expected outcomes.

10. The Measure of Success in respect of Committee and Board members National Knowledge Assessments is also currently showing Amber. This in part reflects the high turnover of membership of both the Committee and the Board, and the loss of previous skills, knowledge and experience. Officers will continue to work with all Members to ensure sufficient training opportunities are identified, which hopefully will be reflected in the Assessment scores later in 2024.

11. Deliver further operational effectiveness of the administration function, including delivery of regulatory changes. There were also 6 specific measures of success set out in the 2024/25 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
Issue all estimates/benefit calculations in line with	Some data collected and loaded, but returns	Complete collection and loading of missing data.

the McCloud requirements. AMBER	still outstanding from a number of employers.	Determine approach where historic data not available. Complete backlog of calculations in line with Government's priority guidance.
Increased Common Data and Scheme Specific Data Quality scores. GREEN	Data cleanse included as part of end of year work.	Produce regular data quality reports for Committee and action plans to address gaps.
Reduction in numbers of reported regulatory breaches/fines issued under the Administration Strategy. GREEN	New breach arrangements in place. Improved transparency in reporting to Committee.	Provide further training and support to Scheme Employers in areas of significant regulatory breaches.
Reduction in number of formal complaints. GREEN		Website improvements to improve processes and management of member expectations.
Increased customer satisfaction scores. AMBER		Review trends in member survey scores and develop action plans as necessary
Reduction in scheme costs associated with technology improvements. AMBER		Complete work plan items carried over from 2023/24. Continue to work with Heywood to develop further functionality within the System software.

12. Delivery against the McCloud Project Plan remains challenging, given the scale of the work involved, the timescales over which historic data needs to be collected, and the complexity of the remedy arrangements, which in turn is leading to delays in the development of the necessary changes to the system software. As noted within the Administration Report elsewhere on the agenda, we are behind the target deadlines set out in the project plan, with data from 32% of scheme employers still outstanding.

13. It is known that the issues facing the Fund are replicated across the rest of the LGPS (with similar challenges also reported in respect of the Fire Fighters remedy arrangements). We expect further guidance to be issued centrally, to include the approach to be taken in cases where historic data is not available (most likely to be in cases where the member moved role numerous times during the remedy period, or the members employer changed status, and/or payroll

provider during the remedy period). This, and further system developments will hopefully mitigate many of the risks in respect of delivering the project to the statutory deadlines.

14. Work across the other 5 measures of success is all built of taking forward work undertaken in 2023/24. The differences in assessment between green and amber reflect the amount of work completed to date and the evidence available to support the view we are on target to deliver by the end of 2024/25.

15. Review the Fund's Investment Strategy Statement in light of:
    - The 2025 Valuation
    - Government Policy
    - Cashflow Requirement
    - Responsible Investment Priorities

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
Clear Strategic Direction agreed for 2025 Valuation, to the satisfaction of scheme employers. AMBER	Report on today's agenda setting out key areas for Committee consideration in setting strategic direction.	Consultation with scheme employers on their desired outcomes from the 2025 Valuation. Revised Funding Strategy Statement agreed.
Revised cashflow model in place and sufficient cash in place to meet pension benefits and investment commitments as they fall due. GREEN	Report on today's agenda on potential cashflow requirements.	Cashflow model to be reviewed in light of decisions made throughout 2025 Valuation process.
Plans in place to deliver Government Policy requirements. AMBER		Await Government proposals and determine approach accordingly.
Publish Fund's first Responsible Investment Policy and Strategy Documents. GREEN	Responsible Investment Policy on today's agenda for agreement.	Develop responsible investment strategy to deliver and report on key elements of Policy
Revised Strategic Asset Allocation agreed. AMBER		Agree revised Strategic Asset Allocation in light of decisions above.

16. Work across this service priority will be a key issue for this Committee across the forthcoming year. Members will have received a training session immediately before this Committee to set the context for the work, and elsewhere on today's agenda there are reports on cash management, preparing for the 2025 Valuation and on the Responsible Investment Policy. One of the complexities across this issue is the many inter-related parts which the Committee will have to consider over the course of the year, to ensure a consistent and coherent outcome.

17. The current assessments again reflect the level of progress to date and the availability of evidence to support a view that we are on target to deliver by the end of the financial year. The work on the Responsible Investment Policy is most advanced with the final Policy document presented to the Committee today for sign off. The initial report on cashflow management is also included on today's agenda which does not indicate any significant risks to the Fund's ability to effectively meet its responsibilities.

18. The areas of greater uncertainty are the extent to which the Fund will be able to meet the expectations of scheme employers and meet the demands of Government. The level of uncertainty in respect of the latter has now increased further in light of the announcement of a general election on 4 July 2024 which will delay the publication of any Government proposals/guidance.

Budget 2024/25

19. The budget for 2024/25 was agreed as Part C of the Business Plan at £20,741,000. At this stage of the year there is insufficient information to produce a meaningful forecast of any variations to this forecast.

Training Plan

20. Part D of the Business Plan set 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. The first session focussing on the 2025 Valuation was undertaken this morning.

21. 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.

22. Over the course of the year, we will develop the monitoring of Members compliance against the Training Policy, and this information will be included alongside the review of the National Knowledge Assessment scores as part of

our assessment of the overall governance arrangements for the Fund. It is expected that this will be an area of increased focus for the new Government post the July elections.

Lorna Baxter
Executive Director of Resources & Section 151 Officer

Contact Officer
Sean Collins

May 2024

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Division(s): n/a

ITEM 12

PENSION FUND COMMITTEE – 7 JUNE 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. The risk register can be found at **APPENDIX 1**. 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. The Local Pension Board did review and consider the risk register at its last meeting on the 3 May, however there were no comments for consideration.

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. None of the risks on the risk register were deemed as increasing in their respective risk rating.

Reducing Risk

6. Risk 14 – 'Insufficient Skills and Knowledge amongst Board Members' – this has deemed to have improved from a red to amber. There is still one employer

representative vacancy for the Board, however levels of training have been good and the recent results of the Knowledge Progress Assessment have also been good for the Board.

7. Risk 15 – 'Insufficient Skills and Knowledge amongst officers' – recruitment for the Head of Service and the Pensions Administration Manager posts has reduced this risk from a red to an amber rating.

8. Risk 16 – 'Key System Failure' – the recent annual review of cyber security for the fund has been completed and had deemed that the fund has key systems and controls in place with a mechanism to review this information on a quarterly basis. On this basis the risk rating has been reduced from an amber to a green.

9. Risk 17 – 'Breach of Data Security' – general improvements with regards to cyber security arrangements and the improvements that have followed from the implementation of new and improved breach recording and reporting have meant that this risk has also been reduced from an amber to a green.

10. Risk 19 – 'Failure of Pooled Vehicle to meet local objectives' – with the implementation of climate change policy, this risk was assessed as a lower rating from amber to green.

Risks removed from the Risk Register

11. Risk 24 – 'Lack of administrative resources and knowledge for FPS, specifically with additional remedy workload and second options exercise for on call fire fighters' – has been removed as a risk from the register. This risk had been deemed an emerging risk which has now been mitigated by the recruitment of a new administrative post within the fire service.

Same Risk Rating

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

13. 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 May 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	May 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	May 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	May 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	May 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. As an open defined benefit scheme – investments are long-term.	3	2	6	↔			3	2	6	May 2024	At Target

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**		
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	↔		June 24	4	1	4	May 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	May 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 employer under-writing deficit, or bond put in place. Contribution escalation policy provides early indicator/warning.	3	2	6	↔			3	2	6	May 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	May 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	May 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	May 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	May 2024	At Target

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**		
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	2024/25	4	1	4	May 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	2	8	↓	Implement new training plan 24/25 Currently recruiting to 1 scheme employer representatives.	2023/24	4	1	4	May 2024	
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	3	2	6	↓	The Workforce Strategy and workforce planning is work to be completed and changes to workforce agreed and implemented.	Apr 2024 May 2024	3	1	3	May 2024	Awaiting publication of the Good Governance Project proposals. .
16	Key System Failure	LGPS	Operational	Technical failure	Inability to process pension payments	Pension Services Manager	Disaster Recovery Programme, and Cyber Security Policy	4	1	4	↓			4	1	4	May 2024	At Target
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	1	4	↓			4	1	4	May 2024	At Target
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	May 2024	At Target

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**		
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	1	4	↓			4	1	4	May 2024	At 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.	Insufficient 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	May 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	↔	Still awaiting data from some employers. A plan is in place to bring the project up to date.	On-Going	2	2	4	May 2024	Above target
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	May 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	↔			3	1	3	May 24	At target

Division(s): n/a

ITEM 13

PENSION FUND COMMITTEE – 7 JUNE 2024

GOVERNANCE & COMMUNICATIONS REPORT

Report by the Executive Director of Resources & Section 151 Officer

RECOMMENDATION

The Committee is RECOMMENDED to:

a) Note the Fund's update on the Pension Regulator's General Code of Practice.
b) Review and note the latest quarter's breaches for the fund.
c) Note the communications update regarding the review of the fund website.

General Code of Practice

1. The Pensions Regulator have recently published the final General Code of Practice which replaces the Code of Practice 14 for the Local Government Pension Scheme (LGPS).

2. The new General Code of Practice consists 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.

3. All funds within the Local Government Pension Scheme (LGPS) need to be compliant to the new General Code of Practice by March 2025. To this end, the Oxfordshire Pension Fund have developed a plan to ensure compliance against the 51 modules. A visual plan has been developed which shows progress against the key stages of the plan with a red/amber/green (RAG) rating to show the current status of each key stage of the plan. This plan can be seen at **APPENDIX 1**.

4. Summary of the progress regarding the General Code of Practice:

   i) The Fund has produced an action plan which has been reviewed and agreed by the Local Pension Board;
   ii) An evaluation of compliance checker systems which are on the market has been completed and the fund have purchased the Hyman's system;

iii) A detail review of two modules have been undertaken:

(1) Managing advisers and service providers (Contract monitoring);
(2) Assurance of governance and internal controls (audit)

Knowledge and Understanding – Pension Fund Committee & Local Pension Board

5. Hymans have made Version 2 of the LGPS Online Learning Academy (LOLA) available now. This has replaced Version 1 which has been completed by Committee and Board Members. Thus far only one member of the Committee and two members of the Local Pension Board have completed all 8 modules of the online training. It is recommended all Committee and Board members undertake all modules of the LOLA training.

6. All new Committee and Board members need to ensure the following training is carried out:

i) An induction on the Oxfordshire Pension Funds Policies, and either
ii) The 3-day LGA Fundamentals Course, or
iii) The 5 Core and 4 DB on-line modules of the Pension Regulators Trustee Toolkit.

Breaches for the period January to March 2024

7. 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 now the new General Code of Practice.

8. The following table shows the number of breaches in the last quarter – January to March 2024.

2023/2024					
Breach Type	**Apr-Jun (Q1)**	**Jul-Sep (Q2)**	**Oct-Dec (Q3)**	**Jan-Mar (Q4)**	**Total**
Contribution - COP	2	17	16	9	44
Data - COP	0	15	42	31	88
Other - COP	0	0	1	0	1
Data - GDPR	2	9	1	2	14
Total	4	41	60	40	145
Number escalated	2	1	4	6	
Number resolved	4	41	56	41*	
Number carried over to next quarter	Nil	Nil	4	4	

*figure includes 3 resolved cases carried over from last quarter. 1 case from Q3 and 3 cases from Q4 are outstanding.

Code of Practice Breaches

9. 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.

10. In Q4 there was one case for the committee to note. An employer has failed on three consecutive months to provide complete i-Connect data and the contributions paid did not balance. An email was sent by Pension Services highlighting the error and gave a proposal for resolution. However, the matter remains unresolved. The escalation policy has been followed and fines have been issued in line with the Administration Strategy, totalling £1,750 and are still accruing. This case has been escalated to the Pension Services Administration Manager. Any further developments will be reported back to the Pension Fund Committee.

11. This quarter a further three cases were escalated to a Team Leader and one case was escalated to the Pension Services Administration Manager and then on to the Head of Pensions. One case is still ongoing from Q3. All other Code of Practice breaches have been resolved.

Data Breaches

12. Two data breaches occurred this quarter. In one case, a letter was sent to an incorrect address. The case was escalated to the Team Leader, our records were updated, however we are awaiting the final closure from the Information Management Team. In the other, a member was migrated from Prudential to Legal and General in error. As a result, all relevant personal information which was required to facilitate the migration was sent to Legal and General. This matter is still outstanding.

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

Communications Update: Review of Fund Website

14. A project to review the arrangements for the Pension Fund website has recently commenced. This project will review the needs of the service against what the website currently offers, to ensure that the future website is appropriate for the fund. This work will culminate in a business case showing the various options with associated costs, and a recommendation for a way forward.

Lorna Baxter
Executive Director of Resources

Contact Officer: Mukhtar Master Tel: 07732 826419 June 2024

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Oxfordshire Pension Fund
General Code of Practice Action Plan 2024/5

Project Stage		Action/task	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25
Project Initialisation	1	Evaluate compliance checkers on the market.													
	2	Research how other funds are tackling the their implementation of the GCOP.													
	3	Purchase compliance checker													
	4	Determine which of the 51 modules apply to the fund													
Module Review 1	5	TGB010 – Managing advisers and service providers (Contract monitoring)		Amber rated	Amber rated			Review actions							
	6	TGB033 – Assurance of governance and internal controls (audit)		Amber rated	Amber rated			Review actions							
	7	CAD014 – Audit requirements		Not applicable to the LGPS											
Module Review 2	8	TGB014 – Recruiting to governing body													
	9	TGB017 – Governing Body's working knowledge of pensions													
Module Review 3	10	TGB016 – Remuneration Policy (best practice)													
	11	CAD001 – General principles for member communications													
	12	CAD010 – Publishing information about public service pension schemes													
Module Review 4	13	ADM001 - Administration													
	14	TGB022 – Continuity Planning (pending recruitment of new Pension Services Manager)													
Module Review 5	15	ADM002 – Financial transactions													
	16	ADM007/8/11 – contribution monitoring													
	17	CAD016 – Short service refunds													
Module Review 6	18	ADM003 – Scheme records													
	19	ADM006 – Data monitoring													
	20	ADM015 – Maintenance of IT systems													
	21	ADM016 – Cyber controls													

Scheduled tasks
Completed
Some requirements/actions still outstanding
Requirements/actions overdue

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Division(s): n/a

ITEM 14

PENSION FUND COMMITTEE – 7 JUNE 2024

GOVERNANCE & COMMUNICATIONS POLICY REVIEWS

Report by the Executive Director of Resources & Section 151 Officer

RECOMMENDATION

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

   a) Approve the revised Communications Policy.
   b) Approve the revised Governance Policy.
   c) Approve the revised Governance Compliance Statement.
   d) Approve the revised Breaches Policy.

Communications Policy

2. Regulation 61 of the Local Government Pension Scheme Regulations 2013 sets out the administering authority's policy requirements concerning communications with members and Scheme employers. Specifically, it states that 'an administering authority must prepare, maintain and publish a written statement setting out its policy concerning communications with members, representatives of members, prospective members and Scheme employers.'

3. Furthermore, the policy must set out the following:

   i) the provision of information and publicity about the Scheme to members, representatives of members and Scheme employers;
   ii) the format, frequency and method of distributing such information or publicity; and
   iii) the promotion of the Scheme to prospective members and their employers.

4. The fund Communications Policy was last reviewed in March 2023. The single addition to the new policy is a reference to the Employer Survey which is a new initiative which commenced in 2024. There are no other noteworthy updates to the review of the Communications Policy. The revised Communications Policy can be found at **APPENDIX 1**.

Governance Policy & Governance Compliance Statement

5. Under regulation 55 of the LGPS Regulations 2013, all Funds within the Local Government Pension Scheme (LGPS) in England and Wales are required to publish a Governance Compliance Statement.

6. The regulations prescribe the content of the Governance Compliance Statement and Governance Policy which must also be included in the annual report. The Compliance Statement and Policy should outline the overall governance structures and arrangements in place including:

- the respective roles and responsibilities of the pensions or investments committee, local pensions board and any related sub-committees or advisory panels;
- membership of each panel, board, committee or sub-committee with details of each member's voting rights, record of attendance at meetings and details of training received;
- how the CIPFA Knowledge and Skills Framework, and other training requirements, (e.g. for MIFID II and The Pensions Regulator) have been applied;
- how oversight and governance of the regional asset pool takes place;
- other key elements of the governance structure (e.g. key officers, risk management arrangements and systems of internal controls);
- policies and processes for managing conflicts of interest (e.g. Codes of Conduct, Register of Interests).

7. The main updates to Governance Policy:

- An update to reflect the change in the membership of the Pension Fund Committee, approved by full Council in November 2023;

- An update to include the mandatory training requirements for the Pension Fund Committee and Local Pension Board which was agreed at the Full Council meeting in October 2022;

- A copy of the revised Governance Policy can be found at **APPENDIX 2**.

8. The main updates to Governance Compliance Statement:

- Principle B – Representation has been updated to reflect the change in membership of the Pension Fund Committee, approved by Full Council in November 2023;

- A copy of the revised Governance Compliance Statement can be found at **APPENDIX 3**

The Breaches Policy

9. There are various legislative and regulatory requirements for Pension Funds regarding breaches:

i) Under the Pensions Act 2004, the Fund must report breaches of the law relating to the administration of the Pension Fund to the Pension Regulator and where data breaches occur to the Information Commissioner;

ii) The UK General Data Protection Regulation (UK GDPR) apply to the processing of personal data;

iii) The Pension Regulator's General Code of Practice provides practical guidance in relation to this legal requirement to Pension Funds.

10. The main update to the Breaches Policy is the fact that the Pensions Regulator has now released the new General Code of Practice which came into effect from April 2024. This new code of regulatory practice replaces the Code of Practice 14 for the LGPS. There are no other noteworthy updates to the document. A copy of the revised Breaches Policy can be found at **APPENDIX 4**.

11. The Committee is recommended to approve these four revised policy documents.

Lorna Baxter
Executive Director of Resources & Section 151 Officer

Contact Officer: Mukhtar Master
Tel: 07732 826419 May 2024

APPENDIX 1

Oxfordshire Pension Fund

Communication Policy Statement

Version: 2024

Introduction

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

Purpose

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

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

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

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

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

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

Aim

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

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

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

Communication Policy

9. The LGPS is supported nationally by websites and guidance for both employers and scheme members. Our Fund communications will reference these national resources as well as material provided by the Fund's advisors.

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

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

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

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

14. The Fund maintains a dedicated area of the website to provide resources and information about investments activity.

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

16. The Fund uses secure email, or My Oxfordshire Pension to communicate with members wherever possible, with paper letters only being sent on specific request or where no email address is available.

17. My Oxfordshire Pension is now integrated with most standard work processes.

18. Mailshots aimed at increasing take up of My Oxfordshire Pension across all membership groups are undertaken annually.

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

20. The fund informs members and Scheme Employers of material changes to the Scheme via the website, email alerts or the appropriate newsletter.

21. The Fund aims to produce communications which are factual, easy to understand and accessible.

22. The Fund strives for efficiency in delivering communications through better use of technology, whilst ensuring that the needs of all stakeholders are taken into account.

23. The Fund strives to continually improve member and employer engagement.

Review of the Policy

24. We will undertake annual reviews of the Communication Policy considering feedback invited at meetings, training, via the survey and through monthly newsletters.

Annex A

Fund Publications

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

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

Meetings and forums

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

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

Other Services

Telephone helpline to Pension Services (Low call rate) Pensioner payroll enquiry help line Employer helpline
Dedicated email addresses to Pension Services Member and employer enquiries Dedicated email address for employer monthly returns
'My Oxfordshire Pension' web portal dedicated telephone help line
Oxfordshire Pension Fund website (promoted in our publications above)
National websites (promoted in our publications above)
Customer service survey (sent to members at the end of transactions)
Employer survey (sent annually – new initiative commencing 2024)

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

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Oxfordshire Pension Fund

Governance Policy Statement

Introduction

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

- As required by the Regulations, the Statement covers:

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

Governance of the Oxfordshire Pension Fund

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

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

Oxfordshire Pension Fund Committee – Terms of Reference

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

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

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

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

Membership of the Committee

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

  a) 7 County Councillors
  b) 1 Representative of the City and District Councils of Oxfordshire
  c) 1 University representative
  d) 1 Pension Scheme Member representative.

  The 7 County Councillor members of the Committee shall have full voting rights. The other 3 representatives are all non-voting members of the Committee.

  The County Councillors will be appointed such that the majority party on the Council has a majority of seats on the Committee before taking into account the political party of the City/District representatives.

- All members appointed to the Committee shall participate in a training programme to ensure that the Committee as a whole has the appropriate skills and knowledge to fully undertake its statutory responsibilities. Named substitute members can only sit on the Committee in the event of the absence of one of the duly appointed Committee members, where they have complied with the requirements of the Training Policy.

- All Committee Members and Named Substitutes are required to

  a) attend:
     In their 1st year
       i. An induction on the Oxfordshire Pension Funds Policies, and either
       ii. The 3-day LGA Fundamentals Course, or
       iii. The 5 Core and 4 DB on-line modules of the Pension Regulators Trustee Toolkit

     In each subsequent year
       i. All pre-Committee training
       ii. A minimum of 2 days' additional training

  b) complete the annual Knowledge Assessment exercise run by Hymans Robertson; and

  c) maintain a score on the Knowledge and Assessment exercise consistent with their responsibilities as a serving member of the Pension Fund Committee or Pension Board as appropriate.

Knowledge & Skills

- All members appointed to the Committee shall participate in a training programme to ensure that the Committee as a whole has the appropriate skills and knowledge to fully undertake its statutory responsibilities.

- The Fund will produce an Annual Training Plan based on a training needs assessment for the Committee and Board. It is a mandatory requirement for Committee and Board members to undertake the required training.

- The Fund will produce an Annual Report which includes details of Committee and Board member training records and attendance.

Operational Procedures

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

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

- Each meeting of the Committee will be attended by the appointed independent financial advisor(s) who will provide advice on all investment matters. This advice will include drawing to the committee's attention, all appropriate matters associated with the performance of the Brunel company.

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

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

- The Committee oversee and review various other aspects of the fund including the risk register, internal controls, policies and processes for managing conflicts of interest (e.g. Codes of Conduct, Register of Interests).

- The governance arrangements for the Brunel Pension Partnership investment pool are set out in the Shareholders Agreement and supported by the Service Agreement signed by the Brunel company and the 10 partnership LGPS funds. Oversight of the performance of the Brunel company is undertaken by the Brunel Oversight Board which consists of one member representing each Fund. Oxfordshire's representative is selected following the establishment of the new Committee after the full Council elections. The Shareholders Agreement sets out those matters which can only be taken forward following a vote of the 10 shareholders – Oxfordshire have delegated the responsibility for exercising their vote to the Section 151 Officer, following consultation with the Committee as appropriate.

- As 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.

Local Pension Board

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

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

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

- All Board Members are required to

  a) attend:
  In their 1st year
     i. An induction on the Oxfordshire Pension Funds Policies, and either
     ii. The 3-day LGA Fundamentals Course, or
     iii. The 5 Core and 4 DB on-line modules of the Pension Regulators Trustee Toolkit

  In each subsequent year
     i. All pre-Committee training
     ii. A minimum of 2 days' additional training

b) complete the annual Knowledge Assessment exercise run by Hymans Robertson; and

c) maintain a score on the Knowledge and Assessment exercise consistent with their responsibilities as a serving member of the Pension Fund Committee or Pension Board as appropriate.

Informal Governance Arrangements

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

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

- The Fund have established a Governance and Communications Team with a Governance & Communications Manager and two Officer. The team is tasked with supporting the Committee and Board on all governance matters, including:
    a) The General Code of Practice;
    b) The Risk Register;
    c) The Breaches Register;
    d) The Training Plan.

Oxfordshire Pension Fund

Governance Compliance Statement

Principle A – Structure

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

Please use this space to explain reasons for non-compliance

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

Principle B – Representation

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

Please use this space to explain reasons for non-compliance.

Academies and smaller scheme employers are not represented on the committee. Further to a review of committee membership, it was deemed that representation from Academies did not add any further value to the work committee. Additionally, the lower number of voting members to accommodate the Academy representatives had increased the risk of the committee being inquorate.

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

Principle C – Selection and Role of Lay Members

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

Please use this space to explain reasons for non-compliance

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

Principle D – Voting

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

Please use this space to explain reasons for non-compliance

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

Only the County Councillor members of the Committee have a vote to ensure that the interests of the County Council as Administering Authority are appropriately protected, and to avoid the need for unwieldy numbers to protect the majority voting position for the majority party on the Council as required under the Local Government Act. This position is set out in full in the Governance Policy.

Principle E – Training/Facility Time/Expenses

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

Please use this space to explain reasons for non-compliance

Please use this space if you wish to add anything to explain or expand on the ratings given above: The Committee approve a training budget each year as a specific part of the business planning purpose. Training sessions are arranged to take place before all Committee meetings. External training courses are brought to the attention of Committee members. Training is provided free of charge, with all legitimate expenses reimbursed.

Principle F – Meetings (frequency/quorum)

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

Please use this space to explain reasons for non-compliance

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

Principle G – Access

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

Please use this space to explain reasons for non-compliance

Please use this space if you wish to add anything to explain or expand on the ratings given above: All information on which decisions at the main Committee are based is equally available to all Members. A monthly briefing is provided to the Chair and the Deputy Chair.

Principle H – Scope

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

Please use this space to explain reasons for non-compliance

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

Principle I – Publicity

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

Please use this space to explain reasons for non-compliance

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

APPENDIX 4

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

A Procedure for Reporting Breaches of the Law to the Pensions Regulator

Oxfordshire Pension Fund

Introduction

1 The Pensions Regulator published the final General Code of Practice document in March 2024 which replaced the existing 15 codes of practice. This is not a statement of law of itself, but nonetheless it carries great weight. In some respects, it is like the Highway Code, in that some of its contents refer to statutory items, whilst others are advisory. The Courts may however also rely on the latter. In the same way, if determining whether any pensions related legal requirements have been met, a court or tribunal must consider the Code.

2 The new General Code consists of 51 modules which relate to 5 main areas:

i. Governing Body
ii. Funding and Investments
iii. Administration
iv. Communications and Disclosure
v. Reporting to TPR

There are several modules in the Code which cover monitoring and reporting breaches of the law.

3 Subject to the legislative and regulatory requirements of the Code of Practice, the Pensions Act 2004 and the UK General Data Protection Regulation (UK GDPR), there is a statutory duty to report material breaches of the law to the Regulator or the Information Commissioner (ICO). To assist, the Code states that a procedure should be established to ensure that those with a responsibility to make reports are able to meet their legal obligations. This document is that procedure, which relates to all of the Fund’s areas of operation.

4 Much of the text herein is drawn from the Code itself. Where it has been, the Regulator’s copyright applies.

5 If you have any questions about this procedure and:

- You are a member of the Pension Fund Committee, Local Pension Board or you are an external adviser, please contact the Head of Pensions by emailing pension.services@oxfordshire.gov.uk;
- You are an actuary, auditor or other external agent; please contact the Head of Pensions
- You represent an employer; please contact the Pensions Services Manager by emailing pension.employers@oxfordshire.gov.uk;
- You are an officer of the Fund, and you work in Administration, please contact Pension Services Manager or Head of Pensions

Legal requirements

6 Stakeholders are required to report breaches of the law to the Regulator where they have reasonable cause to believe that:

- A legal duty which is relevant to the administration of the scheme has not been, or is not being, complied with;
- The failure to comply is likely to be of material significance to the Regulator in the exercise of any of its functions.

7 Stakeholders who are subject to the reporting requirement ('reporters') for public service pension schemes are:
  - Scheme managers (meaning, in the case of the OPF the Pension Fund Committee)
  - Members of the pension board - any person who is otherwise involved in the administration of the Fund (all of the Fund's officers);
  - Employers, and any participating employer who becomes aware of a breach should consider their statutory duty to report, regardless of whether the breach relates to, or affects, members who are its employees or those of other employers;
  - Professional advisers including auditors, actuaries, legal advisers and fund managers; and
  - Any person who is otherwise involved in advising the managers of the scheme in relation to the scheme (and thus the Fund's External advisers).

Reasonable cause

8 Having 'reasonable cause' to believe that a breach has occurred means more than merely having a suspicion that cannot be substantiated.

9 Reporters should ensure that where a breach is suspected, they carry out checks to establish whether or not a breach has in fact occurred. For example, a member of a funded pension scheme may allege that there has been a misappropriation of scheme assets where they have seen in the annual accounts that the scheme's assets have fallen. However, the real reason for the apparent loss in value of scheme assets may be due to the behaviour of the stock market over the period. This would mean that there is not reasonable cause to believe that a breach has occurred.

10 Where the reporter does not know the facts or events around the suspected breach, it will usually be appropriate to consult the Head of Pensions or Pension Services Manager, regarding what has happened. It would not be appropriate to check in cases of theft, suspected fraud or other serious offences where discussions might alert those implicated or impede the actions of the police or a regulatory authority. Under these circumstances the reporter should alert the Regulator without delay.

11 If the reporter is unclear about the relevant legal provision, they should clarify their understanding of the law to the extent necessary to form a view.

12 In establishing whether there is reasonable cause to believe that a breach has occurred, it is not necessary for a reporter to gather all the evidence which the

Regulator may require before taking legal action. A delay in reporting may exacerbate or increase the risk of the breach.

Material significance

13 In deciding whether a breach is likely to be of material significance to the Regulator, it would be advisable for the reporter to consider the:

- Cause of the breach;
- Effect of the breach;
- Reaction to the breach; and
- The wider implications of the breach.

14 When deciding whether to report, those responsible should consider these points together. Reporters should take into account expert or professional advice, where appropriate, when deciding whether the breach is likely to be of material significance to the Regulator.

15 The breach is likely to be of material significance to the Regulator where it was caused by:

- Dishonesty;
- Poor governance or administration;
- Slow or inappropriate decision making practices;
- Incomplete or inaccurate advice; or
- Acting (or failing to act) in deliberate contravention of the law.

16 When deciding whether a breach is of material significance, those responsible should consider other reported and unreported breaches of which they are aware. However, historical information should be considered with care, particularly if changes have been made to address previously identified problems.

17 A breach will not normally be materially significant if it has arisen from an isolated incident, for example resulting from teething problems with a new system or procedure, or from an unusual or unpredictable combination of circumstances. But in such a situation, it is also important to consider other aspects of the breach such as the effect it has had and to be aware that persistent isolated breaches could be indicative of wider scheme issues.

Effect of the breach

18 Reporters need to consider the effects of any breach, but with the Regulator's role in relation to public service pension schemes and its statutory objectives in mind, the following matters in particular should be considered likely to be of material significance to the Regulator:

- Local Board and Pension Fund Committee members not having the appropriate degree of knowledge and understanding, which may result in the Board not fulfilling its role, the Fund not being properly governed and administered and/or the Pension Fund Committee breaching other legal requirements;

- Local Board and Pension Fund Committee members having a conflict of interest, which may result in them, being prejudiced in the way that they carry out their role, ineffective governance and administration of the scheme and/or the Pension Fund Management Panel breaching legal requirements;
- Adequate internal controls not being established and operated, which may lead to the Fund not being run in accordance with the Scheme's Regulations and other legal requirements, risks not being properly identified and managed and/or the right money not being paid to or by the Fund at the right time;
- Accurate information about benefits and Scheme administration not being provided to Scheme members and others, which may result in members not being able to effectively plan or make decisions about their retirement;
- Appropriate records not being maintained, which may result in member benefits being calculated incorrectly and/or not being paid to the right person at the right time;
- Anyone involved with the administration or management of the Fund misappropriating any of its assets, or being likely to do so, which may result in assets not being safeguarded; and
- Any other breach which may result in the Fund being poorly governed managed or administered.

19 Reporters need to take care to consider the effects of the breach, including any other breaches occurring as a result of the initial breach and the effects of those resulting breaches.

Reaction to the breach

20 Where prompt and effective action is taken to investigate and correct the breach and its causes and, where appropriate, notify any affected members, the Regulator will not normally consider this to be materially significant.

21 A breach is likely to be of concern and material significance to the Regulator where a breach has been identified and those involved:

- Do not take prompt and effective action to remedy the breach and identify and tackle its cause in order to minimise risk of recurrence;
- Are not pursuing corrective action to a proper conclusion;
- Fail to notify affected scheme members where it would have been appropriate to do so.

Wider implications of the breach

22 Reporters should consider the wider implications of a breach when they assess which breaches are likely to be materially significant to the Regulator. For example, a breach is likely to be of material significance where the fact that the breach has occurred makes it appear more likely that other breaches will

emerge in the future. This may be due to the scheme manager or pension board members having a lack of appropriate knowledge and understanding to fulfil their responsibilities or where other pension schemes may be affected. For instance, public service pension schemes administered by the same organisation may be detrimentally affected where a system failure has caused the breach to occur.

Types of Breaches

Data Breaches;

22. Where a breach of security leads to the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to, personal data. This includes breaches that are the result of both accidental or deliberate causes. It also means that a breach is more than just about losing personal data.

23. A personal data breach can be broadly defined as a security incident that has affected the confidentiality, integrity or availability of personal data.

TPR Code of Practice Breaches:

24. These can occur for a wide variety of tasks normally associated with the administrative function of the scheme including but not limited to: -

25. **Scheme Record keeping** - Failure of employers to provide timely and accurate data for the scheme manager to fulfil their legal obligations such as when an employee joins or leaves the scheme, changes their circumstances or transfers employment between scheme employers;

26. **Maintaining contributions** - Contribution breaches occur when an employer fails to make a timely payment or consistently pays an incorrect amount. The fund are currently developing and implementing an 'Employer Contribution Escalation Policy. The policy will clearly outline the employer responsibility for payment and the fund steps for escalation which would ultimately lead to a contribution breach;

27. **Provision of information to members** - Failure to disclose information about benefits and scheme administration to relevant parties including provision of annual benefit statements to scheme members or other information as outlined under the Disclosure of Information Regulations 2013.

Examples of Code of Practice breaches

Example 1

28. An employer is late in paying over employee and employer contributions, and so late that it is in breach of the statutory period for making such payments. It is contacted by officers from the administering authority, it immediately pays the moneys that are overdue, and it improves its procedures so that in future

contributions are paid over on time. In this instance there has been a breach but members have not been adversely affected and the employer has put its house in order regarding future payments. The breach is therefore not material to the Regulator and need not be reported.

Example 2

29. An employer is late in paying over employee and employer contributions, and so late that it is in breach of the statutory period for making such payments. It is also late in paying AVCs to the Prudential. It is contacted by officers from the administering authority, and it eventually pays the moneys that are overdue, including AVCs to the Prudential. This has happened before, with there being no evidence that the employer is putting its house in order. In this instance there has been a breach that ***is*** relevant to the Regulator, in part because of the employer's repeated failures, and also because those members paying AVCs will typically be adversely affected by the delay in the investing of their AVCs.

Example 3

30. An employer is late in submitting its statutory year-end return of pay and contributions in respect of each of its active members and as such it is in breach. Despite repeated reminders it still does not supply its year-end return. Because the administering authority does not have the year-end data it is unable to supply, by 31 August, annual benefit statements to the employer's members. In this instance there has been a breach which ***is*** relevant to the Regulator, in part because of the employer's failures, in part because of the enforced breach by the administering authority, and also because members are being denied their annual benefits statements.

Example 4

31. A member of the Pension Fund Committee, who is also on the Property Working Group, owns a property. A report is made to the Property Working Group about a possible investment by the Fund, in the same area in which the member's property is situated. The member supports the investment but does not declare an interest and is later found to have materially benefitted when the Fund's investment proceeds. In this case a material breach ***has*** arisen, not because of the conflict of interest, but rather because the conflict was not reported.

Example 5

32. A pension overpayment is discovered and thus the administering authority has failed to pay the right amounts to the right person at the right time. A breach ***has*** therefore occurred. The overpayment is however for a modest amount and the pensioner could not have known that (s) he was being overpaid. The overpayment is therefore waived. In this case there is no need to report the breach as it is not material.

Example of a Data Breach

33. Common examples of data breaches would be when the pensions administration inadvertently send information containing personal member data, such as pension estimates, annual statements or other information to a wrong address or email. If the breach is for only one member, then that would not be a material breach. However, if the data breach involved many members, then the breach would be material.

Internal Procedure

34. Steps to follow once a breach has been identified:

    a. Record/Report breach on the internal breaches log (Excel) and on SASHA (https://sasha.oxfordshire.gov.uk/support/home). The internal breaches log can be found in the following location:

    b. Report breach to the Governance & Communications Team. At this point a determination and assessment of whether the breach is material is made in consultation with the Head of Fund. (See Paragraph 35 for how a material breach is reported to the Regulator). At this point, at the discretion of the Head of Fund, the Chair of the Pension Fund Committee may be informed and consulted;

    c. Quarterly Reporting of breaches to the Pension Fund Committee and the Local Pension Board. Each quarter Committee and Board will receive a report providing the following information on breaches:

        - Number of breaches;
        - Types of breaches (Data or Code of Practice);
        - Action taken.

Reporting a Code of Practice Breach to the Regulator

35. Before you submit a report you should obtain clarification of the law around the suspected breach. If:
    - You are a member of the Pension Fund Management Panel, Advisory Panel, Local Board or you are an external adviser, please contact the Head of Pensions
    - You are an actuary, auditor or other external agent; please contact the Head of Pensions
    - You represent an employer; please contact the Pensions Services Manager;
    - You are an officer of the Fund and you work in Administration, please contact your Pension Services Manager or Head of Pensions.

36. The person you contact will consider in the round whether the Regulator would regard the breach as being material. They will also clarify any facts, if required. If the case is a difficult one they will seek advice, as required.

37. Some matters could be urgent, if for example a fraud is imminent, whilst others will be less so. Non-urgent but material breaches should be reported to the Regulator within 30 working days of them being confirmed, and in the same time breaches that are not material should be recorded.

38. Some breaches could be so serious that they must always be reported, for example a theft of funds by anyone involved with the administration or management of the Fund. It is difficult to be definitive about what constitutes a breach that must always be reported, but one test is: might it reasonably lead to a criminal prosecution or a serious loss in public confidence?

39. Any report that is made (which must be in writing and made as soon as reasonably practicable) should be dated and include as a minimum:

- Full name of the Fund;
- Description of the breach or breaches;
- Any relevant dates;
- Name of the employer or scheme manager (where known);
- Name, position and contact details of the reporter; and
- Role of the reporter in relation to the Fund.

40. Additional information that would help the Regulator includes:

- The reason the breach is thought to be of material significance to the Regulator;
- The address of the Fund;
- The pension scheme's registry number (if available); and
- Whether the concern has been reported before.

41. Reporters should mark urgent reports as such and draw attention to matters they consider particularly serious. They can precede a written report with a telephone call, if appropriate.

42. Reporters should ensure they receive an acknowledgement for any report they send to the Regulator. Only when they receive an acknowledgement can the reporter be confident that the Regulator has received their report.

43. The Regulator will acknowledge all reports within five working days of receipt, however it will not generally keep a reporter informed of the steps taken in response to a report of a breach as there are restrictions on the information it can disclose.

44. The reporter should provide further information or reports of further breaches if this may help the Regulator to exercise its functions. The Regulator may make contact to request further information.

45. Breaches should be reported as soon as reasonably practicable, which will depend on the circumstances. In particular, the time taken should reflect the seriousness of the suspected breach.

46. In cases of immediate risk to the Fund, for instance, where there is any indication of dishonesty, the Regulator does not expect reporters to seek an explanation or to assess the effectiveness of proposed remedies. They should only make such immediate checks as are necessary. The more serious the potential breach and its consequences, the more urgently reporters should make these necessary checks. In cases of potential dishonesty, the reporter should avoid, where possible, checks which might alert those implicated. In serious cases, reporters should use the quickest means possible to alert the Regulator to the breach.

Reporting a Data Breach to the Information Commission (ICO)

47. You do not need to report every breach to the Information Commissioner and should consider the likelihood and severity of the risk to people's rights and freedoms, following the breach. If a risk is likely, you must notify the Information Commissioner; if a risk is unlikely, you don't have to report it. However, if you decide you don't need to report the breach, you need to be able to justify this decision, and document it.

48. A personal data breach should be reported to the Information Commissioner without undue delay (if it meets the threshold for reporting) and within 72 hours. Reports can be made by calling the Information Commissioner helpline on 0303 123 1113 or by completing the online form on the ICO website.

Whistleblowing protection and confidentiality

49. The Pensions Act 2004 makes clear that the statutory duty to report overrides any other duties a reporter may have such as confidentiality and that any such duty is not breached by making a report. The Regulator understands the potential impact of a report on relationships, for example, between an employee and their employer.

50. The statutory duty to report does not, however, override 'legal privilege. This means that oral and written communications between a professional legal adviser and their client, or a person representing that client, while obtaining legal advice, do not have to be disclosed. Where appropriate a legal adviser will be able to provide further information on this.

51. The Regulator will do its best to protect a reporter's identity (if desired) and will not disclose the information except where lawfully required to do so. It will take all reasonable steps to maintain confidentiality, but it cannot give any categorical assurances as the circumstances may mean that disclosure of the reporter's identity becomes unavoidable in law. This includes circumstances where the regulator is ordered by a court to disclose it.

52. The Employment Rights Act 1996 (ERA) provides protection for employees making a whistleblowing disclosure to the regulator. Consequently, where individuals employed by firms or another organisation having a statutory duty

to report disagree with a decision not to report to the regulator, they may have protection under the ERA if they make an individual report in good faith. The Regulator expects such individual reports to be rare and confined to the most serious cases.

Oxfordshire County Council whistleblowing procedure

53. The Council has its own whistleblowing procedure. The person contacted about the potential breach, eg, the Solicitor to the Fund, will take this into account when assessing the case.

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Division(s): n/a

ITEM 15

PENSION FUND COMMITTEE – 7 June 2024

ADMINISTRATION REPORT

Report by the Executive Director of Resources & Section 151 Officer

RECOMMENDATION

The Committee is RECOMMENDED to note the upcoming issues the pension administration team face and agree to the approach of the report to manage these.

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. The two key posts of Head of Pensions and Pension Services Administration Manager have both been filled since the last meeting. Vicki Green was promoted internally and is already in post as Pension Services Administration Manager. Mark Smith will take up his role as Head of Pensions with effect from 1 August 2024.

3. Vicki's promotion leaves a Team Leader vacancy in the benefit administration team. We are looking to fill this gap short-term by delegating down responsibility of line management to Senior Administrators, whilst we look at workforce planning. Overall, the team is carrying vacancies of 4 Administrators and 1 Pension Support Officer, which are currently being recruited.

4. A Technical Training Officer post has been created to grow and develop our existing team to fill the gaps. At the point of writing this report we have just appointed an internal candidate due to start in June 2024.

5. The 2 Senior Administrator vacancies reported in the March report are still vacant. Recruitment at Senior Administrator level has been a challenge with no external applicants and gaps in knowledge and skill to enable existing internal staff to progress. The internal appointment to the Technical Training Officer increases the number of Senior vacancies to three, but it is hoped that in the medium term this new role will help develop appropriate succession planning across all roles. In

the meantime, we are working with the Council's Talent Acquisition and Resourcing Team to recruit to the 3 Senior roles.

6. As part of the longer-term approach, the team managers are carrying out workforce planning to review the current team structure, positions, and their responsibilities. This is at early stages although the key principles were set out in the report to the March meeting of this Committee and endorsed by the Pension Board at their meeting in May.

Technology Development

7. In addition to the efforts to address staffing shortfalls, we are also looking to further increase the use of Altair (our pension database) streamlining processes and automating tasks, reducing manual intervention, and therefore the pressures on current staff.

8. We are also exploring better reporting and data presentation to manage and monitor workload and performance through Insights, a new reporting platform on Altair. This will also create reports for the Annual Report and Accounts and improve reporting to this Committee.

9. The third element of the technology approach is looking at creating our own bespoke website with a secure employer section, search engine, online forms, and chat bot to improve communication, increase support for pension fund customers, and reduce the need for personal responses for standard queries.

Performance Standards and Risk Management

10. The third element to addressing the current capacity issues is a review of service standards and risk management. Traditionally, all work in the Benefits Section has been undertaken by the Administrators and then double checked by the Senior Administrators. The new Pension Services Administration Manager is currently reviewing that practice to determine whether the resources tied up in the checking process are justified in terms of the risks of error, and whether these resources if employed on other tasks would reduce the overall levels of performance risk within the service in light of the current capacity restraints.

11. This review will include input from Hymans Robertson based on their experience supporting LGPS Funds across the country as well as discussions directly with colleagues in other Funds. It is currently expected that a reduced framework for checking will be introduced, with higher checking levels maintained for those tasks which lead directly to a payment, and those tasks undertaken by more recently employed staff (or where sample checking has identified performance issues), but with reduced checks for other tasks.

Performance Statistics

End of year

12. At the point of writing this report there are no end of year return outstanding; however one employer mentioned in paragraph 19 later in this report has submitted an incomplete return.

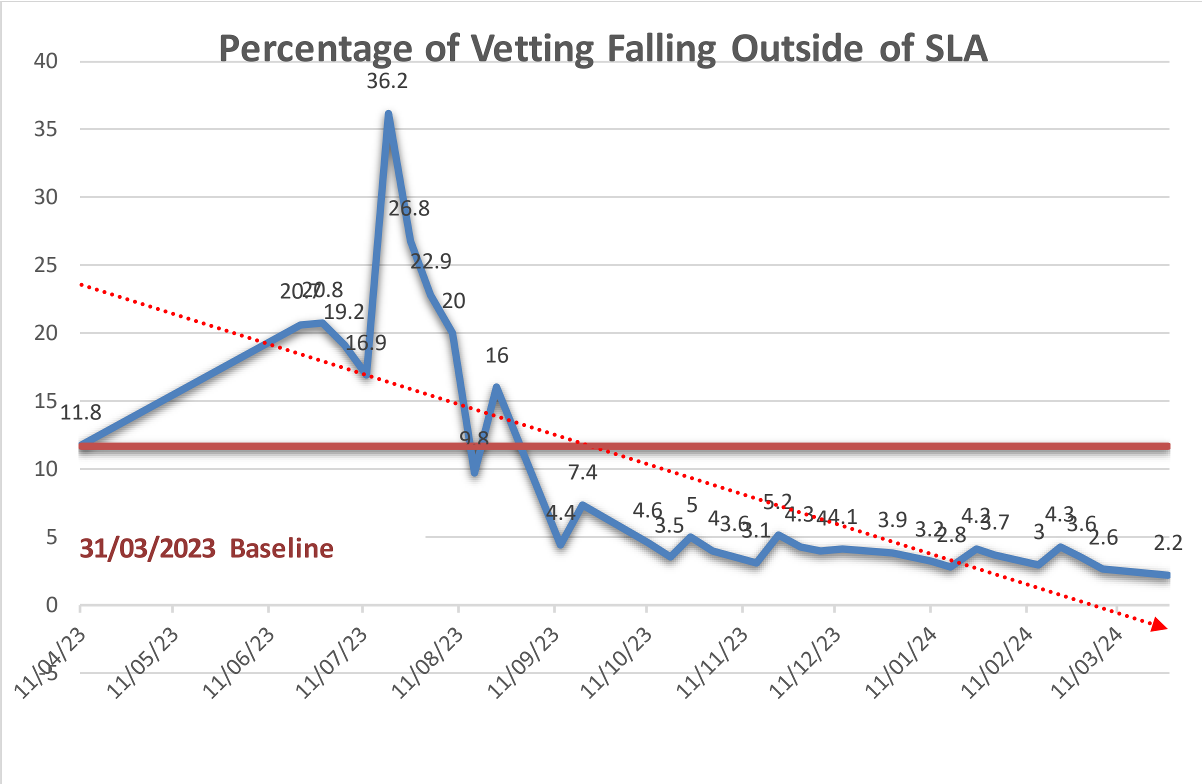
13. The deadline for submitting end of year returns was 19th April. The table below compares a snapshot of the progress between April 2023 and April 2024.

Action	April 2023	April 2024
End of year data received	111	154
End of year data outstanding	62	6
Number of employers data vetted and ready for final checks	15	87
Number of employers ready for annual benefit statement	0	47

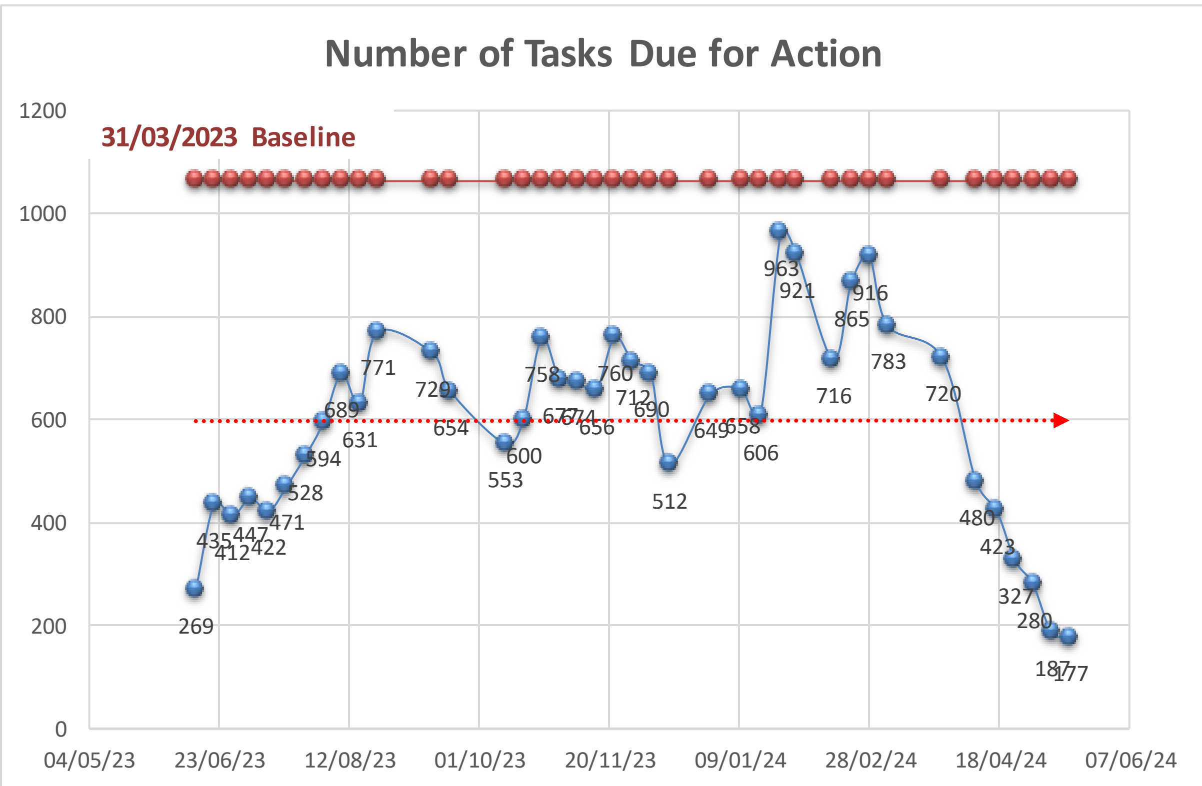
14. These figures show the significant progress made during 2023/24 both in managing the workload within the Employer Team and in the performance of our scheme employers in meeting their responsibilities in respect of the timely and accurate return of data. Currently there are no concerns to be reported and we are on track to meet the Annual Benefit Statement deadline of 31 August 2024.

Monthly data returns

15. The benchmark for incoming returns that were not vetted within SLA at March 2023 was 11.7%. As of March 2024, this was reduced to 2.2%.



16. The chart shows tasks due for action and overall, the number has reduced from 1,063 in March 2023 to 720 in March 2024.



17. 62.5% of these cases are within SLA target. A visual report will be presented next quarter to show the trend on the SLA figures.

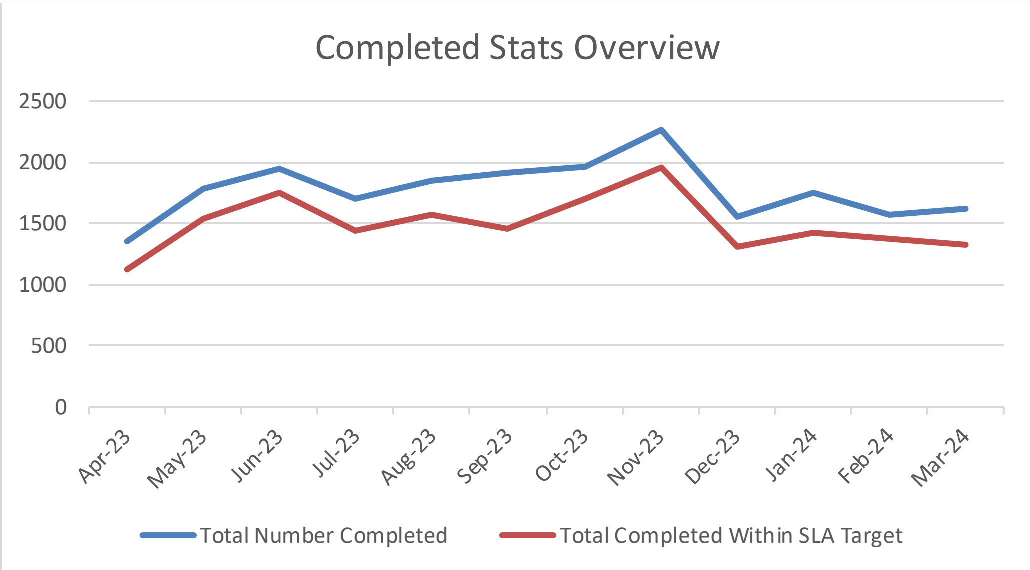
18. In this quarter, at 31 March 2024 there is:
- 1 TUPE transfer due to contract reletting, the application form is received and is to be finalised.
- 0 academy conversions.
- 15 closure valuations recorded for 2023/2024.

19. Bernwode Schools Trust moved to Acer Multi-Academy Trust on 1 January 2024. The January, February and March monthly returns did not contain any transferring members from Bernwode Schools, and therefore, although submitted, the returns are incomplete.

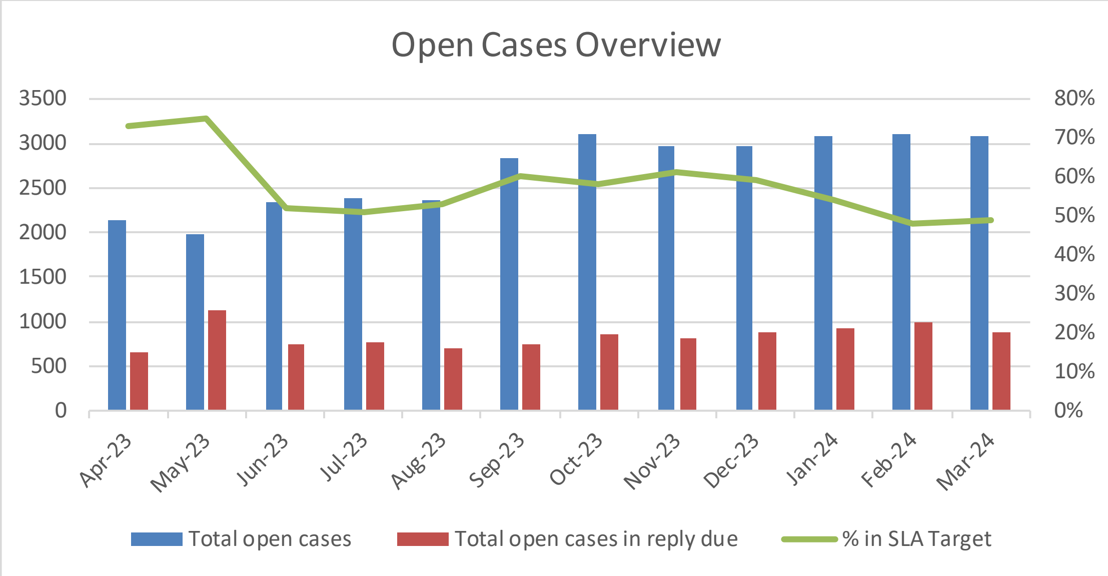
20. As such, investments cannot reconcile the contribution payments for January, February, or March as we do not have the data to match. All efforts have been made to resolve the issue, including fines of £1,750 issued to the employer. This has now been reported as a breach of data.

Benefit Administration

21. The chart below shows the completion rate of work in 2023-24, with the red line showing what work has been completed within SLA target. In April 2023 82.99% of work was completed in SLA; in March 2024 this was 82.31%. There has been no significant change over the year.



22. The number of open cases shown below shows a decrease from 73% in SLA in April 2023 to 49% in SLA in March 2024. The blue columns show an increase in outstanding cases from 2,131 in April 2023 to 3,080 in March 2024, a difference of 949 cases.



SLA Monitoring

23. 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.

24. In the quarter to March 2024, we only issued one fine of £75. This reflects the improved position in scheme employer performance as noted above. (N.B. The fines issued to the Acer MAT were all issued after the start of the new financial year and will be included in next quarter's report).

Suspended Pensions

25. As of March 2024, a total of 374 pensions are suspended, a reduction of 33 since previous quarter. Of these 173 relating to deceased as reason for suspension, which leaves 201 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

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

Fire Service Administration

27. As at 11 March 2024 there were 70 open cases, 13 are future dated (2024 to 2035), 39 are awaiting a reply from the member or an external body, 3 are leavers notified by IBC who are under retirement age, 1 relates to a retirement, 5 are general enquiries, 2 are Death cases, and the remaining 9 relate to requests for estimates or reviews after retirement.

28. 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.

29. The formal SLA document has now been finalised. We are now working on updating workflow and reporting on these. Statistics will be available for next quarter.

Complaints - Sean

30. In the quarter to March 2024, there were 5 informal complaints received, and one formal complaint was dealt with at Stage 2 of the Adjudication of Disagreement Procedure. The Stage 2 adjudicator dismissed the complaint which was in respect of a scheme employer's decision not to grant flexible retirement, finding that the decision was within both the terms of the relevant regulations, and the scheme employer's policies.

Data Quality

31. No issues to report – data is continuing to be reviewed as part of end of year process.

Contribution monitoring

32. In the quarter to March 2024, 8 payments were made past the deadline of 19th month following payroll. These have all been followed up with the scheme employer resulted in payments being made to the fund.

Projects

33. The review of the historic death cases where there is outstanding information needed to complete the files is still to be finalised. Calculations to identify any over or under payments and benefits due are now almost complete and the outcome of this review will be reported to this Committee in September 2024.

34. Administration to Pay (A2P) – death grant payments have now gone live, and whilst there is a technical issue which Heywood are working to resolve we have a manual workaround in the short-term and this project is therefore deemed complete.

35. McCloud is behind schedule with 32% of employers still to confirm their data and 35% of data received still to be uploaded onto active member records. In addition, we have just over 4,000 cases to review calculations with the McCloud remedy.

36. The reviewing of calculation is complex, and the McCloud team lacks the skill and knowledge to progress the cases. A plan is to move work around the team by skill and knowledge, but resource remains an issue. This is known to be a national problem, and we are awaiting further guidance from Government/Scheme Advisory Board on priorities and dealing with missing data. The System providers are also endeavouring to develop their systems to deal with the significant complexities of implementing the remedy.

37. Pension Dashboards - the Pension Regulator has now confirmed a staging date of 31 October 2025. A project plan will be written and included in the September administration report.

38. Age Discrimination Remedy – Fire Service

- 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 once final guidance has been received from LGA.
- Formal retirement quotes for retirements after 1 October 2023 are now being issued. Advance notice of retirements has been requested – this is necessary to enable advance work to be done – especially where the member has exceeded either the Lifetime Allowance or Annual Allowance as this requires separate calculations to be undertaken and reported to HMRC.
- Disclosure letters were sent in December 2023 to all scheme members.
- An update was sent to all operational staff at the end of January 2024.
- Data is being collated by IBC and batches of data are being sent to Pension Services. To date we have received 19.3% of the total data. IBC are working on sending through all data by 30 April 2024 and regular reviews are being made. Any concerns will be escalated to the Remedy Project group / Local Pension Board chair.
- A review of the project timeline was undertaken with Claire Johnson from LGA on 28 February, and it was noted that all work is covered. LGA are providing regular updates, and the project timeline indicates where advice is still required on tax issues to enable a review of retirements undertaken under the Immediate Detriment framework to be made. Confirmation of the Remediable Service Statements (RSS) for active and deferred members is also awaited.
- System software is being delivered and detailed testing will be required for the RSS and annual benefit statements once we have received all relevant info and the system changes have been made and delivered.

39. <u>On-Call Second options exercise – Fire Service.</u>

- A working group has been established to look the work required, and plan the work required over the 18-month implementation period.
- Letters were sent to all 551 eligible on-call firefighters in December 2023.
- 74 forms have been received back to request further information and these forms are being acknowledged with further information on timescales for issuing the quotations. 2 members have indicated they do not wish to receive further information.
- A full address trace was undertaken in March 2024 for the remaining members – 13 have been confirmed as deceased; 153 are living as stated and will be sent a chase letter in March 2024. A new address has been received for 256 members and a letter was sent to this address in March 2024 to request completion of the expression of interest form. 50 members cannot be traced, and the address tracing agency have suggested that a full address trace should be undertaken for these members. The cost of this will need to be approved, and costs have been

passed to the LPB chair.

- Data is being collated for the members who have returned their expressions of interest in preparation for the process of calculating benefit entitlement and cost. These calculations began during April 2024.
- System software is being developed by our software provider.
- A Timeline has been developed to log progress made.

Debt Management

40. The current value of outstanding invoices amounts to £32,950, which are going through the process for recovery. There are no specific issues to report.

Member Self – Service

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

MSS Numbers	Opted In	Opted Out	No Choice	Total
Actives	11,887	293	9,825	22,005
Undecided Leavers	801	20	895	1,716
Deferreds	14,972	701	12,653	28,326
Pensioners	10,081	5622	1,141	16,844
Spouses	743	777	795	2,315
Frozen Refunds	958	9	9,016	9,983
	39,442	7,422	34,325	81,189

MSS Percentages	Opted In	Opted Out	No Choice
Actives	54.0	1.3	44.6
Undecided Leavers	46.7	1.2	52.2
Deferreds	52.9	2.5	44.7
Pensioners	59.8	33.4	6.8
Spouses	32.1	33.6	34.3
Frozen Refunds	9.6	0.1	90.3
Total	48.6	9.1	42.3

42. As requested by the Pension Board, the tables show numbers of members and percentages in each category who have registered to use Members Self-Service, have opted out and requested all communications by post, and those who have neither opted in or out.

43. Overall, just under half of our members have now registered with Member Self-Service, although disappointingly, another 42% have not made any decision and therefore neither receive communications on-line through the portal, on via post.

44. The figures show that perhaps unsurprisingly our Pensioners are the most engaged with over 93% of them having made a clear decision on how they wish to receive communications from us. Conversely, those least engaged are those who have left without an entitlement to benefit

but are due a refund of their contributions. Many of these are former casual staff at Brookes University who we have no contact information for, and so cannot process the refund.

45. We continue to work to seek to engage with the 40%+ of active, deferred and undecided leavers (those who have yet to confirm whether they wish to defer their pension in the Fund or transfer it to a new pension provider). It is hoped that the introduction of the Pension Dashboard will prompt those deferred and undecided leavers to review where they have pension benefits and contact us to establish communication channels. For active members, we are working closely with scheme employers to encourage registration or opt out.

Contact Officer: Vicki Green - Pension Services Administration Manager
Tel: 01865 323660 Email: vicki.green@oxfordshire.gov.uk
May 2024

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PENSION FUND COMMITTEE – 07 JUNE 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 17

PENSION FUND COMMITTEE – 7 JUNE 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

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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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Oxfordshire County Council

Pension Fund

Quarterly Investment Report

Q1 2024

apexgroup.com

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Key Indicators at a Glance

	Index (Local Currency)	Q1 2024	Q1	2023
Equities			**Total Return**	
UK Large-Cap Equities	FTSE 100	7,953	3.98%	7.68%
UK All-Cap Equities	FTSE All-Share	4,338	3.56%	7.70%
US Equities	S&P 500	5,254	10.55%	26.26%
European Equities	EURO STOXX 50 Price EUR	5,083	12.94%	23.21%
Japanese Equities	Nikkei 225	40,369	21.43%	31.01%
EM Equities	MSCI Emerging Markets	1,043	2.41%	10.20%
Global Equities	MSCI World	3,438	9.01%	24.44%
Government Bonds				
UK Gilts	FTSE Actuaries UK Gilts TR All Stocks	3,079	-1.62%	3.69%
UK Gilts Over 15 Years	FTSE Actuaries Uk Gilts Over 15 Yr	3,621	-3.56%	1.65%
UK Index-Linked Gilts	FTSE Actuaries UK Index-Linked Gilts TR All Stocks	3,965	-1.81%	0.93%
UK Index-Linked Gilts Over 15 Years	FTSE Actuaries UK Index-Linked Gilts TR Over 15 Yr	4,218	-3.44%	-4.28%
Euro Gov Bonds	Bloomberg EU Govt All Bonds TR	222	-0.65%	7.12%
US Gov Bonds	Bloomberg US Treasuries TR Unhedged	2,255	-0.96%	4.05%
EM Gov Bonds (Local)	J.P. Morgan Government Bond Index Emerging Markets Core Index	134	-2.24%	10.91%
EM Gov Bonds (Hard/USD)	J.P. Morgan Emerging Markets Global Diversified Index	911	2.04%	11.09%
Bond Indices				
UK Corporate Investment Grade	S&P UK Investment Grade Corporate Bond Index TR	362	0.19%	9.63%
European Corporate Investment Grade	Bloomberg Pan-European Aggregate Corporate TR Unhedged	233	0.56%	8.84%
European Corporate High Yield	Bloomberg Pan-European HY TR Unhedged	447	1.81%	12.78%
US Corporate Investment Grade	Bloomberg US Corporate Investment Grade TR Unhedged	3,208	-0.40%	8.52%
US Corporate High Yield	Bloomberg US Corporate HY TR Unhedged	2,517	1.47%	13.45%
Commodities				
Brent Crude Oil	Generic 1st Crude Oil, Brent, USD/bbl	87	13.55%	-10.32%
Natural Gas (US)	Generic 1st Natural Gas, USD/MMBtu	1.76	-29.87%	-43.82%
Gold	Generic 1st Gold, USD/toz	2,217	7.03%	13.45%
Copper	Generic 1st Copper, USD/lb	401	2.99%	2.10%
Currencies				
GBP/EUR	GBPEUR Exchange Rate	1.17	1.40%	2.12%
GBP/USD	GBPUSD Exchange Rate	1.26	-0.85%	5.36%
EUR/USD	EURUSD Exchange Rate	1.08	-2.26%	3.12%
USD/JPY	USDJPY Exchange Rate	151	7.31%	7.57%
Dollar Index	Dollar Index Spot	104	3.11%	-2.11%
USD/CNY	USDCNY Exchange Rate	7.22	1.72%	2.92%
Alternatives				
Infrastructure	S&P Global Infrastructure Index	2,738	1.36%	6.82%
Private Equity	S&P Listed Private Equity Index	225	7.26%	40.75%
Hedge Funds	Hedge Fund Research HFRI Fund-Weighted Composite Index	19,823	5.53%	7.21%
Global Real Estate	FTSE EPRA Nareit Global Index TR GBP	3,704	-0.39%	3.59%
Volatility			**Change in Volatility**	
VIX	Chicago Board Options Exchange SPX Volatility Index	13	4.50%	-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 third quarter of 2023 to a value of £3.527bn. I would assume that this is close to an all-time high. As can be seen from the previous table, Equities were the driving force behind returns in the quarter with Government Bonds weaker across the board as expectations for interest rate cuts were delayed. Credit achieved a small return as the yield offset slight capital weakness, credit spreads against Government Bonds remain tight. Alternative Investments had more mixed returns, Private Credit should have continued to perform as yields remain attractive, Infrastructure and Private Equity are still struggling with repricing debt levels and restructuring balance sheets and cash-flows. Property was flat.

Much of the underperformance against the benchmark was driven by the poor performance of the Private Equity portfolio in the quarter, in both the Brunel managed element and the direct element. Against this the Fund's slight overweight against its Strategic Asset Allocation Benchmark in Global Equities offset some of this weakness as Equities rose with other assets predominately flat.

Driven partially by this quarter's underperformance, the Fund is now lagging its benchmark over 3 years (by -1.5%); 5 years (by -0.7%) and is flat against the benchmark over 10 years. Over the last 3 years the performance of the underlying managers selected by Brunel has been somewhat disappointing, however, I believe this to be heavily influenced by the strong environmental slant which is a core part of Brunel's ethos. I continue to support this environmentally focused slant for the longer term. Returns of 7.8% per annum over the last 10 years, being above the Fund's actuarial discount rate assumption for future investment returns, will have driven much of the improvement in the funding ratio between the triennual actuarial revaluations.

Comment

Global Equity markets continued to rise in the first quarter of 2024 following on from the strong rally in Q4 2023. This was driven by the major central banks, led by the US Federal Reserve (US Fed), stating in September 2023 that they believed inflation was now under control and that they expected the next move in interest rates to be down. By the end of 2023, markets were discounting 6 quarter percent cuts in US interest rates taking the headline interest rate from 5.5% to 4% over the course of 2024. This spurred both equity and bond returns in the fourth quarter of 2023.

As I noted in my last report, this speed of interest rate cuts seemed optimistic and, over the first quarter 2024, expectations have been scaled back as the US economy has continued to show solid economic growth and inflation has proved stickier than assumed. With the expectation of interest rate cuts being scaled back, government bond markets fell across the board over the first quarter 2024 although not precipitously with credit outperforming government bonds and short-dated bonds out-performing those of a longer duration.

The table below shows annualised, seasonally adjusted, economic growth (GDP) after taking into account inflation for the major economies over the last few quarters.

Table 1: Annual Real GDP Growth

GDP growth	1Q 23	2Q 23	3Q 23	4Q 23	1Q24
US	2.2%	2.1%	4.9%	3.4%	1.6%
EU	1.2%	0.6%	0.1%	0.2%	0.3%
UK	0.2%	0.0%	-0.1%	-0.3%	0.6%*
Japan	2.6%	2.3%	1.6%	1.2%	-0.2%

*Forecast

As can be seen in the table above, it is the US which has maintained strong economic growth through 2023 despite the rise in interest rates. This would seem to be driven by a number of factors:

1. repatriation of supply chains away from lower cost countries to a more home grown base for greater security;

2. a longer duration debt profile of both corporates and individuals with many US residential mortgages fixed for 25 year terms. This has slowed down the impact of raising interest rates;
3. the effect of high European gas prices in 2022 pushing a number of industries, particularly fertiliser and chemical, away from the EU to the US due to cheaper feed stocks;
4. US domestic policy around the Inflation Reduction Act and corporate tax cuts which encouraged corporates to reinvest back into the US leading to signs of higher corporate investment and improved productivity;
5. a higher natural immigration rate in the US boosting the supply of labour.

Whilst the US has continued to post strong economic growth numbers, the EU and UK have been much weaker with the UK in a technical recession (two consecutive quarters of negative economic growth) in the second half of 2023.

In the US, it is the strong economic performance which is keeping employment rates high and wages rising thereby keeping inflation above expectations. If we assume that the potential non-inflationary US economic growth rate is around 2-2.5% per annum in real terms, any rate of economic growth above this will be inflationary and, for inflation to fall, economic growth will have to slow further. US GDP growth does appear to be on a downward projection at present although the figure reported for Q1 2024 may be revised up. Any sign that the US economy is not slowing as forecast will concern markets as it may then require even higher interest rates to slow the economy and bring inflation back to the US Fed's 2% target. We have never, in living memory, seen a rise in interest rates of the speed and scale we have seen in the last few years which has not caused a US recession and yet, it appears, that this may be a first with the forecast for a continued slowdown in economic growth and inflation reverting to the US Fed's 2% target.

The situation in the EU and UK is different, inflation here is not being held up by strong economic growth but by rising costs and more structured labour markets. The transition mechanism by which higher interest rates impact the underlying economy remains effective in these regions with the availability of credit reducing and loan growth slowing. Inflation in the EU is expected to fall further with only service sector and wage inflation remaining above target but these are lagging indicators, especially in more structured European labour markets. The potential non-inflationary economic growth rate for the EU and UK is estimated to be below that of the US at around 1-1.5% due, in part, to lower immigration and very limited productivity gains in the recent past. The EU and UK economies are already growing below this figure and therefore the scope for interest rates to fall remains the central expectation for investors with the EU potentially cutting interest rates in early summer 2024.

In the UK, a fall in the energy price cap charged to consumers should mean the next inflation reading is very close to the Bank of England's (BoE) 2% target which will increase the pressure for interest rate cuts although it is highly likely that any cut will now wait till after the UK election on the 4th July. This compares with the US now expected to cut interest rates no earlier than November 2024, in part due to the timing of the US presidential elections in October 2024. (Central banks are wary of cutting interest rates in the run up to elections due to the potential for this to be seen as politically motivated.)

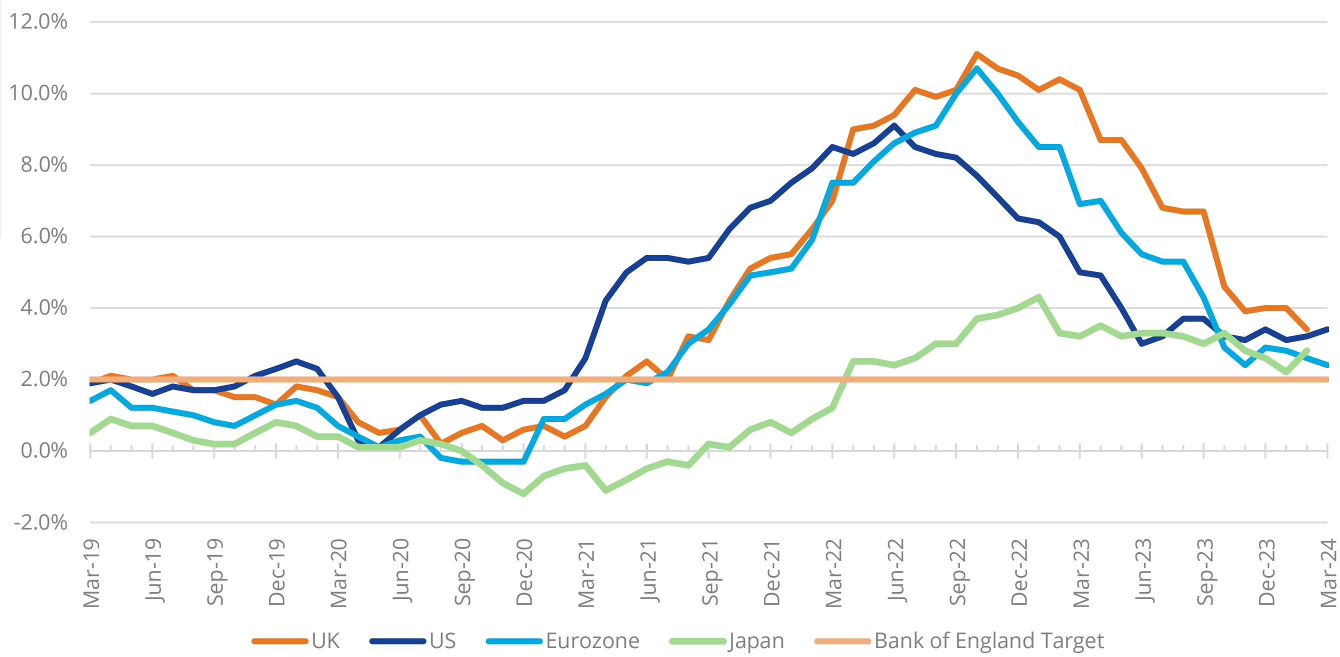
Historically, the US has usually led the economic cycle and it is unusual for the EU and UK to cut interest rates prior to the US Fed. A greater interest rate differential in favour of the US could further strengthen the US Dollar and the potential for currency weakness may curtail the ability of the European Central Bank (ECB) and the BoE to cut rates significantly ahead of the US.

Since the end of the first quarter, the economic data has become more confusing regarding the speed of any further slowdown with a number of leading indicators, particularly around the Purchasing Managers Index (PMI), rising in both the US and EU suggesting the potential for an economic recovery post the very muted slowdown experienced in the last few years. However, there are some signs of a weakening consumer, particularly around the budget and low price sector with rising default rates on credit cards and car loans. The details and some corporate earnings reports suggest that those who have insecure jobs, being unable to maintain their wages in real terms and have no assets to benefit from higher interest rates, are struggling. The better off with stable employment and assets which benefit from rising markets continue to spend strongly and it is this sector which is keeping consumer spending strong and thereby the US economy (consumer spending accounts for 70% of GDP). Having a sector of the population excluded from the benefits of higher economic growth is not good for long-term social stability and I see this as being reflected in the politics in the US (and elsewhere in the developed world).

An economic acceleration from here is not a central market assumption and would lead to higher interest rates, particularly in the US, to contain any resultant surge in inflation. I would expect this to undermine investor sentiment. However, my central expectation is for a continued gentle slowdown in the US with inflation remaining stickier than expected and therefore interest rates higher for longer in the US but with scope for a gentle decline in the EU and UK.

One issue for the major central banks is that they all realise that an inflation target of 2% per annum is probably too low, it leaves open the prospect of undershooting this target and hitting deflation but also a focus on the 2% figure may lead interest rates to remain too high for too long to squeeze the last drops out of inflation and in doing so cause longer lasting damage to the underlying economy. I suspect that all the major central banks would like to move away from their 2% inflation target, settling for 2.5% or even 3%, but feel constrained by how bond investors would take this and whether they would lose confidence in the central banks' commitment to controlling inflation over the longer term and therefore push bond yields higher.

Chart 1: CPI – Annual rate of Inflation - Five Years to March 2024



Source: Bloomberg

Notes: UK: UK CPI EU Harmonised YoY NSA (Ticker: UKRPCJYR Index); US: US CPI Urban Consumer YoY NSA (Ticker: CPI YOY Index); Eurozone: Eurostat Eurozone MUICP All Items YoY Flash Estimate (Ticker: ECCPEST Index); Japan: Japan CPI Nationwide YOY (Ticker: JNCPIYOY Index)

As can be seen in the chart above, inflation, as measured by the Consumer Price Index (CPI), seems to have stopped falling over the last few quarters and we are seeing rising prices across a number of commodity markets form Oil (due to raised political tensions in Russia and the Middle East); Cocoa and a number of soft commodities (due to disrupted harvests from abnormal weather patterns); Gold (due to high investor demand as an inflation hedge) and Copper (due to supply shortages).

Given bond yields are now pricing in much slower interest rate cuts than three months ago, bond markets may have some scope for yields to fall as actual interest rate cuts come through in the UK and EU and then eventually in the US. However, I do not see longer duration bonds as particularly cheap because of my assumption of higher ongoing inflation with the scope for inflation surprises on the upside. In addition, politicians, particularly in the US, seem to believe they can spend with impunity and the US budget deficit for 2023 was equal to 6.3% of GDP, a level we have only seen previously in times of war or significant economic recession. The promise by presidential candidate Donald Trump to make permanent his tax cuts of 2017 and look to change the current chair of the US Fed with a more political appointment would suggest no political will to correct this imbalance. This only leaves investors to force fiscal restraint and I would expect the term 'bond market vigilantes' to reappear in commentators lexicon at some stage in the future.

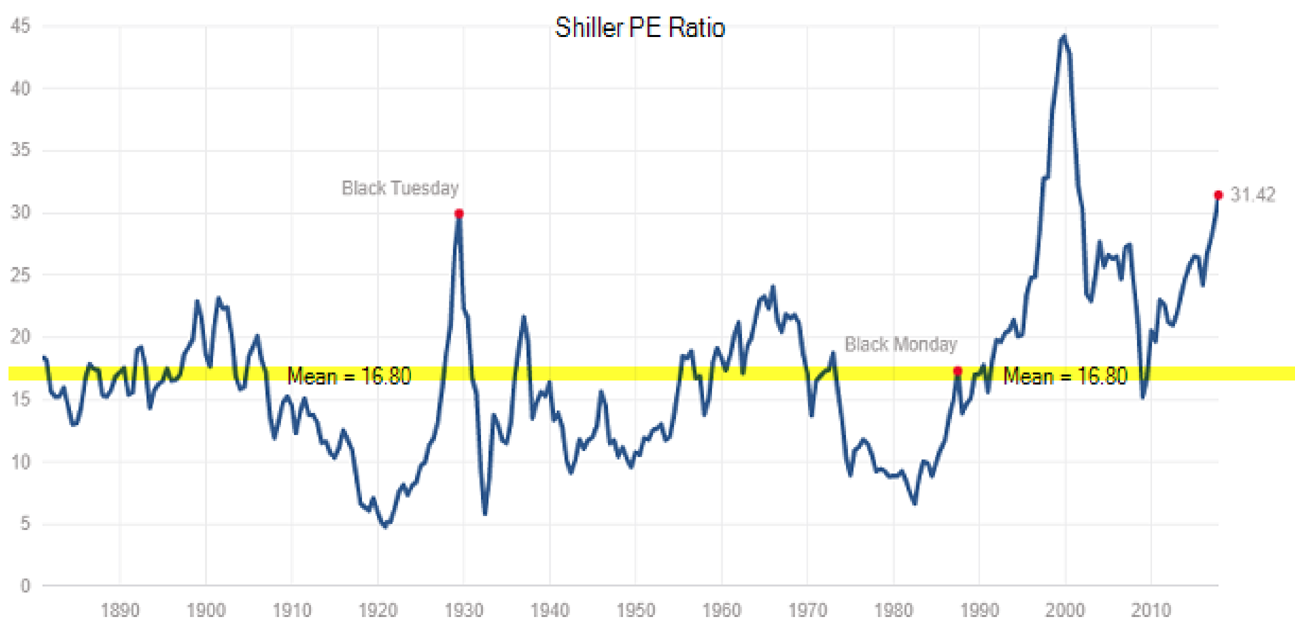
The UK is not much better than this with a current budget deficit and rising debt levels to GDP. It is surprising that neither of the main political parties are challenging the current chancellor's spending plans at present despite both the Office for Budgetary Responsibility (OBR) and the Institute for Fiscal Studies (IFS) stating that they are unlikely to be achievable leaving a potential £30bn hold in the budget in future years.

Global Equities are now up almost 20% over the last 6 months. Much of this rise has been on the basis of better future growth, i.e. it has been the valuation of equities which has risen rather than higher current earnings. There are some exceptions to this and a number of the US mega tech companies continue to perform well, particularly Meta and Nvidia. Q1 did see a broadening out of the equity market rally from the 7 big US technology names. It does, however, feel to me that markets are purely extrapolating current trends rather than thinking through possible future outcomes at present.

The chart below shows a simple valuation measure of global equity markets against their long-term history using share prices divided by the average 10-year earnings per share.

There are several reasons why this chart can be a poor measure of current market valuations, but I do find the long-term comparison useful. It shows the climb in equity market valuations from 1980 through to 2008 as interest rates fell from cyclical highs to the near zero levels we became accustomed to during the early part of the 21st Century. In theory, the valuation of equity markets should fall as interest rates rise but that has not been the case so far and valuations are beginning to look stretched. Any further strength in the US economy and a realisation that US rates need to rise further rather than fall as forecast could lead to a sudden reappraisal of equity market valuations.

Chart 2: Shiller Price/Earnings ratio using average 10-year earnings per share



The outlook for alternative, less liquid asset classes remains linked to that of equity and bond markets. Private Equity has still not repriced to reflect current market conditions post the rise in interest rates and I would expect returns to lag those of the quoted markets for a few quarters yet, Private Debt continues to hold up well returning around 10-12% at present but competition in this area is increasing driven by the good level of current returns, Infrastructure has taken time to reflect the higher bond yields and, in addition, trading conditions for a number of the renewables sectors have been poor in the UK, especially around battery storage and wind. Commercial Property has also taken time to reflect higher bond yields but may now have over discounted a potential economic recession with scope for higher yields to drive returns from here.

Asset Allocation

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

Asset class	Asset Allocation as at 31/3/24	Strategic Asset Allocation	Position against the SAA	Deviation in cash terms
Equities	55.4%	**51%**	+4.4%	-£155m
Fixed Interest	14.6%	**16%**	-1.4%	+£49m
Property	6.3%	**8%**	-1.7%	+£60m
Diversified Growth	0%	**0%**	0%	£0m
Secure Income	4.0%	**5%**	-1.0%	+£35m
Alternatives	17.8%	**20%**	-2.1%	+£66m
Cash	1.9%	**0%**	+1.9%	-£56m

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

The current deviation from the Fund's Strategic Asset Allocation is within acceptable bounds although I would suggest taking the equity weighting back to the benchmark and reinvesting into shorter-dated UK corporate investment grade bonds. Unfortunately Brunel does not currently offer such a product.

Table 3: Allocations to Alternative Investments Invested/Committed

Called/Committed	Private Equity	Infrastructure	Secure Income	Private Debt
Cycle 1 March 2018	£72.5m/£100m	£41.5m/£50m	£60m/£60m	n/a
Cycle 2 Apr 2020	£32m/£70m	£14.5m/£20m Renewables£9.5m/£20m	£40m/£40m	£42.5m/£70m
Cycle 3 Apr 2022	£0m/£16m	£9m/£60m	£32m/£60m	£14m/£90m
Total	**£104.5m/£186m**	**£74.5m/£150m**	**£132m/£160m**	**£56.5m/£160m**

These figures are based on a number of assumptions and should be used as a guide only.

In addition to the above, the Fund has invested directly into a number of Private Equity funds. At the current time these investments have an undrawn commitment of £23m outstanding.

Assuming an 80% maximum investment of committed capital in Alternative funds, these above figures show that the Fund should still expect drawdowns into the Alternative asset classes over the next few years. Distributions from existing investments into Alternative assets should start to rise as the underlying investment mature, however, the figures above suggest there is limited need to make new commitments to these asset classes in the immediate future.

Points for Consideration

1) Recent discussions I have had with Brunel have underlined just how central their environmental focus is to their selection of investments managers. I do not now see Environmental, Governance and Social (ESG) factors as part of their criteria they use for selecting managers but as an initial screen setting a high bar for those managers to be considered for selection. Brunel would not employ a manager that could not complete the level of ESG reporting they require irrespective of how strong they appeared outside of this criteria. This strong ESG ethos will likely remain the defining factor on future performance against more ESG neutral benchmarks and peer groups.

2) UK Equity Mandate (Brunel): The Fund is currently invested in UK Equities via an actively managed mandate through Brunel. This mandate is benchmarked against the FT All-Share ex Investment Trusts Index which includes all

companies quoted on the UK's main market. The largest companies quoted in the UK are focused around the Oil, Banking and Mining industries with very little exposure to technology companies. This bias means a UK portfolio selected from stocks within the FT All-Share is likely to have some focus on cyclical industries and have relatively high carbon emissions.

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

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

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.

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 all 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.

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
Secure Income	Cash + 4%	07/20		Some performance issues
Infrastructure	CPI	01/19		Drawdown has been slow; performance looks good
Private Equity	MSCI All World Equity	01/19		Drawdown has been slow; performance looks good
Private Debt	Cash + 5%	08/17		Existing managers have performed well

Market Summary

- Inflation (including core inflation) fell slightly in Q1, but less than expected, driven by persistent wage and services prices, causing central banks to revise the more dovish stances they took in Q4 2023. All major central banks held their current rates in Q1, though the prevailing direction is still downward, albeit at a slower pace. Generally, economic indicators proved more positive than expectations, reducing some fears of stagnating growth and recessionary risk, but the UK and Europe are still showing declining GDP growth (with the UK entering a technical recession). China, whilst beginning to recover, is doing so slowly and is still struggling with its property crisis. The US once again led the way with a resilient domestic job market (unemployment at 3.8%) and a healthy consumer market leading to steady GDP growth.
- Q1 was positive for most markets bar government bonds, in keeping with the largely positive trend of 2023. Global equities (MSCI World) rose sharply by 9.0% in local currency terms over the quarter, with Growth (+10.0%) rising more sharply than Value (+6.9%). Emerging Market and UK equities notably lagged behind other markets, with Emerging Markets returning 2.4% in local currency and UK equities returning 3.6%. Following a strong 2023, Japanese equities had a spectacular quarter (returning c.20%) as optimism over positive economic indicators and the Bank of Japan's (BoJ) monetary overhaul signalling a departure from negative rates drove foreign investment. UK equities suffered slightly from a value bias as well as the lack of rate cuts as the UK entered a technical recession. US equities performed strongly (+10.5%) as Q4 GDP growth was revised up and economic indicators improved. Bonds had weaker performance this quarter, as rate cuts were held across the major markets. Longer-dated Government Bonds (and index-Linked Bonds) showed the biggest fall, particularly in the UK. Shorter-dated credit did better, with credit spreads tightening and investment grade credit underperformed high yield. Alternatives generally performed well, with private equity (+7.3%) as measured by the S&P Listed Private Equity Index showing the strong performance but real estate proving more mixed.

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

- **Core inflation continues stubbornly high – is c.4% rates the "new" normal?** Inflation generally fell slightly during the quarter but, particularly in the US, ticked up again towards the end of the quarter. Annual CPI fell to 3.4% in the UK (February) compared to 3.4% for the US and 2.4% for the Eurozone (March). But the fall in core inflation (excluding energy and food prices) has slowed and it remains uncomfortably high (3-5%), resulting in a more cautious reaction from central banks who mostly chose not to cut rates. Meanwhile, rising tension in the Middle East and continued strong growth (including a pick-up in China) have led oil back up over $90/bbl, up almost 15% year-to-date which will close the gap between CPI and core inflation. It is likely that rates may stay elevated through much of 2024, and central banks will need to see evidence of weakening demand (e.g. recession) to cut them, i.e. a traditional "cycle"!
- **"Higher for longer" interest rates may favour more defensive positioning.** High rates are a drag on businesses requiring funding and favour those businesses with strong free cash flows (FCF): this usually drives investors to favour large companies over smaller companies, cheaply valued equity over expensive (UK on 11x forward price/earnings ratio vs US on >20x), strong FCF yields (typically defensive business models, but also tech majors where cash generation is high; it penalizes leverage of all varieties (real estate, utilities etc) and also caveats higher yield fixed income; it increases cyclical risk, and, with credit spreads tight and US 10-year bonds yielding 4.6%, urges increased caution with credit risk. The accompanying inflationary pressure can benefit commodities (mining and energy equities are currently rallying). Having said all that, with expectations of interest rate cuts reset (fewer cuts now expected), it may be time to consider longer duration assets with some inflation characteristics (e.g. unlevered infrastructure, real estate).
- **Investment risk is higher and harder to diversify in 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).

Global equities rose in Q1 on the back of good corporate earnings, positive economic data (particularly in the US) and increasing enthusiasm over AI. The VIX increased slightly over the quarter from 12 to 13, having fallen over the course of last year from the previous highs. Growth continued to outperform Value.

- In the US, the S&P 500 and NASDAQ rose by 10.6% and 8.7%, respectively. GDP growth for Q4 was revised up to 3.4%, above expectations, and Manufacturing PMI increased above 50 for the first time in over a year. Whilst this caused a positive reaction, the US Fed holding rates for the quarter tempered market sentiment. However, US Fed open markets committee still predicts three interest rate cuts this year.
- UK equities increased by 3.6% but continued to underperform global equities. Inflation continued to fall slightly to 3.4% but the Bank of England (BoE) held rates despite Britain entering a technical recession. Energy (excluding natural gas) and financial sectors, which the UK is biased to, performed well but the UK's value bias hindered performance.
- The Euro Stoxx 50 rose by 12.9%, with the IT sector leading returns over AI enthusiasm. Inflation and core inflation continued to fall, now both under 3% but the European Central Bank (ECB) was more cautious in commentary around rate cuts as it wants to avoid a reversal. Composite PMI hit 50 again showing business levels are almost at stable levels (although Manufacturing PMI still lags significantly).
- Japanese equities returned 20% in Q1 in local currency. Optimism over wage growth and positive economic indicators drove foreign investment with the Nikkei reaching 40,000 Yen for the first time. The BoJ's monetary overhaul (lifting negative interest rates, abandoning Yield Curve Control and the market purchase programme) led to further weakening of the Yen.
- Emerging market equities rose by 2.4% in Q1, with Asian Markets returning slightly better as China began to recover (although slowly), Indian Manufacturing grew due to relocations from China and Taiwan enjoying the AI boom. Outside of Asia markets saw mixed results as Turkey's more orthodox interest rate policy instilled confidence, but South Africa and Egypt suffered from political tensions and 35% currency devaluation respectively. Colombian and Peruvian markets saw positive monetary policy developments but generally Latin American returns were low, in part due to sensitivity to US rates.

* Yields generally rose over the quarter, dovish stances taken by central banks last quarter were tempered, resulting in mildly negative performance for most government bonds. Japan's Central Bank raised its policy rate for the first time in 17 years. The inversion of US yield curve (10-year minus 2-year yields) increased slightly but remained around -40bps. In corporate bonds, credit spreads tightened as default rates remain low and recessionary fears further reduced over the quarter.
  - The US 10-year Treasury yield rose from 3.88% to 4.20%, while the 2-year yield rose from 4.25% to 4.62%. The US Fed policy rates remained the same, but the US Fed slightly reigned back dovish rhetoric and delayed rate cuts whilst still predicting three quarter of a percent cuts for 2024.
  - The UK 10-year Gilt yield rose from 3.53% to 3.93% while 2-year yields rose from 3.95% to 4.17%. The BoE held rates this quarter as despite its continued fall, the inflation rate (particularly core inflation) remains above its peers as does wage growth.
  - European government bonds also fell in Q1 as yields rose, the ECB was also cautious and tempered previous dovish rhetoric. Italian – German spreads continued to tighten causing Italian bonds to outperform German bonds.
  - Corporate bonds outperformed Government bonds, with high yield leading but all returns were muted. US and European high yield returned 1.5% and 1.8%, while US, UK and European investment grade credit returned -0.4%, 0.2% and 0.6% respectively.
* Energy and livestock prices rose during Q1, with crude oil rising by 13.55% as supply and distribution difficulties met with an increased demand. Natural Gas was a notable exception falling almost 30%. Agriculture showed more modest returns, although West African supply shortages increased the cocoa price. Industrial metals showed mixed returns, but precious metals were broadly positive.
  - US gas prices fell even further in Q1 due to record production and abundant inventories with relatively mild winter temperatures.
  - OPEC+ supply cuts and geopolitical uncertainties limited supply (particularly Houthi attacks in the Red Sea redirecting shipping) causing the high Q1 demand to raise oil prices. Poor weather conditions also impacted supply from non-OPEC+ sources.
  - Gold and copper rose 7.0% and 3.0% respectively over Q1. Precious metals prices (particularly Gold) rose following concerns around geopolitical stability, while industrial metals were more mixed.

- Global listed property fell slightly this quarter, with the FTSE EPRA Nareit Global Index falling by -0.4% in Q1.
    - The Nationwide House Price Index in the UK has increased again this quarter, with the seasonally adjusted price index up 1.1% for the quarter and up 1.6% for the last 12 months.
    - European commercial property has finally bounced back slightly this quarter after a steady decline since early 2022, with the Green Street Pan European Commercial Property Price Index up by 1.4% this quarter versus -4.7% over the past 12 months.
- In currencies, US Dollar strengthened generally throughout the quarter (DXY 3.1%), slightly against Sterling, more against the Euro and significantly against the Japanese Yen. Bitcoin and Ethereum saw another quarter of very strong performance in Q1 (69% and 60% respectively) after the approval of the US spot bitcoin Funds by the US Securities commission and subsequent successful launch of multiple Funds.

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Oxfordshire Pension Fund Performance Report

Quarter ending 31 March 2024

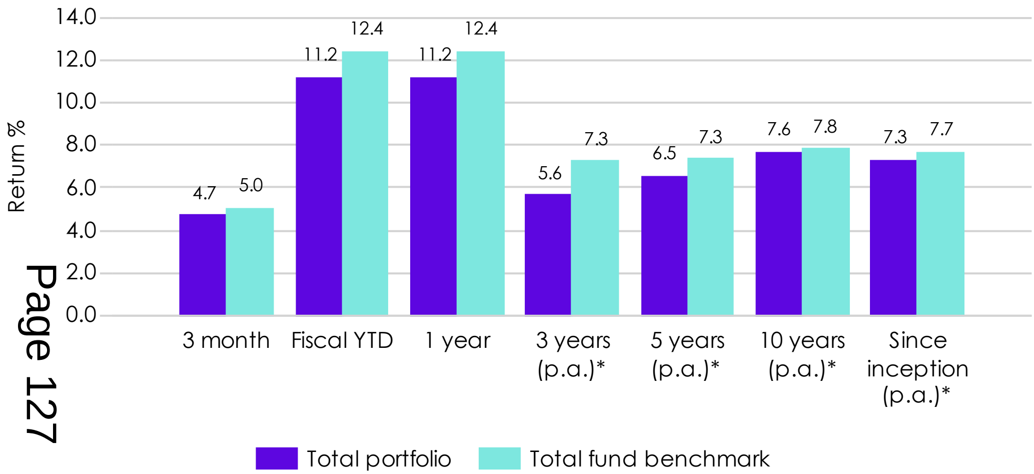
Oxfordshire Pension Fund
www.oxfordshire.gov.uk/pensions

Brunel Pension Partnership

Contents

Pension Fund performance

Performance (annualised)



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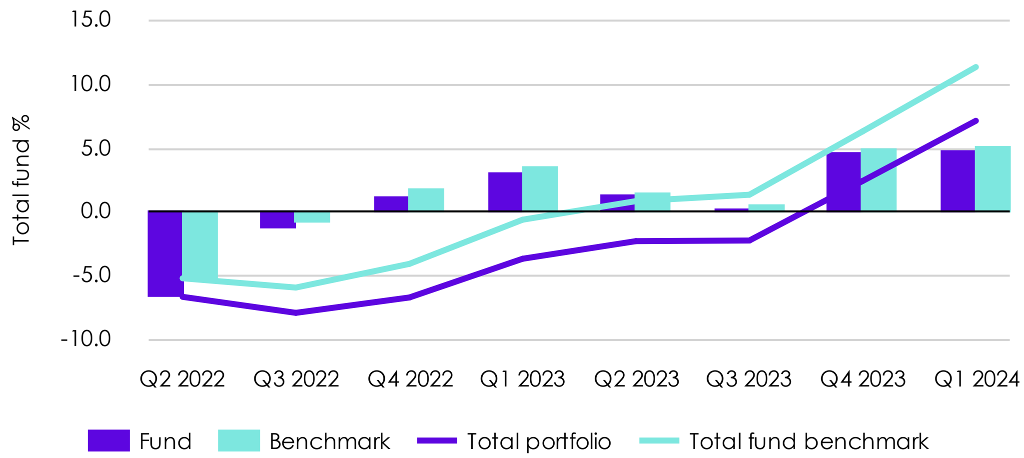
Source: State Street Global Services
*per annum. Net of all fees.

Quarterly performance



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

Key events

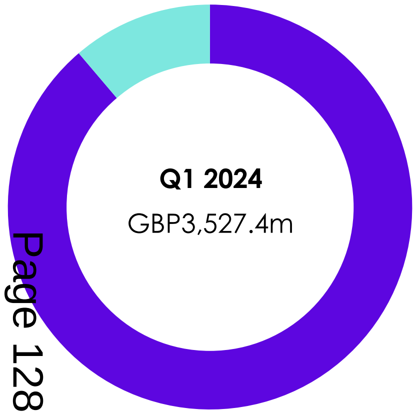
Markets enjoyed a strong first quarter, as global equities rose around 10% (GBP). US equities were strong, whilst the UK and emerging markets lagged. China remained a drag on the latter, although the market staged a slight recovery towards the end of the quarter. Credit markets also had a good quarter, and spreads in High Yield and sub-Investment Grade markets ended the quarter arguably quite tight. Gains in asset markets reflected a more positive outlook on growth and earnings. This led to expectations that interest rates would not fall as rapidly as previously expected. In private markets, fundraising in private equity remained tricky and deals to exit were thin on the ground.

The total fund increased in value by 4.7% during the quarter, lagging the benchmark increase of 5.0%. Over the 12 months to quarter-end, it increased 11.2% vs the benchmark growth of 12.4%.

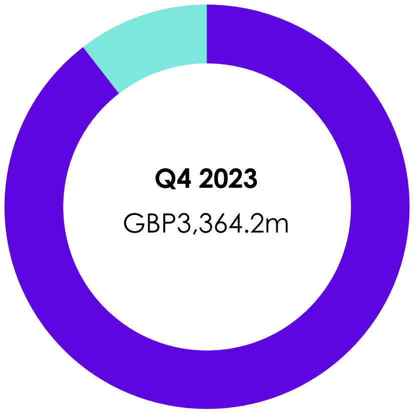
Brunel's listed portfolios reflected the strong markets and were all up in absolute terms, except for the two UK gilt portfolios, which were hindered by the "higher for longer" outlook. Global High Alpha and Global Sustainable Equities both increased by more than 9%. PAB Passive Global was up 7%.

Asset summary

Assets transitioned to Brunel



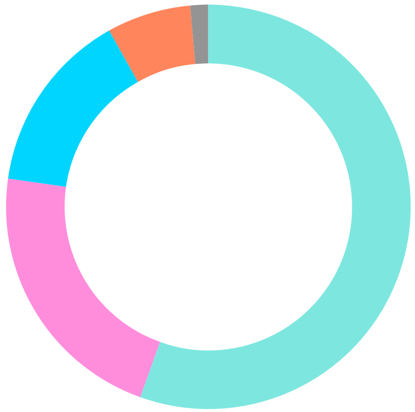
Transitioned	88.75%
Legacy assets	11.25%



Transitioned	89.52%
Legacy assets	10.48%

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

Asset allocation breakdown



Key:

Equities	55.45%
Private markets	21.78%
Fixed income	14.62%
Property	6.72%
Cash	1.43%

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

Overview of assets

Detailed asset allocation

Equities	£1,955.92m	55.45%
PAB Passive Global Equities	£628.61m	17.82%
Global Sustainable Equities	£615.57m	17.45%
UK Active Equities	£359.13m	10.18%
Global High Alpha Equities	£352.52m	9.99%
Legacy Assets	£0.10m	0.00%

Fixed income	£515.67m	14.62%
Passive Index Linked Gilts over 5 years	£229.82m	6.52%
Multi-Asset Credit	£150.33m	4.26%
Sterling Corporate Bonds	£135.57m	3.84%
Legacy Assets	-£0.04m	-0.00%

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Private markets (incl. property)	£1,005.38m	28.50%
UK Property	£158.83m	4.50%
Private Equity Cycle 1	£96.22m	2.73%
International Property	£56.87m	1.61%
Secured Income Cycle 1	£53.92m	1.53%
Secured Income Cycle 3	£51.69m	1.47%
Infrastructure Cycle 1	£49.21m	1.40%
Private Debt Cycle 2	£46.03m	1.30%
Private Equity Cycle 2	£42.05m	1.19%
Secured Income Cycle 2	£35.40m	1.00%
Private Debt Cycle 3	£22.38m	0.63%
Infrastructure (General) Cycle 2	£17.44m	0.49%
Infrastructure Cycle 3	£15.69m	0.44%
Infrastructure (Renewables) Cycle 2	£13.29m	0.38%
Legacy Assets	£346.36m	9.82%

Cash not included

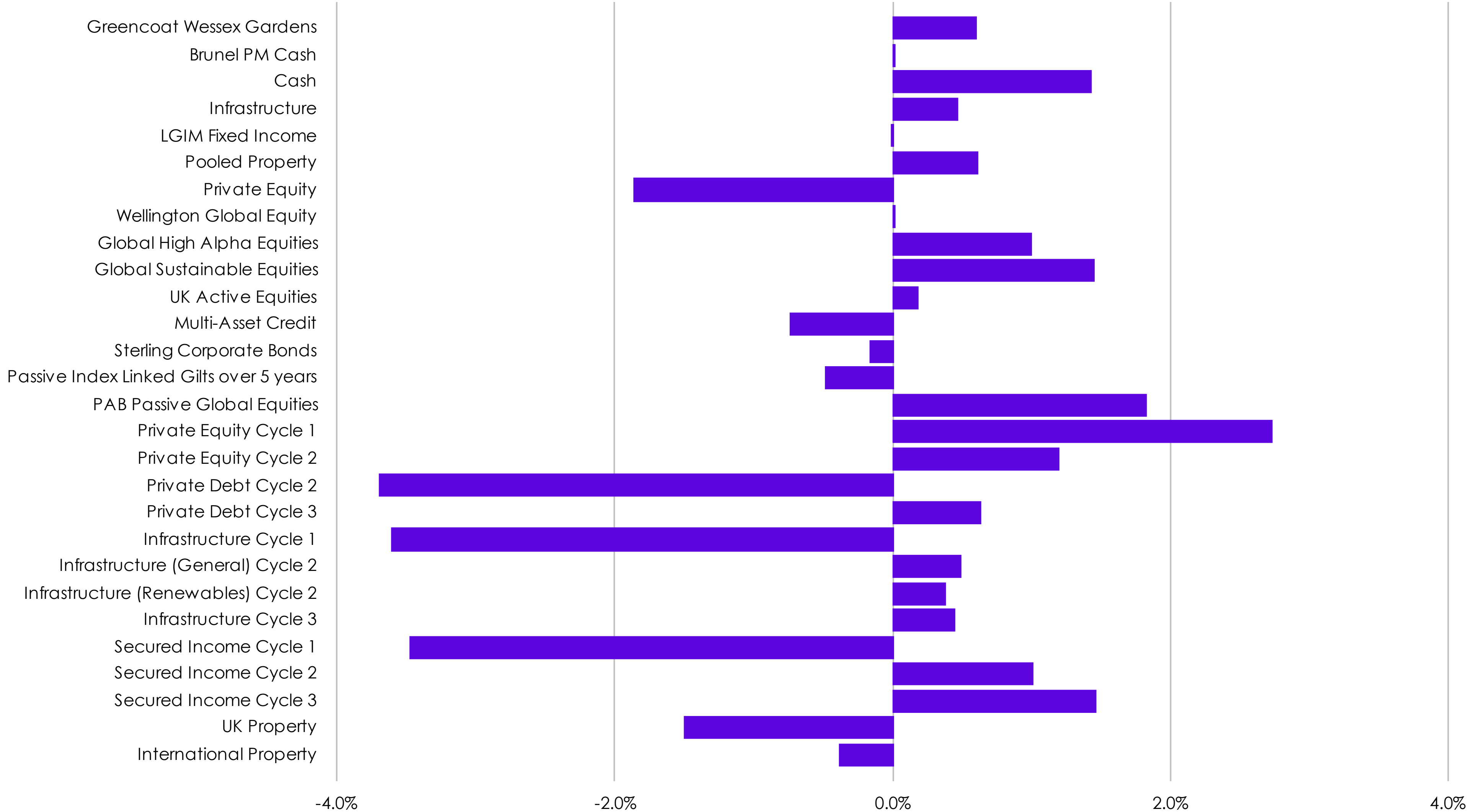
Overview of assets

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	71,024,148.39	2.01%	15.21
US0231351067	AMAZON.COM INC	Consumer Discretionary	Broadline Retail	UNITED STATES	59,400,455.97	1.68%	30.20
US57636Q1040	MASTERCARD INC - A	Financials	Transaction & Payment	UNITED STATES	31,727,041.07	0.90%	16.56
US67066G1040	NVIDIA CORP	Information Technology	Semiconductors	UNITED STATES	31,434,484.81	0.89%	13.45
US02079K3059	ALPHABET INC-CL A	Communication Services	Interactive Media &	UNITED STATES	31,271,569.09	0.89%	24.09
US0378331005	APPLE INC	Information Technology	Technology Hardware	UNITED STATES	28,149,661.71	0.80%	16.72
DK0062498333	NOVO NORDISK A/S-B	Health Care	Pharmaceuticals	DENMARK	25,301,307.92	0.72%	23.06
GB0009895292	ASTRAZENECA PLC	Health Care	Pharmaceuticals	UNITED KINGDOM	23,202,306.03	0.66%	22.03
US92826C8394	VISA INC-CLASS A SHARES	Financials	Transaction & Payment	UNITED STATES	22,960,906.66	0.65%	16.44
GB00B10RZP78	UNILEVER PLC	Consumer Staples	Personal Care Products	UNITED KINGDOM	21,335,801.10	0.60%	23.57

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
Greencoat Wessex Gardens	21,051	0.6%	-	0.6%	-	-
Brunel PM Cash	434	0.0%	-	0.0%	1.4%	0.0%
Cash	50,368	1.4%	-	1.4%	1.5%	0.0%
Infrastructure	16,490	0.5%	-	0.5%	0.1%	0.0%
LGIM Fixed Income	-44	-0.0%	-	-0.0%	-2.3%	-0.0%
Pooled Property	21,348	0.6%	-	0.6%	-6.7%	-0.0%
Private Equity	287,036	8.1%	10.00%	-1.9%	5.3%	0.4%
Wellington Global Equity	100	0.0%	-	0.0%	-1.3%	-0.0%
Global High Alpha Equities	352,516	10.0%	9.00%	1.0%	9.9%	1.0%
Global Sustainable Equities	615,574	17.5%	16.00%	1.5%	9.2%	1.6%
UK Active Equities	359,128	10.2%	10.00%	0.2%	3.9%	0.4%
Multi-Asset Credit	150,332	4.3%	5.00%	-0.7%	2.2%	0.1%
Sterling Corporate Bonds	135,566	3.8%	4.00%	-0.2%	1.2%	0.0%
Passive Index Linked Gilts over 5 years	229,819	6.5%	7.00%	-0.5%	-2.4%	-0.2%
PAB Passive Global Equities	628,606	17.8%	16.00%	1.8%	7.6%	1.3%
Private Equity Cycle 1	96,221	2.7%	-	2.7%	N/M	N/M

Performance attribution

Pension fund performance attribution - to quarter end

	End market value £'000	Actual % allocation at end of quarter	Strategic asset allocation (%)	Difference (%)	Fund return (%): 3 months	Contribution to return: 3 month
Private Equity Cycle 2	42,052	1.2%	-	1.2%	N/M	N/M
Private Debt Cycle 2	46,029	1.3%	5.00%	-3.7%	N/M	N/M
Private Debt Cycle 3	22,381	0.6%	-	0.6%	N/M	N/M
Infrastructure Cycle 1	49,208	1.4%	5.00%	-3.6%	N/M	N/M
Infrastructure (General) Cycle 2	17,436	0.5%	-	0.5%	N/M	N/M
Infrastructure (Renewables) Cycle 2	13,293	0.4%	-	0.4%	N/M	N/M
Infrastructure Cycle 3	15,693	0.4%	-	0.4%	N/M	N/M
Secured Income Cycle 1	53,918	1.5%	5.00%	-3.5%	N/M	N/M
Secured Income Cycle 2	35,402	1.0%	-	1.0%	N/M	N/M
Secured Income Cycle 3	51,688	1.5%	-	1.5%	N/M	N/M
UK Property	158,834	4.5%	6.00%	-1.5%	N/M	N/M
International Property	56,870	1.6%	2.00%	-0.4%	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 Q4	2024 Q1	2023 Q4	2024 Q1	2023 Q4	2024 Q1
Global High Alpha Equities	**78**	**79**	**1.6**	**1.5**	**2.5**	**2.4**
MSCI World*	164	160	4.9	4.8	8.2	8.0
Global Sustainable Equities	**155**	**160**	**2.2**	**2.0**	**4.8**	**5.1**
MSCI ACWI*	201	197	4.9	4.8	8.3	8.1
UK Active Equities	**79**	**82**	**7.4**	**6.8**	**11.4**	**10.4**
FTSE All Share ex Inv Tr*	145	131	9.7	8.3	19.4	18.5
Emerging Markets Equities	**193**	**179**	**1.9**	**2.1**	**4.3**	**4.6**
MSCI Emerging Markets*	515	531	5.8	6.0	8.3	8.4
PAB Passive Global Equities	**120**	**118**	**1.4**	**1.2**	**3.6**	**3.5**
FTSE Dev World TR UKPD*	168	163	4.7	4.6	8.5	8.3

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

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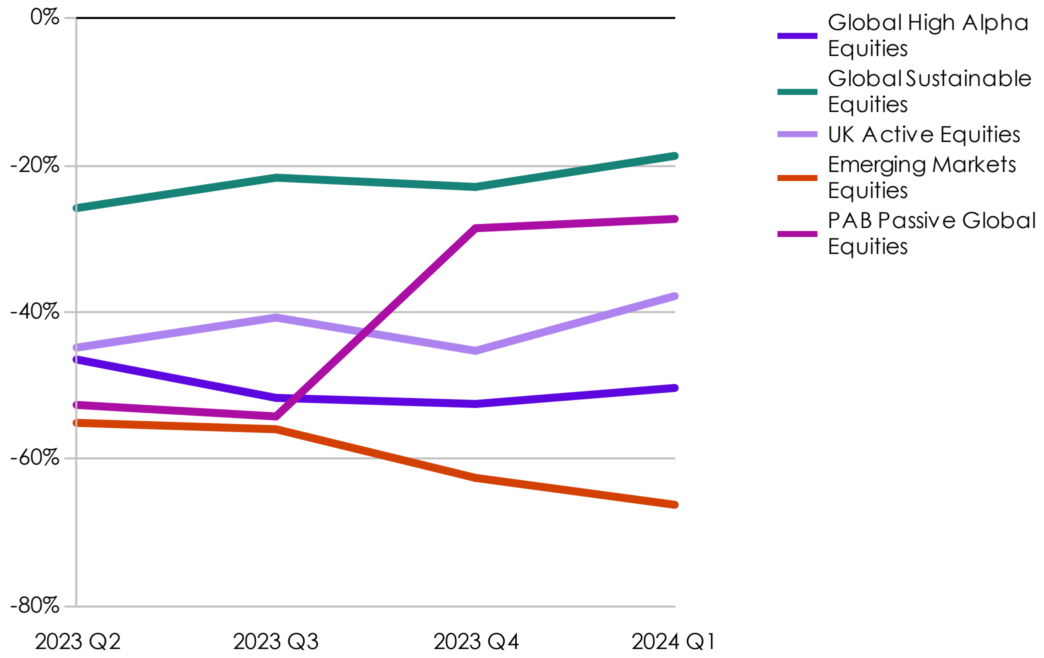
Weighted Average Carbon Intensity relative to benchmark



Stewardship reporting links

Engagement records
www.brunelpensionpartnership.org/stewardship/engagement-records/
Holdings records
www.brunelpensionpartnership.org/stewardship/holdings-records/
Voting records
www.brunelpensionpartnership.org/stewardship/voting-records/

Risk and return summary

Brunel portfolio performance - 3 year

	Annualised return	Risk (standard deviation)	Benchmark return	Benchmark standard deviation
Equities				
Global High Alpha Equities	9.6%	13.5%	12.4%	11.7%
Global Sustainable Equities	6.5%	14.7%	10.7%	11.3%
UK Active Equities	7.0%	11.9%	8.6%	11.0%
Private markets (incl. property)				
Private Equity Cycle 1	16.9%	12.6%	10.7%	11.3%
Private Equity Cycle 2	4.9%	12.4%	10.7%	11.3%
Infrastructure Cycle 1	8.7%	3.9%	6.7%	2.1%
Infrastructure (General) Cycle 2	7.0%	7.1%	6.7%	2.1%
Infrastructure (Renewables) Cycle 2	8.2%	8.8%	6.7%	2.1%
Secured Income Cycle 1	-1.9%	5.2%	6.7%	2.1%
Secured Income Cycle 2	-1.6%	5.4%	6.7%	2.1%
UK Property	1.6%	6.6%	0.8%	10.4%
International Property**	-4.5%	8.1%	5.3%	6.8%

**Performance data shown up to 31 December 2023

Risk and return summary

Legacy manager performance - 3 year

	Annualised return	Risk (standard deviation)	Benchmark return	Benchmark standard deviation
Brunel PM Cash	86.2%	74.9%	0.0%	-
Cash	9.0%	4.6%	2.4%	0.6%
Infrastructure	11.4%	13.1%	10.0%	2.2%
Pooled Property	3.3%	13.8%	1.5%	11.0%
Private Equity	16.0%	10.6%	11.5%	11.2%
Wellington Global Equity	-6.3%	13.1%	10.7%	11.3%
Oxfordshire County Council	5.6%	8.1%	7.3%	7.5%
LGIM Fixed Income	-	253.9%	-6.3%	10.3%

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 (55.45%)			**1,955.82**									
Global High Alpha Equities	MSCI World	+2-3%	352.52	9.9%	-0.2%	20.5%	-2.5%	9.6%	-2.8%	13.9%	1.2%	15 Nov 2019
Global Sustainable Equities	MSCI ACWI	+2%	615.57	9.2%	-0.1%	13.1%	-8.0%	6.5%	-4.1%	8.4%	-4.5%	30 Sep 2020
UK Active Equities	FTSE All Share ex Inv Tr	+2%	359.13	3.9%	0.2%	10.4%	2.0%	7.0%	-1.6%	5.4%	-0.8%	21 Nov 2018
PAB Passive Global Equities	FTSE Dev World PAB	Match	628.61	7.6%	-	21.3%	-	-	-	8.6%	-0.1%	29 Oct 2021
Fixed income (14.62%)			**515.72**									
Multi-Asset Credit	SONIA +4%	0% to +1.0%	150.33	2.2%	-0.1%	11.8%	2.6%	-	-	2.2%	-4.5%	01 Jun 2021
Sterling Corporate Bonds	iBoxx Sterling Non Gilt x	+1%	135.57	1.2%	1.1%	8.8%	2.7%	-	-	-3.3%	0.9%	02 Jul 2021
Passive Index Linked Gilts over 5 years	FTSE-A UK ILG >5Y	Match	229.82	-2.4%	-	-6.7%	0.1%	-	-	-14.4%	0.1%	09 Jun 2021
Private markets (incl. property) (18.68%)			**659.02**									
Private Equity Cycle 1	MSCI ACWI	+3%	96.22	N/M	N/M	5.5%	-15.7%	16.9%	6.2%	14.3%	1.6%	26 Mar 2019
Private Equity Cycle 2	MSCI ACWI	+3%	42.05	N/M	N/M	3.8%	-17.3%	4.9%	-5.8%	5.3%	-5.7%	05 Jan 2021
Private Debt Cycle 2	SONIA	+4%	46.03	N/M	N/M	12.2%	3.0%	-	-	7.9%	0.9%	17 Sep 2021
Private Debt Cycle 3	SONIA	+4%	22.38	N/M	N/M	12.3%	3.1%	-	-	12.7%	3.8%	20 Dec 2022
Infrastructure Cycle 1	CPI	+4%	49.21	N/M	N/M	4.9%	1.7%	8.7%	2.0%	7.9%	3.6%	02 Jan 2019
Infrastructure (General) Cycle 2	CPI	+4%	17.44	N/M	N/M	3.6%	0.4%	7.0%	0.3%	7.0%	1.1%	19 Oct 2020

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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) (18.68%)			**659.02**									
Infrastructure (Renewables) Cycle 2	CPI	+4%	13.29	N/M	N/M	1.0%	-2.2%	8.2%	1.5%	7.5%	1.6%	12 Oct 2020
Infrastructure Cycle 3	n/a - absolute return target	net 8% IRR	15.69	N/M	N/M	-2.2%	-5.3%	-	-	-3.0%	-8.0%	13 Oct 2022
Secured Income Cycle 1	CPI	+2%	53.92	N/M	N/M	-2.6%	-5.8%	-1.9%	-8.6%	-1.2%	-5.5%	15 Jan 2019
Secured Income Cycle 2	CPI	+2%	35.40	N/M	N/M	-3.8%	-7.0%	-1.6%	-8.4%	-1.6%	-8.3%	01 Mar 2021
Secured Income Cycle 3	CPI	+2%	51.69	N/M	N/M	-	-	-	-	-	-1.3%	01 Jun 2023
UK Property	MSCI/AREF UK	+0.5%	158.83	N/M	N/M	-0.8%	0.2%	1.6%	0.8%	2.1%	0.7%	01 Jul 2020
International Property**	GREFI	+0.5%	56.87	N/M	N/M	-15.2%	-6.2%	-4.5%	-9.8%	-2.9%	-	01 Jul 2020
Total Brunel assets (excl. cash) (88.75%)			**3,130.57**									

*Since initial investment
**Performance data shown up to 31 December 2023
+ Excess to benchmark, may not include outperformance
Private Markets 3 month performance is not material.

Portfolio overview

Legacy assets

Portfolio	AUM (GBPm)	Perf. 3 month	Excess⁺ 3 month	Perf. 1 year	Excess⁺ 1 year	Perf. 3 year	Excess⁺ 3 year	Perf. SII*	Excess⁺ SII*	Initial investment
Equities (0.00%)			**0.10**							
Wellington Global Equity	0.10	-1.3%	-10.6%	-2.7%	-23.9%	-6.3%	-17.0%	5.7%	-6.8%	01 Oct 2012
Fixed income (0.00%)			**-0.04**							
LGIM Fixed Income	-0.04	-2.3%	-1.0%	-422.0%	-421.7%	-	6.3%	-	-4.0%	01 Oct 2003
Private markets (incl. property) (9.82%)			**346.36**							
Infrastructure	16.49	0.1%	-1.5%	4.6%	-2.8%	11.4%	1.4%	8.1%	1.1%	01 Oct 2017
Private Equity	287.04	5.3%	-4.0%	19.1%	-2.0%	16.0%	4.5%	12.5%	5.1%	01 Apr 2005
Pooled Property	21.35	-6.7%	-7.2%	-11.7%	-11.0%	3.3%	1.8%	6.8%	0.9%	01 Jan 2010
Brunel PM Cash	0.43	1.4%	1.4%	52.7%	52.7%	86.2%	86.2%	40.8%	40.8%	14 Dec 2018
Greencoat Wessex Gardens	21.05	-	-	-	-	-	-	-	-1.7%	12 Feb 2024
Other (1.43%)			**50.37**							
Cash	50.37	1.5%	0.2%	7.0%	2.1%	9.0%	6.5%	2.8%	1.1%	01 Apr 2005
Total legacy assets (excl. cash) (11.25%)	**396.78**									

*Since initial investment
⁺ Excess to benchmark, may not include outperformance

Chief Investment Officer commentary

Risk assets began the year as they finished the last – in fine form, with global equities up close to 10% in sterling terms. The US market was the clear leader, up over 11%, while emerging markets and the FTSE All-Share brought up the rear, with returns under 4%. The former was dragged down again by China, where the market ended the quarter in negative territory. However, the China index did finish the quarter strongly, rebounding from its January lows as the People's Bank of China announced an easing of policy. Despite the risk-on nature of the market, small cap stocks underperformed their large-cap brethren. Credit also benefited in the rally, albeit to a more muted extent, given spreads were already tight - but loans, and High Yield and other sub-investment grade markets made good headway. All returns, however, paled in comparison to the return of bitcoin and other associated digital assets. I mention this in passing to highlight the role that demand has on financial assets – eleven Bitcoin ETFs were approved and launched in January in the US and they saw inflows of $12bn.

Gains across all asset classes could largely be attributed to a US economy that proved more resilient than had been predicted, and to a collective shrug at the implication that higher-than-expected growth would lead to interest rates being higher for longer as a result of stickier inflation. Corporate earnings also came in positively, with even Nvidia beating its own, very lofty expectations. In terms of US economic data: Q4 GDP was revised up; employment data was strong; manufacturing data moved back into expansion territory; and positive consumer spending was sustained. The upshot was that inflation increased in February when measured year-on-year, halting the recent disinflationary trend. Whilst the Federal Reserve kept its 'dot plot' forecast at three interest rate cuts for the year, markets jettisoned their December forecast for seven cuts, and, by the end of March, were forecasting just two.

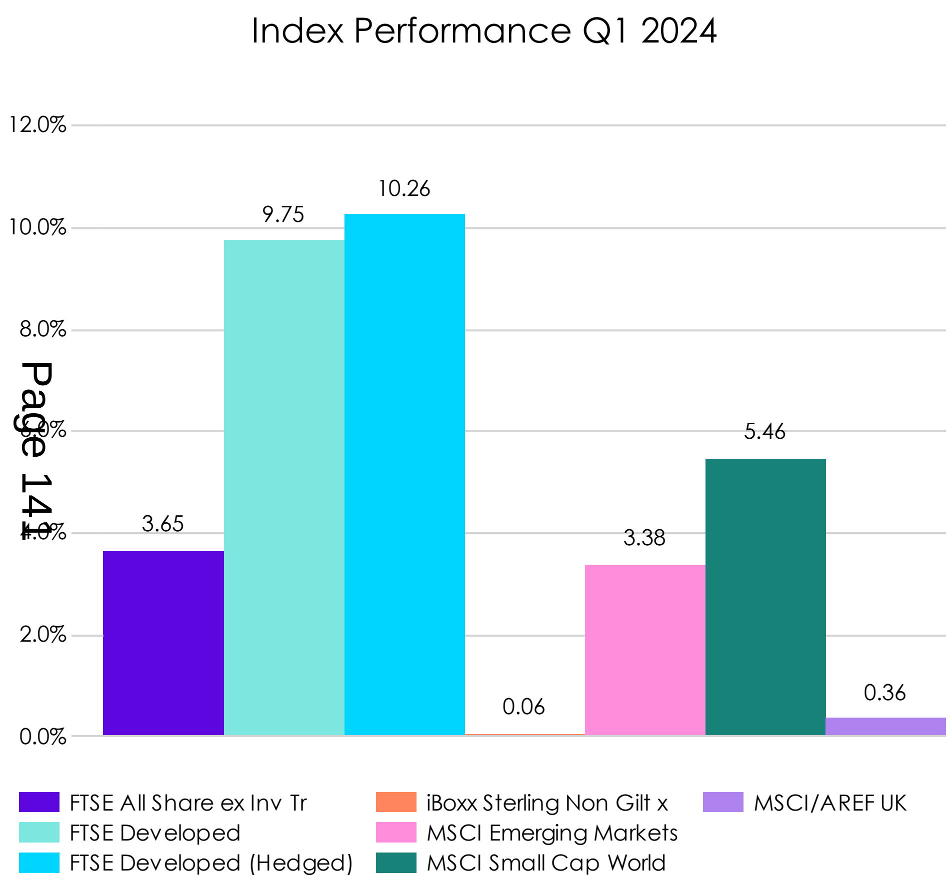
Unsurprisingly, government bonds adjusted to the change in expectation. UK 10-year government bond yields rose from 3.5% to 3.9% as prices fell. Interestingly, the move didn't derail growth stocks or the market, as it might have done previously, although the 'magnificent seven' became the 'magnificent five', as Tesla and Apple underperformed!

The tightening of corporate credit spreads meant that borrowers could refinance debt that had been originated at much higher financing costs. As such, Issuance in the US and European leveraged loan and high-yield markets skyrocketed, as investors' risk appetite improved materially. Demand was also strong in the CLO market, as previously warehoused loans overhanging from 2023 were sold. The continued expansion of the private credit market led to significant personnel changes and, indeed, whole team lift-outs, as new players seek to enter the market – quite reminiscent of bull market behaviour of old.

Fund raising in private equity broadly remained challenging, as end-investors still face liquidity concerns from previous overcommitments. Venture capital and growth funds looked most depressed at quarter-end, raising the smallest amount since 2017. On the exit side of the equation, deal activity remained muted and, although there were tentative green shoots in the IPO market (which had been shut for most of 2023), the recovery looks fragile.

In other macro news, Donald Trump was confirmed as the US presidential Republican candidate, but the more significant development after quarter-end was the missile attack by Iran on Israel - whilst little damage was done and the current market thesis is that this may be the end of hostilities, it certainly increased the risks in the region and elsewhere.

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

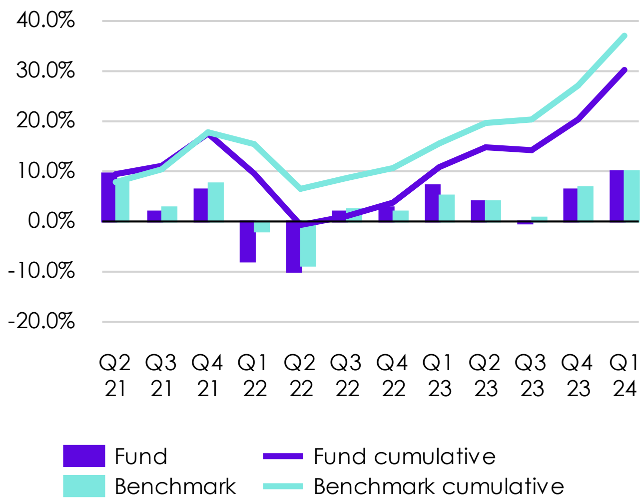
Outperformance target
+2-3%

Total fund value
£4,448m

Risk profile
High

Oxfordshire's Holding:
GBP353m

Rolling 3yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	9.9	20.5	9.6	14.5
Benchmark	10.0	23.1	12.4	13.3
Excess	-0.1	-2.5	-2.8	1.2

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

Performance commentary

Global developed equities (as proxied by the MSCI World index) returned 10% in GBP terms over the quarter. The strong return was delivered against a backdrop of a resilient US economic growth outlook, rebounding oil prices, and continued positive sentiment around Artificial Intelligence and interest rate cuts. (It should be noted, however, that expectations for those cuts were pared back over the quarter). Cyclical sectors generally outperformed defensive. Communications Services, IT and Financials were the best-performing sectors. Broad style indices showed that Quality outperformed Growth, and both outperformed Value.

The portfolio captured the strong market performance, returning 9.9% during the period, just 0.1% below-benchmark.

Sector attribution showed allocation and selection were neutral overall. Selection was strong in IT, where an overweight to TSMC added 0.4% and an underweight to Apple added 0.8%, which more than offset the negative impact of an underweight holding in Nvidia, costing 0.5%. TSMC (a large Taiwanese semiconductor company) was the largest single contributor to relative returns. The company returned 26% after reporting strong revenue and guidance that lived up to its lofty consensus expectations for AI-driven growth. Selection was weak in Communications Services, largely due to an underweight to Meta, which performed strongly. It was also weak in Financials, driven by overweight holdings in HDFC and Moody's - the latter underperformed after reporting quarterly earnings that missed consensus estimates.

Underlying manager performance varied widely for the quarter. RLAM and Baillie Gifford outperformed, whilst Fiera and AB, two managers with more of a quality focus, moderately underperformed - despite the MSCI Quality index outperforming the broader index. Their underperformance partly reflected the fact that neither manager holds Nvidia or Meta, thereby missing out on 2.3% from relative returns versus the MSCI World index. (The companies are also among the largest three holdings in the MSCI Quality index - thus the latter's very strong quarter). Unsurprisingly, Harris was the weakest performer, as Value stocks in general were not well-rewarded during the quarter.

From inception to quarter-end, the portfolio outperformed the benchmark by 1.2% p.a.

Global High Alpha Equities

Top 5 holdings

	Weight %	B'mark weight %	Client value (GBP)*
MICROSOFT CORP	**6.28**	**4.57**	**22,150,376**
AMAZON.COM INC	**4.37**	**2.58**	**15,422,115**
MASTERCARD INC	**2.86**	**0.62**	**10,086,680**
ALPHABET INC	**2.71**	**2.58**	**9,544,229**
TAIWAN SEMICONDUCTOR	**2.24**	**-**	**7,909,789**

*Estimated client value

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Top 5 active overweights

	Weight %	Benchmark weight %
TAIWAN SEMICONDUCTOR	**2.24**	**-**
MASTERCARD INC	**2.86**	**0.62**
AMAZON.COM INC	**4.37**	**2.58**
MICROSOFT CORP	**6.28**	**4.57**
UNITEDHEALTH GROUP INC	**2.06**	**0.70**

Top 5 active underweights

	Weight %	Benchmark weight %
APPLE INC	**0.75**	**3.88**
META PLATFORMS INC	**-**	**1.66**
NVIDIA CORP	**2.08**	**3.44**
BROADCOM INC	**-**	**0.91**
JPMORGAN CHASE & CO	**-**	**0.89**

Largest contributors to ESG risk

	ESG risk score* Q4 2023	ESG risk score* Q1 2024
AMAZON.COM INC	**30.61**	**30.20**
MICROSOFT CORP	**15.21**	**15.21**
ALPHABET INC-CL A	**24.09**	**24.09**
MASTERCARD INC - A	**16.56**	**16.56**
NOVO NORDISK A/S-B	**23.06**	**23.06**

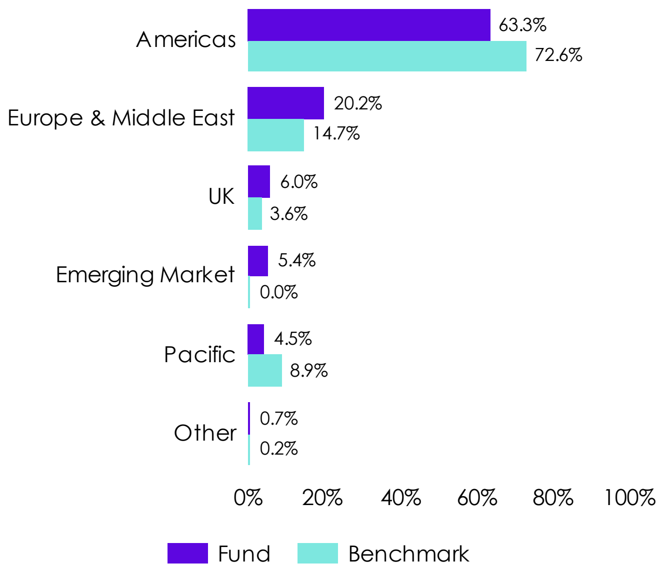
*Source: Sustainanalytics. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top. ESG Risk Score reference: 0-10 is Negligible, 10-20 is Low, 20-30 is Medium, 30-40 is High, 40+ is Severe.

Carbon metrics

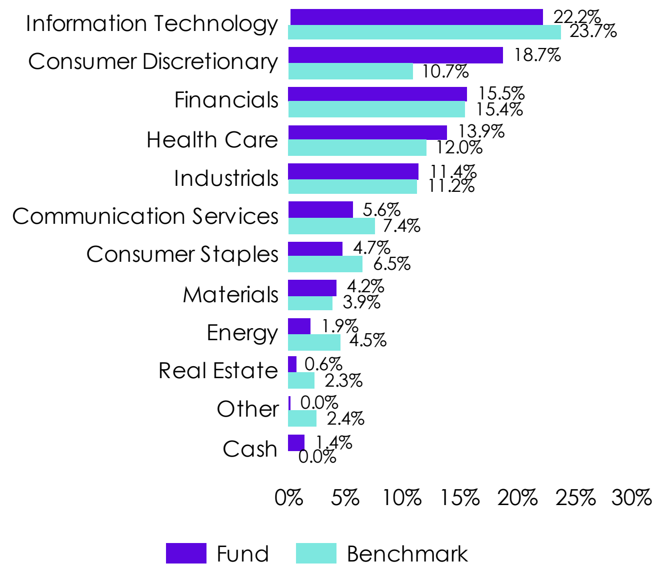
Portfolio	WACI 2023 Q4	WACI 2024 Q1	Total Extractive Exposure[1] 2023 Q4	Total Extractive Exposure[1] 2024 Q1	Extractive Industries (VOH)[2] 2023 Q4	Extractive Industries (VOH)[2] 2024 Q1
Global High Alpha	**78**	**79**	1.55	1.54	2.52	2.44
MSCI World*	**164**	**160**	4.87	4.80	8.24	8.05

*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 High Alpha Equities - Contribution by Manager

Overview

Benchmark	**MSCI World**
AUM	**£4,448m**
% of Brunel	**12.9%**
Number of managers	**5**
Number of clients	**9**

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Performance to quarter end

	Fund	MSCI World	Excess
3 month	9.9	10.0	-0.1
Fiscal YTD	20.5	23.1	-2.5
1 year	20.5	23.1	-2.5
3 years (p.a.)	9.6	12.4	-2.8
5 years (p.a.)	-	-	-
10 years (p.a.)	-	-	-
Since inception (p.a.)	14.5	13.3	1.2

Total return by manager

	Perf. 3 month	Excess	Perf. 1 year	Excess	Perf. 3 year	Excess	Perf. SII*	Excess
Alliance Bernstein	8.4	-1.6	12.7	-10.4	4.7	-7.7	8.8	-4.5
Baillie Gifford	11.0	1.0	24.2	1.2	-1.9	-14.2	16.4	3.1
Fiera Capital (UK)	8.6	-1.4	16.9	-6.1	13.1	0.7	14.0	0.7
Harris Associates	5.6	-4.4	11.9	-11.1	8.0	-4.4	11.3	-2.0
Royal London	14.2	4.2	36.0	13.0	21.3	8.9	21.7	8.4

Allocation & contribution by manager

	Market value (GBP millions)	% Allocation	Contribution to return: 1 year	Contribution to return: 3 years	Contribution to return: since inception
Alliance Bernstein	1,014.4	22.8	3.0	1.2	3.0
Baillie Gifford	563.0	12.7	3.2	-0.2	4.5
Fiera Capital (UK)	1,117.1	25.1	4.3	3.8	4.4
Harris Associates	538.6	12.1	1.4	1.0	1.3
Royal London	1,216.6	27.3	9.0	4.8	4.5
Total	4,448.4	100.0	20.5	9.6	14.5

Global Sustainable Equities

Launch date
20 October 2020

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

Liquidity
Managed

Benchmark
MSCI ACWI

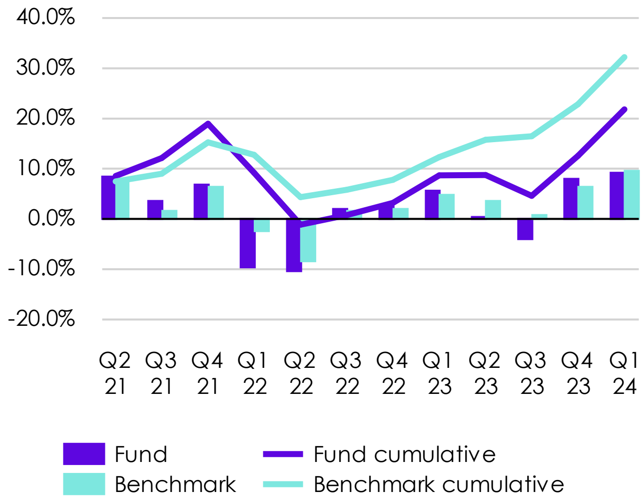
Outperformance target
+2%

Total fund value
£3,817m

Risk profile
High

Oxfordshire's Holding:
GBP616m

Rolling 3yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	9.2	13.2	6.6	7.9
Benchmark	9.3	21.2	10.7	12.4
Excess	-0.1	-8.0	-4.1	-4.5

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

Performance commentary

The portfolio returned 9.2% over the quarter, while the MSCI ACWI benchmark returned 9.3%. Over the year to quarter-end, the fund returned 13.2%, short of the MSCI ACWI's 21.2%. One-year underperformance could be attributed to a spike in market concentration in Q2 and to a subsequent rally for Energy stocks in Q3. However, as noted in the previous quarterly commentary, the market environment then shifted to favour sustainable investing. The portfolio notably outperformed in Q4 2023 and, in Q1 2024, captured all of the upside in one of the strongest market rallies this century - the 9th strongest ACWI quarter out of 97.

Over the quarter, there was a drop in the number of rate cuts the market anticipated for 2024. This came on the back of inflation numbers that were stickier than first expected. The anticipation of imminent rate cuts had acted as a tailwind for the portfolio's Quality/Growth style of investing in Q4 2023 - relative negative underperformance is therefore to be expected when that sentiment reverses. However, the strength of the Quality names in the portfolio, coupled with positive quarterly earnings for the underlying companies, meant that the portfolio sustained its strong performance momentum despite the revised rate expectations.

Stock selection was the main driver of relative performance at a sector level. The portfolio added notable performance through the Health Care sector, largely through the equipment and technology sub-sectors. Edwards Lifesciences, for example, returned 26% over the quarter.

Meanwhile, the "magnificent 7" stocks continued to exert a major impact. In 2023, their strength had caused a relative drag on portfolio performance - but that strength dimmed somewhat in Q1 2024. The portfolio has no exposure to Apple and Tesla, and both declined over the quarter, returning -10% and -30% respectively. Of the remaining five, however, it had exposure to four: Microsoft, Nvidia, Amazon and Alphabet. Each of these contributed positively to absolute return over the period, most notably Nvidia, which returned 84%.

Whilst fund underperformance over the year is disappointing, it is notable that the majority of sustainable manager peers also failed to outperform the MSCI ACWI.

Global Sustainable Equities

Top 5 holdings

	Weight %	B'mark weight %	Client value (GBP)*
MASTERCARD INC	**2.80**	**0.56**	**17,256,137**
MICROSOFT CORP	**2.39**	**4.12**	**14,696,703**
INTUIT INC	**2.36**	**0.25**	**14,520,095**
ANSYS INC	**2.06**	**0.04**	**12,651,829**
ASML HOLDING NV	**2.05**	**0.54**	**12,616,556**

*Estimated client value

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Top 5 active overweights

	Weight %	Benchmark weight %
MASTERCARD INC	**2.80**	**0.56**
INTUIT INC	**2.36**	**0.25**
ANSYS INC	**2.06**	**0.04**
WASTE MANAGEMENT INC	**2.03**	**0.12**
ADYEN NV	**1.57**	**0.05**

Top 5 active underweights

	Weight %	Benchmark weight %
APPLE INC	**-**	**3.49**
MICROSOFT CORP	**2.39**	**4.12**
META PLATFORMS INC	**-**	**1.49**
ALPHABET INC	**1.01**	**2.32**
NVIDIA CORP	**1.96**	**3.09**

Largest contributors to ESG risk

	ESG risk score* Q4 2023	ESG risk score* Q1 2024
MASTERCARD INC - A	**16.56**	**16.56**
INTUIT INC	**17.95**	**17.95**
WASTE MANAGEMENT INC	**19.58**	**19.58**
AMAZON.COM INC	**30.61**	**30.20**
EDWARDS LIFESCIENCES CORP	**23.88**	**23.88**

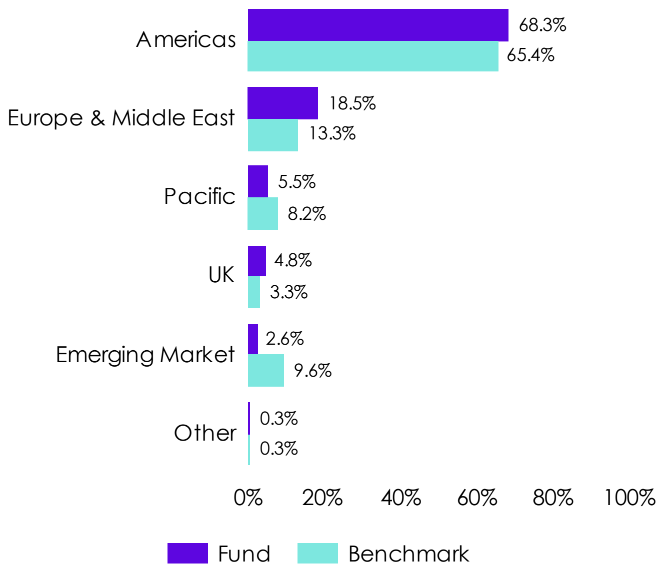
*Source: Sustainalytics. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top. ESG Risk Score reference: 0-10 is Negligible, 10-20 is Low, 20-30 is Medium, 30-40 is High, 40+ is Severe.

Carbon metrics

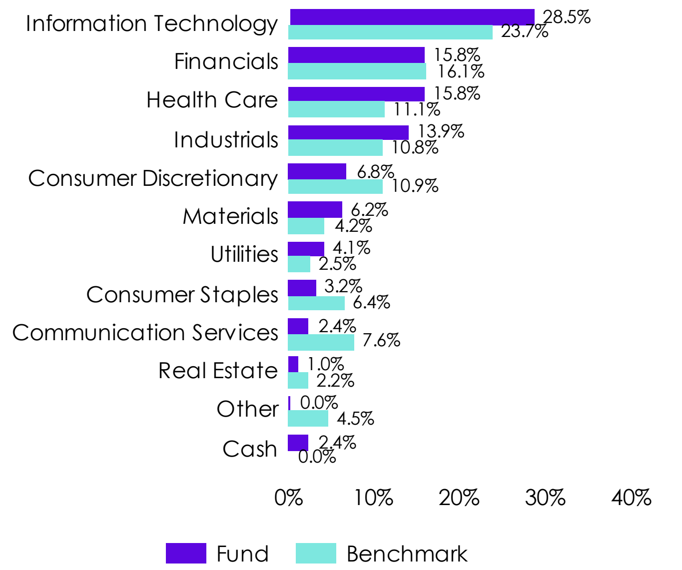
Portfolio	WACI 2023 Q4	WACI 2024 Q1	Total Extractive Exposure[1] 2023 Q4	Total Extractive Exposure[1] 2024 Q1	Extractive Industries (VOH)[2] 2023 Q4	Extractive Industries (VOH)[2] 2024 Q1
Global Sustainable	**155**	**160**	2.21	1.96	4.83	5.06
MSCI ACWI*	**201**	**197**	4.89	4.82	8.25	8.08

*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 - Contribution by Manager

Overview

Benchmark	**MSCI ACWI**
AUM	**£3,817m**
% of Brunel	**11.1%**
Number of managers	**5**
Number of clients	**8**

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Performance to quarter end

	Fund	MSCI ACWI	Excess
3 month	**9.2**	**9.3**	**-0.1**
Fiscal YTD	**13.2**	**21.2**	**-8.0**
1 year	**13.2**	**21.2**	**-8.0**
3 years (p.a.)	**6.6**	**10.7**	**-4.1**
5 years (p.a.)	**-**	**-**	**-**
10 years (p.a.)	**-**	**-**	**-**
Since inception (p.a.)	**7.9**	**12.4**	**-4.5**

Total return by manager

	Perf. 3 month	Excess	Perf. 1 year	Excess	Perf. 3 year	Excess	Perf. SII*	Excess
Jupiter	**6.2**	**-3.1**	**11.1**	**-10.1**	**-**	**0.0**	**7.8**	**-2.3**
Mirova	**12.2**	**2.9**	**21.4**	**0.2**	**-**	**0.0**	**5.8**	**-2.7**
Nordea	**8.9**	**-0.4**	**10.1**	**-11.1**	**8.4**	**-2.3**	**11.2**	**-1.3**
Ownership Capital	**7.4**	**-1.9**	**11.1**	**-10.1**	**4.1**	**-6.5**	**4.8**	**-7.6**
RBC Global	**10.8**	**1.5**	**14.4**	**-6.8**	**5.7**	**-5.0**	**7.2**	**-5.3**

Allocation & contribution by manager

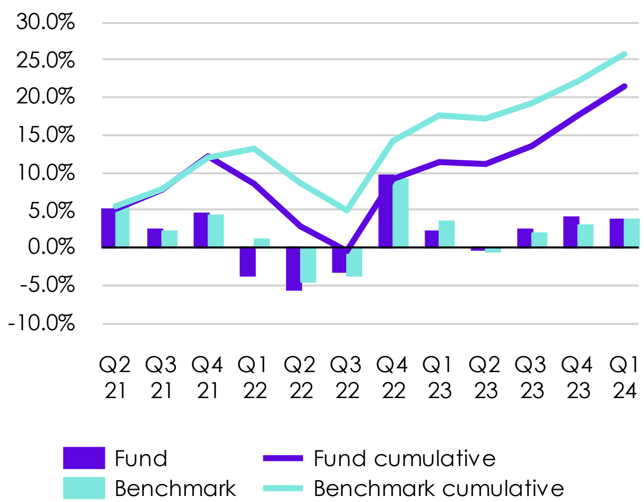
	Market value (GBP millions)	% Allocation	Contribution to return: 1 year	Contribution to return: 3 years	Contribution to return: since inception
Jupiter	**375.2**	**9.8**	**1.2**	**0.5**	**0.4**
Mirova	**774.7**	**20.3**	**4.3**	**1.2**	**1.0**
Nordea	**893.7**	**23.4**	**2.1**	**2.0**	**2.8**
Ownership Capital	**909.6**	**23.8**	**2.7**	**1.7**	**1.9**
RBC Global	**864.7**	**22.7**	**3.3**	**1.9**	**2.6**
Total	**3,816.8**	**100.0**	**13.2**	**6.6**	**7.9**

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
£1,287m
Risk profile
High

Oxfordshire's Holding:
GBP359m

Rolling 3yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	3.9	10.4	7.0	5.3
Benchmark	3.7	8.4	8.6	6.1
Excess	0.2	2.0	-1.6	-0.8

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

Performance commentary

The FTSE All-Share Index excluding Investment Trusts returned 3.7% over the quarter, underperforming the developed market index (MSCI World) by over 6% in GBP terms. In a reversal of the previous quarter, the FTSE 100 outperformed the FTSE 250. The portfolio returned 3.9% during the period, outperforming the benchmark by 0.2%, and delivering a fourth consecutive quarter of outperformance.

Sector attribution shows that allocation was the main driver of outperformance. The main contributors were an overweight to Industrials (the best-performing sector) and underweight to the Utilities. Selection was negative over the quarter and was weakest in the Consumer Discretionary sector, where overweights in Taylor Wimpey and Persimmon were among the detractors. Other major detractors in the portfolio included an overweight holding in St James's Place (SJP), the UK wealth manager, which fell 32% after the company reported taking a provision of £426 million for potential client refunds due to complaints about an insufficient level of service from their advisers.

The largest positive contributor to relative returns was the overweight holding in Babcock, which participated strongly in the rally in defence-related names over the quarter. Market cap allocation was a headwind over the quarter, detracting 0.5% from relative returns - driven by the portfolio's overweight to the smallest quintile of companies (which was also the worst-performing quintile).

On a manager-by-manager basis, Invesco outperformed the index by 1.8%, building on strong relative performance over the prior two quarters. The reporting quarter's outperformance was driven by the positive contribution from the Momentum factor, particularly in March. Of the other targeted factors, Value also contributed positively, whilst Quality was flat. Baillie Gifford underperformed by 2% over the quarter, giving up the 2% outperformance made the previous quarter. Sector allocation was positive, driven largely by the overweight in Industrials. However, this was more than offset by negative stock selection, which was weakest in the Financials sector: overweight holdings in SJP, Prudential and Close Brothers all impacted negatively.

From inception to quarter-end, the portfolio underperformed the benchmark by 0.8% per annum.

UK Active Equities

Top 5 holdings

	Weight %	B'mark weight %	Client value (GBP)*
ASTRAZENECA PLC	5.33	7.11	19,150,448
UNILEVER PLC	4.92	4.49	17,656,621
SHELL PLC	4.13	7.82	14,835,026
HSBC HOLDINGS PLC	3.27	5.44	11,737,263
GLENCORE PLC	2.70	2.42	9,700,578

*Estimated client value

Largest contributors to ESG risk

	ESG risk score* Q4 2023	ESG risk score* Q1 2024
SHELL PLC	33.68	33.68
ASTRAZENECA PLC	21.81	22.03
UNILEVER PLC	23.57	23.57
GLENCORE PLC	38.56	38.56
HSBC HOLDINGS PLC	24.98	24.95

*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 Q4	WACI 2024 Q1	Total Extractive Exposure[1] 2023 Q4	Total Extractive Exposure[1] 2024 Q1	Extractive Industries (VOH)[2] 2023 Q4	Extractive Industries (VOH)[2] 2024 Q1
UK Active Equities	79	82	7.40	6.80	11.39	10.39
FTSE All Share ex Inv	145	131	9.74	8.32	19.40	18.55

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

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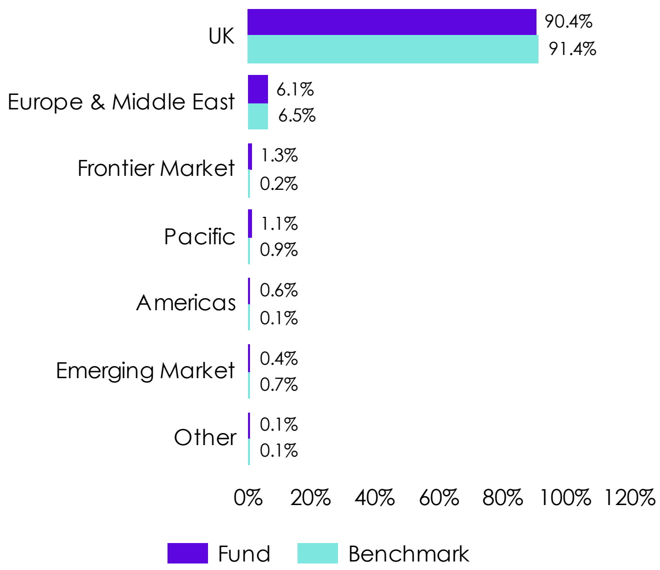
Top 5 active overweights

	Weight %	Benchmark weight %
LEGAL & GENERAL GROUP PLC	2.48	0.68
MARKS & SPENCER GROUP PLC	1.87	0.23
HOWDEN JOINERY GROUP PLC	1.76	0.22
INFORMA PLC	1.98	0.52
BUNZL PLC	1.74	0.46

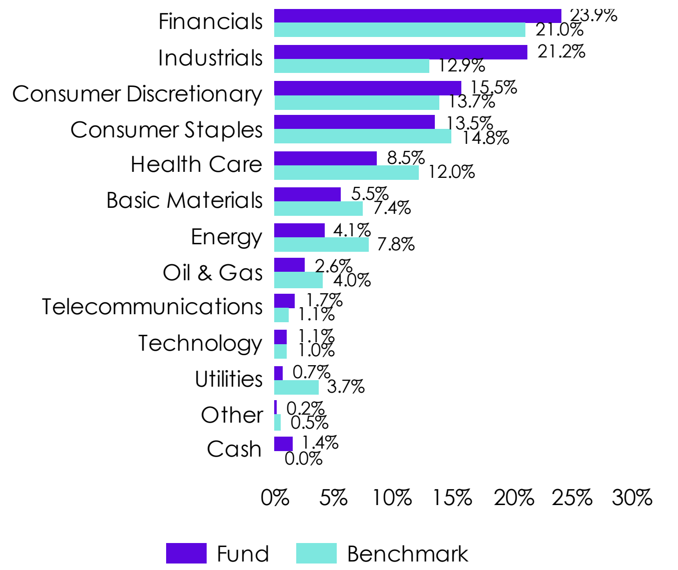
Top 5 active underweights

	Weight %	Benchmark weight %
SHELL PLC	4.13	7.82
HSBC HOLDINGS PLC	3.27	5.44
BP PLC	1.83	3.73
ASTRAZENECA PLC	5.33	7.11
NATIONAL GRID PLC	-	1.77

Regional exposure



Sector exposure



UK Active Equities - Contribution by Manager

Overview

Benchmark	**FTSE All Share ex Inv Tr**
AUM	**£1,287m**
% of Brunel	**3.7%**
Number of managers	**2**
Number of clients	**4**

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Performance to quarter end

	Fund	FTSE All Share ex Inv Tr	Excess
3 month	**3.9**	**3.7**	**0.2**
Fiscal YTD	**10.4**	**8.4**	**2.0**
1 year	**10.4**	**8.4**	**2.0**
3 years (p.a.)	**7.0**	**8.6**	**-1.6**
5 years (p.a.)	**4.6**	**5.4**	**-0.9**
10 years (p.a.)	**-**	**-**	**-**
Since inception (p.a.)	**5.3**	**6.1**	**-0.8**

Total return by manager

	Perf. 3 month	Excess	Perf. 1 year	Excess	Perf. 3 year	Excess	Perf. SII*	Excess
Baillie Gifford	**1.6**	**-2.0**	**6.3**	**-2.1**	**1.8**	**-6.9**	**4.4**	**-1.7**
Invesco	**5.4**	**1.8**	**13.5**	**5.1**	**10.8**	**2.2**	**7.3**	**1.1**

Allocation & contribution by manager

	Market value (GBP millions)	% Allocation	Contribution to return: 1 year	Contribution to return: 3 years	Contribution to return: since inception
Baillie Gifford	**500.1**	**38.9**	**2.6**	**1.0**	**2.1**
Invesco	**786.6**	**61.1**	**8.0**	**6.4**	**4.4**
Total	**1,286.5**	**100.0**	**10.4**	**7.0**	**5.3**

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%

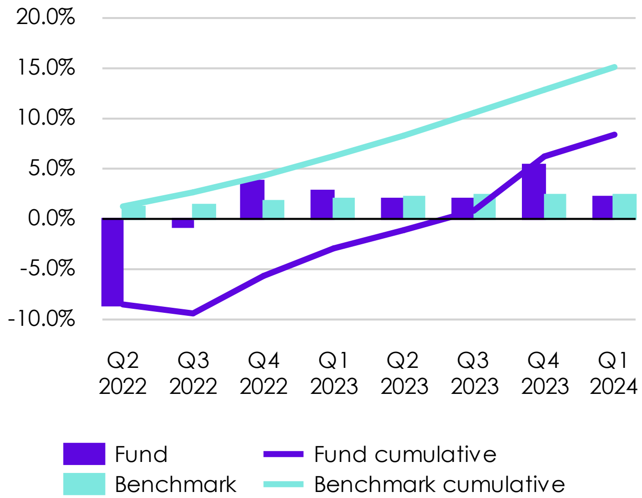
Outperformance target
0% to +1.0%

Total fund value
£2,968m

Risk profile
Moderate

Oxfordshire's Holding:
GBP150m

Rolling 2yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	2.2	11.8	-	2.2
SONIA +4%	2.3	9.2	-	6.8
Excess	-0.1	2.6	-	-4.6

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

Performance commentary

Sub-investment grade started the year in positive fashion against a backdrop of rising interest rates and tightening credit spreads. Investors started to pull back from the aggressive pivot mentality, causing a rise in US Treasury yields. Many market participants are assuming two or fewer rate cuts in the US this year - a significant reversal from the six-cuts narrative that dominated last year. US and UK 2-year yields rose by 37 basis points (bps) and 21bps respectively.

Credit spreads tightened over the quarter, with High Yield Bonds – proxied by Bloomberg Global High Yield – tightening by 41bps to 382bps at quarter-end. A wider acceptance of a soft landing - or of none at all - along with strong technical factors, such as excess cash with asset managers, had fuelled the contraction.

All areas of sub-Investment Grade posted a positive return despite the rising interest rate environment. This was driven by spread compression and carry. Collateralised Loan Obligations (CLOs) were the primary beneficiaries, given their floating rate and higher carry; sub-IG CLO tranches returned in excess of 3%. High Yield Bonds and Leveraged Loans posted local returns of +2.1% and +1.6% respectively. The only notable outlier across the broader credit spectrum was Investment Grade, which fell by approximately 75bps in local terms.

The portfolio returned +2.2% over the quarter, which was in line with both the primary and composite benchmarks. Neuberger Berman, CQS and Oaktree returned +1.6%, +3.2% and +2.9% respectively. Neuberger Berman posted a weaker return due to its rate-sensitive allocation to Investment Grade corporates and its lack of exposure to CLOs. Oaktree and CQS saws strong opportunities in CLOs, given their higher carry and stronger structural protection against default.

Since-inception performance reached +2.2%, lagging the primary benchmark by 4.6%. The composite benchmark had returned approximately +2.6% over the same period.

All three managers maintained a cautiously optimistic outlook. All-in yields had fallen to 7.8% (at quarter-end) for the Multi-Asset Credit portfolio with a duration of 2.8 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, leaving them well-positioned to outperform versus market default rates.

Multi-Asset Credit - Contribution by Manager

Overview

Benchmark	**SONIA +4%**
AUM	**£2,968m**
% of Brunel	**8.6%**
Number of managers	**3**
Number of clients	**10**

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Performance to quarter end

	Fund	SONIA +4%	Excess	Bloomberg Global High Yield Index	Morningstar LSTA US Leveraged Loan Index
3 month	2.2	2.3	-0.1	-	-
Fiscal YTD	11.8	9.2	2.6	-	-
1 year	11.8	9.2	2.6	-	-
3 years (p.a.)	-	-	-	-	-
5 years (p.a.)	-	-	-	-	-
10 years (p.a.)	-	-	-	-	-
Since inception (p.a.)	2.2	6.8	-4.6	-	-

Total return by manager

	Perf. 3 month	Excess	Perf. 1 year	Excess	Perf. 3 year	Excess	Perf. SII*	Excess
CQS Global	3.2	0.9	15.6	6.4	-	0.0	4.4	-2.4
Neuberger	1.6	-0.7	10.1	0.9	-	0.0	1.1	-5.8
Oaktree	2.9	0.6	12.9	3.8	-	0.0	3.3	-3.5

Allocation & contribution by manager

	Market value (GBP millions)	% Allocation	Contribution to return: 1 year	Contribution to return: 3 years	Contribution to return: since inception
CQS Global	623.0	21.0	3.2	-	1.0
Neuberger	1,738.2	58.6	5.9	-	0.6
Oaktree	607.2	20.5	2.6	-	0.7
Total	2,968.4	100.0	11.8	-	2.2

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

£796m

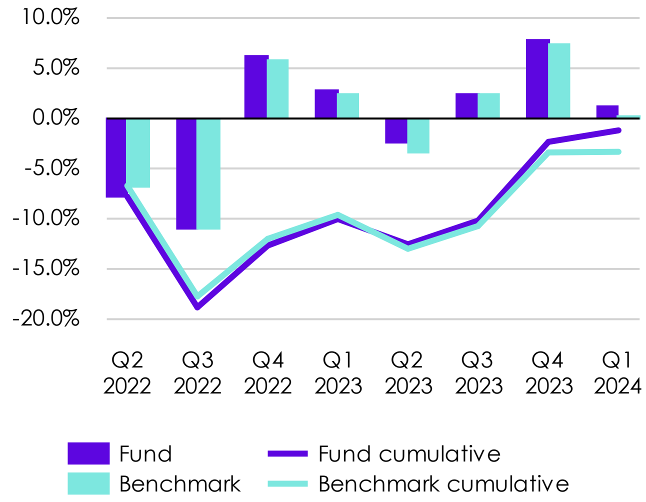
Risk profile

Moderate

Oxfordshire's Holding:

GBP136m

Rolling 2yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	1.2	8.8	-	-3.3
Benchmark	0.1	6.1	-	-4.3
Excess	1.1	2.7	-	0.9

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

Performance commentary

Markets recalibrated their pricing for expected central bank cuts over the year, contributing to negative returns for government bond markets over the quarter.

The sterling Investment Grade credit market (non-gilt) returned 0.1% over the quarter, as the effect of higher yields was mitigated by tighter credit spreads and higher carry. The shorter duration of the credit market index also helped offset some of the government-induced market headwinds. Given the rise in yields, sectors with a greater proportion of long-dated bonds performed poorly, including utilities and social housing. Supranationals was the worst-performing sector, while the bank and insurance sectors performed well.

Over the period, the Sterling Corporate Bonds portfolio returned 1.2%, outperforming the benchmark by 1.1%.

The main drivers of positive relative performance over the quarter were stock selection and sector allocation. Stock selection in bank and insurance bonds significantly contributed to relative returns. Within banks, the portfolio's bias towards subordinated bonds was helpful, particularly AT1s, which continued to outperform the wider market. At a sector level, the portfolio's underweight position in supranationals and overweight in insurance both contributed to relative returns.

In terms of credit rating bands, the allocation to BB-rated bonds contributed most to relative returns, whilst the significant underweight allocation to AAA-rated bonds was also positive.

The holding in Thames Water was a detractor over the quarter. RLAM continues to believe that liquidity in the operating company remains satisfactory and that valuations remain attractive on a fundamental basis.

Bond yields are generally higher than they had been at the start of the year and interest rate cuts are now closer. RLAM therefore believes that overall government bond yields look attractive, and that credit spreads continue to compensate credit investors for the risk of default. Whilst yields are expected to remain sensitive to economic data, the portfolio is highly diversified, with a bias towards bonds with greater security and downside protection relative to the benchmark.

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

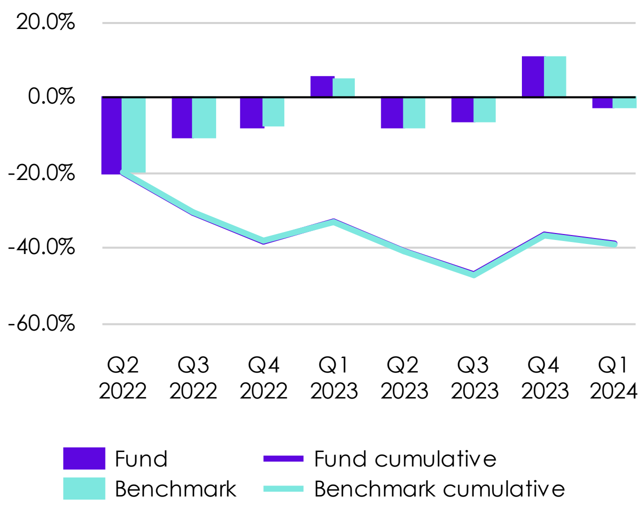
Outperformance target
Match

Total fund value
£935m

Risk profile
Low

Oxfordshire's Holding:
GBP230m

Rolling 2yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	-2.4	-6.7	-	-14.4
Benchmark	-2.4	-6.8	-	-14.5
Excess	-	0.1	-	0.1

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

Performance commentary

Over the quarter, markets recalibrated their pricing for expected central bank cuts over this year. At the end of last year, markets were pricing in an aggressive rate cutting cycle, but then swiftly moved to temper those forecasts. This re-pricing contributed to negative returns for global government bond markets over the quarter.

Government yields rose in all the major markets. In the US, 10-year Treasury yields rose from 3.88% to 4.21%, while German 10-year bunds saw yields rise from 2.01% to 2.30%.

Mirroring this backdrop of rising yields, UK government bonds produced a return of -1.62% (FTSE Actuaries) over the first quarter, with the benchmark 10-year gilt yield rising from 3.54% to 3.94%. The bulk of this move occurred in the first two weeks of January. For the remainder of the quarter, which they largely traded in a range set between 4% and 4.2%. The rising yield environment helped short-dated bonds to outperform their longer-dated equivalents.

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

£2,711m

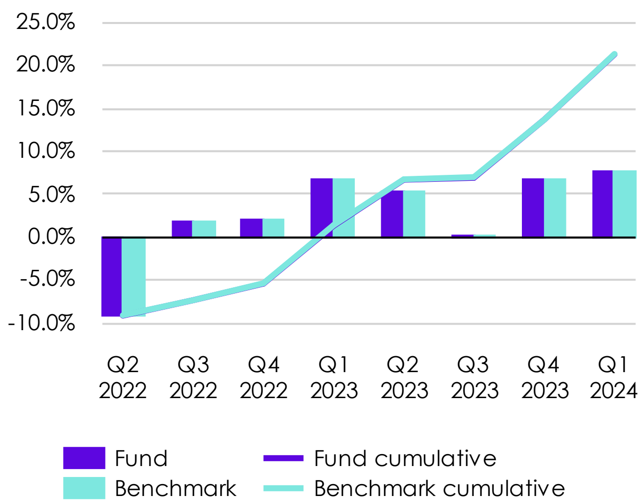
Risk profile

High

Oxfordshire's Holding:

GBP629m

Rolling 2yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	7.6	21.3	-	8.5
Benchmark	7.6	21.3	-	8.6
Excess	-	-	-	-0.1

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

Performance commentary

The FTSE Developed Paris Aligned Index (GBP Hedged) (PAB) returned 7.9% over Q1 2024.

The PAB's holding in Tesla made a large negative contribution to returns. 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 suffered a significant fall in share price over the quarter, driven by falling demand, production halts, rumours of staff layoffs, growing pressure to cut prices, and increasing pressure from competitors - particularly Chinese EV manufacturers.

Among the 'Magnificent 7', Tesla suffered the worst performance over the quarter. Overweights to Microsoft and Alphabet meant that both made positive contributions to returns over the quarter. However, the portfolio had underweight positions in Nvidia and Meta, and these stocks both had strong performance over the quarter. The main driver of performance for Meta was strong earnings results, while Nvidia continued to benefit from the surging interest in AI.

At quarter-end, the PAB had 4 holdings in the Energy sector, each of which made a negative contribution to portfolio returns over the quarter: Vestas Wind Systems A/S, First Solar, Enphase Energy and SolarEdge Technologies. Each of these stocks was held overweight due to Green Revenue and TPI Management Quality scores. The broader Energy sector, including companies with significant oil & gas exposure, performed strongly over the quarter. Stocks held by the market-weighted index but not held at all in this portfolio included Exxon Mobil, Chevron, Shell, BP and ConocoPhillips. Each of these delivered positive returns over the quarter, benefiting from significant increases in the price of crude oil.

The portfolio decarbonisation trajectory is in line with the requirements of EU regulations for Paris-aligned benchmarks, which utilises EVIC rather than revenue in its decarbonisation calculations.

PAB Passive Global Equities

Top 5 holdings

	Weight %	Client value (GBP)*
AMAZON.COM INC	**5.80**	**36,472,993**
MICROSOFT CORP	**5.44**	**34,177,009**
ALPHABET INC	**4.60**	**28,929,592**
APPLE INC	**4.06**	**25,513,557**
TESLA INC	**2.83**	**17,761,396**

*Estimated client value

Largest contributors to ESG risk

	ESG risk score* Q4 2023	ESG risk score* Q1 2024
AMAZON.COM INC	**30.61**	**30.20**
MICROSOFT CORP	**15.21**	**15.21**
TESLA INC	**25.23**	**25.26**
APPLE INC	**17.22**	**16.72**
ALPHABET INC-CL A	**24.09**	**24.09**

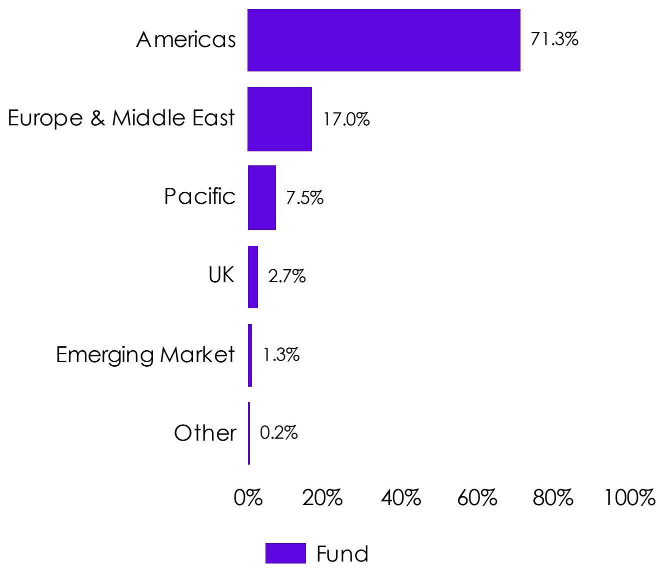
*Source: Sustainalytics. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top. ESG Risk Score reference: 0-10 is Negligible, 10-20 is Low, 20-30 is Medium, 30-40 is High, 40+ is Severe.

Carbon metrics

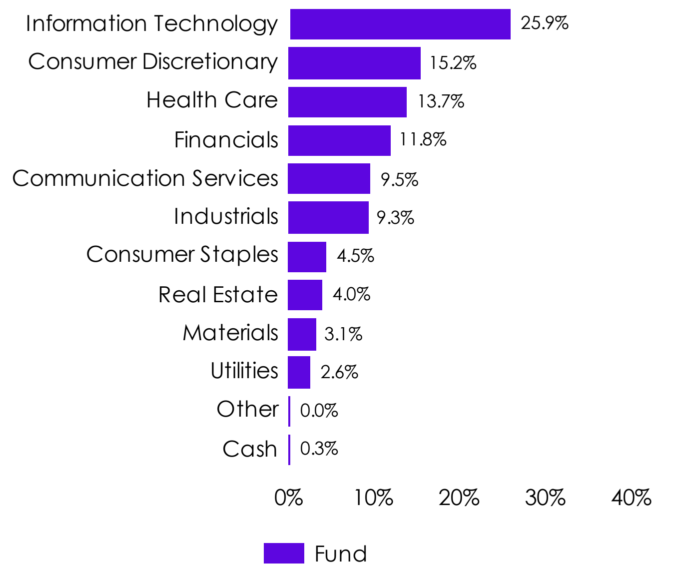
Portfolio	WACI 2023 Q4	WACI 2024 Q1	Total Extractive Exposure[1] 2023 Q4	Total Extractive Exposure[1] 2024 Q1	Extractive Industries (VOH)[2] 2023 Q4	Extractive Industries (VOH)[2] 2024 Q1
PAB Passive Global	**120**	**118**	1.39	1.21	3.57	3.48
FTSE Dev World TR	**168**	**163**	4.69	4.60	8.45	8.34

*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



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
£101.22m

Amount Called
£78.27m

% called to date
77.32

Number of underlying funds
7

Oxfordshire's Holding:
GBP96.22m

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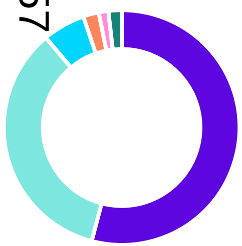
Country

Invested in underlying investments

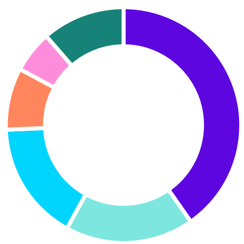


North America	54.1%
Western Europe	34.8%
Asia Pacific	5.8%
Global	2.2%
Middle-East/North Africa	1.3%
Other	1.8%

Source: Colmore
Country data is lagged by one quarter

Sector

GICs level 1



Financials	40.3%
Information Technology	17.7%
Health Care	16.4%
Industrials	8.5%
Telecommunication	5.7%
Other	11.4%

Source: Colmore
Sector data is lagged by one quarter

Performance commentary

Deal activity continued to show signs of picking up, largely reflecting sellers' adjusting pricing expectations (although some high-quality technology assets continued to attract high purchase multiples from buyers).

GPs remained focused on operational improvements as a driver for EBITDA growth vs a pure increase in top-line revenue. Select portfolio companies were showing some signs of underperformance due to a combination of wage inflation pressures (experienced over the ~12 months to quarter-end) alongside some instances of 'de-stocking', whereby companies grew to meet pent-up and outsized demand in 2021/2022 (driven by COVID-related supply issues) which then fell away to a greater degree than expected.

Outside of the Brunel portfolios, liquidity continued to cause challenges for GPs and LPs in older funds, which had expected to be realizing/harvesting returns - but an exit environment failed to materialise (IPO markets remained especially closely watched - but were still muted).

Portfolio deployment stood at c.~76% invested, 100% committed. Portfolio performance remained positive and was flat vs the prior quarter.

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
96.2	5.5%	14.3%	3,814,258	1,367,305	2,446,953	2,441,140	1.35	0.1%	0.0%

*Money weighted return. Net of all fees.

Private Equity Cycle 1

Money weighted return (MWR)

Portfolio	Market value (GBP millions)	3 Month MWR*	FYTD MWR	1 Year MWR*	3 Year MWR	5 Year MWR	10 Year MWR	Since Inception MWR*	Inception Date
Alpinvest Secondaries Fund VII LP	9.2	17.1%	36.7%	36.7%	-	-	-	28.6%	Apr 2021
Ardian LBO Fund 07 A	10.0	-0.6%	0.2%	0.2%	9.9%	-	-	8.1%	Nov 2019
Capital Dynamics Global Sec V (Feeder)	20.2	4.2%	-1.0%	-1.0%	22.6%	18.8%	-	19.1%	Mar 2019
NB Private Equity Impact OFFLP	20.6	0.9%	1.9%	1.9%	14.7%	-	-	11.4%	Jul 2019
NB Sciop IV	24.8	0.7%	7.8%	7.8%	17.8%	-	-	15.4%	Jan 2020
Summit EUR Growth EQ III SCSP LP	4.2	1.4%	17.7%	17.7%	8.2%	-	-	7.6%	Jan 2021
Vespa Capital III	7.3	0.3%	4.0%	4.0%	8.0%	-	-	5.8%	Mar 2020

Cashflows and contribution

Portfolio	Inflows	Outflows	Net cash flow latest quarter	Value added latest quarter	Contribution to return: 1 year	Contribution to return: 3 years	Contribution to return: since	
Alpinvest Secondaries Fund VII LP	1,426,551	749,932	676,620	1,255,510	-	-	-	-
Ardian LBO Fund 07 A	446,986	0	446,986	-59,873	-	-	-	-
Capital Dynamics Global Sec V (Feeder)	0	0	0	808,507	-	-	-	-

Private Equity Cycle 1

Cashflows and contribution

Portfolio	Inflows	Outflows	Net cash flow latest quarter	Value added latest quarter	Contribution to return: 1 year	Contribution to return: 3 years	Contribution to return: since	
NB Private Equity Impact OFFLP	0	0	0	186,324	-	-	-	-
NB Sciop IV	976,634	263,315	713,318	170,267	-	-	-	-
Summit EUR Growth EQ III SCSP LP	39,860	354,058	-314,198	60,271	-	-	-	-
Vespa Capital III	924,227	0	924,227	20,132	-	-	-	-

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
£70.62m

Amount Called
£40.16m

% called to date
56.87

Number of underlying funds
14

Oxfordshire's Holding:
GBP42.05m

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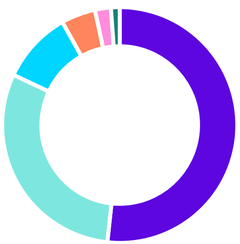
Country

Invested in underlying investments

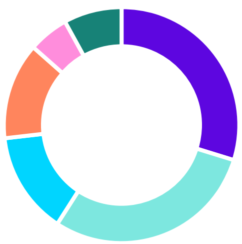


North America	51.7%
Western Europe	30.3%
Asia Pacific	9.9%
Global	4.7%
Middle-East/North Africa	2.2%
Other	1.2%

Source: Colmore
Country data is lagged by one quarter

Sector

GICs level 1



Financials	29.8%
Information Technology	29.4%
Industrials	14.0%
Health Care	13.3%
Consumer Discretionary	5.5%
Other	8.0%

Source: Colmore
Sector data is lagged by one quarter

Performance commentary

Deal activity continued to show signs of picking up, largely reflecting sellers adjusting pricing expectations (although some high-quality technology assets continues to attract high purchase multiples from buyers). GPs remained focused on operational improvements as a driver for EBITDA growth vs pure increase in top-line revenue.

Select portfolio companies showed some signs of underperformance due to a combination of wage inflation pressures (experienced over the last ~12 months) and some instances of 'de-stocking', whereby companies grew to meet pent-up and outsized demand in 2021/2022 (driven by COVID-related supply issues), demand which then fell away to a greater degree than expected. Outside of the Brunel portfolios, liquidity continues to cause challenges for GPs and LPs in older funds, which would be expecting to be realising/harvesting returns - but for an exit environment which continues to be suppressed. (IPO markets especially remain closely watched but still muted).

The pace of portfolio deployment remained strong, with the portfolio c.~56% invested at quarter-end, and 100% committed. All funds in the portfolio have now called capital. Performance was generally flat across funds in the portfolio vs the prior quarter.

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
42.1	3.8%	5.3%	3,139,207	196,026	2,943,182	525,889	1.08	0.0%	0.0%

*Money weighted return. Net of all fees.

Private Equity Cycle 2

Money weighted return (MWR)

Portfolio	Market value (GBP millions)	3 Month MWR*	FYTD MWR	1 Year MWR*	3 Year MWR	5 Year MWR	10 Year MWR	Since Inception MWR*	Inception Date
Alpinvest Co Invest Fd VIII LP	11.3	-2.8%	3.7%	3.7%	-	-	-	6.7%	Oct 2021
Atomico Venture 06	1.0	13.1%	12.0%	12.0%	-	-	-	-20.7%	Dec 2022
Crown Global Secondaries V LP	6.9	6.1%	8.9%	8.9%	18.7%	-	-	22.3%	Jan 2021
Genstar X (EU)	3.0	-0.5%	-2.7%	-2.7%	-	-	-	0.0%	Dec 2021
Genstar X Opportunities Fund	0.8	-0.9%	-0.9%	-0.9%	-	-	-	0.6%	Aug 2021
Insight Partners X Cayman FOF	3.3	7.5%	4.4%	4.4%	-	-	-	-1.1%	Jun 2021
Insight Partners XII LP	3.2	3.3%	12.2%	12.2%	-	-	-	-3.7%	Aug 2021
Montana Capital Partners OSP V LP	3.4	-1.3%	9.0%	9.0%	-	-	-	20.8%	Jun 2021
New Mountain 06	4.4	5.4%	15.9%	15.9%	-	-	-	13.3%	Apr 2021

Cashflows and contribution

Portfolio	Inflows	Outflows	Net cash flow latest quarter	Value added latest quarter	Contribution to return: 1 year	Contribution to return: 3 years	Contribution to return: since	
Alpinvest Co Invest Fd VIII LP	904,875	12,680	892,196	-326,726	-	-	-	-

Private Equity Cycle 2

Cashflows and contribution

Portfolio	Inflows	Outflows	Net cash flow latest quarter	Value added latest quarter	Contribution to return: 1 year	Contribution to return: 3 years	Contribution to return: since	
Atomico Venture 06	203,115	19,805	183,311	108,892	-	-	-	-
Crown Global Secondaries V LP	440,792	151,211	289,581	382,950	-	-	-	-
Genstar X (EU)	50,445	0	50,445	-16,008	-	-	-	-
Genstar X Opportunities Fund	17,308	0	17,308	-7,772	-	-	-	-
Insight Partners X Cayman FOF	0	0	0	232,856	-	-	-	-
Insight Partners XII LP	172,442	0	172,442	99,042	-	-	-	-
Montana Capital Partners OSP V LP	0	0	0	-46,558	-	-	-	-
New Mountain 06	182,764	2,785	179,979	216,465	-	-	-	-

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:
GBP46.03m

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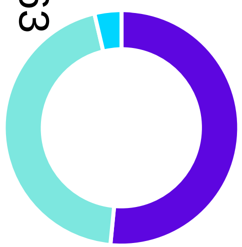
Country

Invested in underlying investments

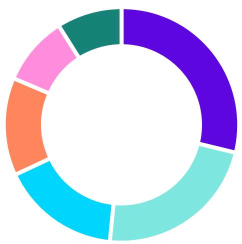


Europe	51.5%
North America	44.8%
Asia Pacific	3.7%
Other	-

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

Sector

GICs level 1



Health Care	28.8%
Information Technology	22.8%
Industrials	16.4%
Consumer Discretionary	13.5%
Financials	9.5%
Other	9.0%

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

Performance commentary

With new deal volumes growing from recent lows, lenders were originating deals in new platforms/companies alongside generating new business from follow-on financings to existing borrowers. The latter is especially relevant for roll-up M&A, which has become a core component of many GP investment theses.

Inflationary pressures appeared to be easing. However, wage inflation remained sticky in the US and UK, creating problems for companies that have a time lag associated with passing costs through to customers. These inflationary pressures created additional EBITDA margin pressure for companies exposed to wage inflation or staff shortages. The problem has been compounded by financing costs which have remained elevated (typically in excess of ~10% on an all-in basis due to elevated base rates). The net result is a broad deterioration in interest/debt coverage capacity by borrowers. Despite these challenges, the Brunel portfolios remained focused on high-quality borrowers in defensive and non-cyclical sectors and, as at quarter-end, acute borrower stress had thus far been limited.

During Q1, the industry witnessed an unusual and unfortunate series of events unfold at Barings, where a majority of the senior investment team left en masse to join a rival start-up organisation. The 'key person event' triggered a pause to investment activity for the fund in the Brunel portfolio (GPLF 4), pending approval of any solution proposed by Barings. This will require a vote at the LPAC, on which Aksia (representing Brunel) has a seat.

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
46.0	12.2%	7.9%	0	0	0	-103,459	1.11	0.2%	0.0%

*Money weighted return. Net of all fees.

Private Debt Cycle 2

At the end of Q1, the portfolio was ~67% invested and 100% committed. All managers have now called investor capital and some managers are coming towards the end of their investment periods. Portfolio performance was positive but generally flat across the portfolio and underlying funds over the quarter.

Pipeline:

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

Private Debt Cycle 2

Money weighted return (MWR)

Portfolio	Market value (GBP millions)	3 Month MWR*	FYTD MWR	1 Year MWR*	3 Year MWR	5 Year MWR	10 Year MWR	Since Inception MWR*	Inception Date
Private Debt Port Cycle II	46.0	-0.2%	12.2%	12.2%	-	-	-	7.9%	Sep 2021

Cashflows and contribution

Portfolio	Inflows	Outflows	Net cash flow latest quarter	Value added latest quarter	Contribution to return: 1 year	Contribution to return: 3 years	Contribution to return: since	
Private Debt Port Cycle II	0	0	0	-103,459	-	-	-	-

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
£80.00m

The fund is denominated in GBP

Commitment to Investment
£62.35m

Amount Called
£23.33m

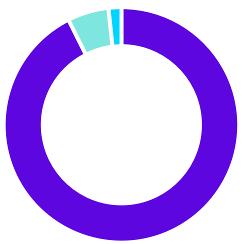
% called to date
37.41

Number of underlying funds
4

Oxfordshire's Holding:
GBP22.38m

Country

Invested in underlying investments

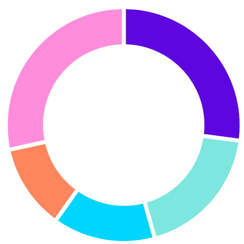


Europe	92.5%
North America	5.7%
Other	1.8%

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

Sector

GICs level 1



Health Care	27.1%
Software	18.6%
Financials & Insurance	14.1%
Professional Services	11.8%
Other	28.4%

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

Performance commentary

With new deal volumes growing from recent lows, lenders are originating deals in new platforms/companies alongside generating new business from follow-on financings to existing borrowers. The latter is especially relevant for roll-up M&A, which has become a core component of many GP investment theses. Inflationary pressures appeared to be easing by quarter-end. 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.

These inflationary pressures created additional EBITDA margin pressure for companies exposed to wage inflation or staff shortages, compounded by financing costs, which have remained elevated (typically in excess of ~10% on an all-in basis due to elevated base rates). The net result is a broad deterioration in interest/debt coverage capacity by borrowers. Despite these challenges, the Brunel portfolios remained focused on high-quality borrowers in defensive and non-cyclical sectors and, as at quarter-end, acute borrower stress remained limited.

During Q1, the industry witnessed an unusual and unfortunate series of events unfold at Barings, where a majority of the senior investment team left en masse to join a rival start-up organisation. This 'key person event' triggered a pause to investment activity for the fund in the Brunel portfolio (NAPLF 3), pending approval of any solution proposed by Barings. The solution will require a vote at the LPAC, on which Brunel has a seat.

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
22.4	12.3%	12.7%	4,489,146	1,906,242	2,582,905	593,950	1.09	0.1%	0.0%

*Money weighted return. Net of all fees.

Private Debt Cycle 3

On the last day of Q1, the fifth fund commitment closed (and thus is not included in the figures to the left). The sixth and final fund commitment closed in early April, post-period end. Both these US funds had previously been presented to ISG. These final two fund commitments took the portfolio to three US funds and three European funds, broadly balancing the portfolio by geographic exposure. There had previous been a skew to Europe, as shown in the pie chart, which reflects current investments by the European funds (to which the earliest commitments were made).

Pipeline:

There is no fund pipeline, with the portfolio fully committed as of April, pending the outcome of the Barings situation. Work has commenced on market mapping for the Cycle 4 Private Debt portfolio.

Private Debt Cycle 3

Money weighted return (MWR)

Portfolio	Market value (GBP millions)	3 Month MWR*	FYTD MWR	1 Year MWR*	3 Year MWR	5 Year MWR	10 Year MWR	Since Inception MWR*	Inception Date
Blackrock Euro Mid Mkt Private Debt Fund III	14.0	2.6%	14.0%	14.0%	-	-	-	14.3%	Dec 2022
Direct Lending Fund IV (B)SLP	3.7	6.2%	-	-	-	-	-	7.0%	Oct 2023

Cashflows and contribution

Portfolio	Inflows	Outflows	Net cash flow latest quarter	Value added latest quarter	Contribution to return: 1 year	Contribution to return: 3 years	Contribution to return: since	
Blackrock Euro Mid Mkt Private Debt Fund III	811,068	369,530	441,537	348,526	-	-	-	-
Direct Lending Fund IV (B)SLP	2,791,029	113,100	2,677,929	164,522	-	-	-	-

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
£49.87m

Amount Called
£46.12m

% called to date
92.47

Number of underlying funds
5

Oxfordshire's Holding:
GBP49.21m

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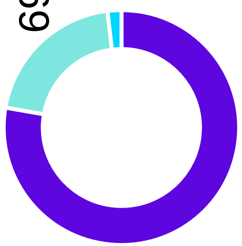
Country

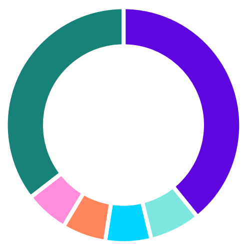
Commitment in underlying investments



Europe (incl. UK)	77.7%
North America	20.4%
Rest Of World	1.9%

Source: Stepstone
Country data is lagged by one quarter

Sector



Wind & Solar	39.2%
Rail	7.0%
Diversified Renewables	6.3%
Distributed Energy	6.0%
Diversified Social	6.0%
Other	35.5%

Source: Stepstone
Sector data is lagged by one quarter

Performance commentary

Despite continued volatility across the political, economic and investment landscapes, Infrastructure as an asset remained broadly resilient. The portfolio was no exception. The consensus remained that most major developed economies would see positive, but sluggish growth throughout 2024 and that the Fed, ECB and BoE would start cutting rates in 2024. While this would lower the discount rate used by managers for their valuations, given the "higher for longer" consensus we do not forecast any significant short-term impacts as a result.

Global Infrastructure also remains key in the execution of government agendas to boost economic growth, bring down energy consumption and increase the production of renewable energy. The ability to build diversified portfolios with medium-to-long-term investment horizons, low exposures to cyclical sectors, the ability to work closely with portfolio company management teams, and an emphasis on investing in companies with strong recurring cashflows, should continue to provide downside protection and strong competitive advantages.

The Cycle 1 portfolio is fully committed to nine primary funds and seven tactical investments. As at the end of Q1 2024, the portfolio was ~92% invested and 100% committed. Overall, we are pleased with the evolution of Cycle 1. The portfolio is well-diversified across sectors, technologies, geographies, managers and vintages and had (as at quarter-end) proven to be resilient to market volatility as it continued to deliver performance in line with the target set at inception.

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
49.2	4.9%	7.9%	3,530,608	917,637	2,612,971	766,389	1.21	0.1%	0.0%

*Money weighted return. Net of all fees.

Infrastructure Cycle 1

Pipeline:

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

Infrastructure Cycle 1

Money weighted return (MWR)

Portfolio	Market value (GBP millions)	3 Month MWR*	FYTD MWR	1 Year MWR*	3 Year MWR	5 Year MWR	10 Year MWR	Since Inception MWR*	Inception Date
Cap Dynamics Clean Energy and Infra VII	3.5	0.9%	-7.3%	-7.3%	0.3%	-	-	0.5%	Aug 2019
Cap Dynamics Clean Energy and Infra VIII	5.3	0.4%	0.9%	0.9%	5.4%	-	-	5.5%	Sep 2019
Core Infrastructure Fund II	8.0	-1.0%	4.0%	4.0%	8.5%	9.2%	-	8.2%	Jan 2019
NTR Renewable Energy Infra II	2.8	-0.4%	15.0%	15.0%	16.1%	11.1%	-	8.9%	Jan 2019
Stepstone B Infrastructure	29.7	2.9%	6.7%	6.7%	10.1%	-	-	9.4%	Mar 2020

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Cashflows and contribution

Portfolio	Inflows	Outflows	Net cash flow latest quarter	Value added latest quarter	Contribution to return: 1 year	Contribution to return: 3 years	Contribution to return: since	
Cap Dynamics Clean Energy and Infra VII	0	0	0	31,675	-	-	-	-
Cap Dynamics Clean Energy and Infra VIII	0	75,453	-75,453	20,529	-	-	-	-
Core Infrastructure Fund II	0	0	0	-80,706	-	-	-	-
NTR Renewable Energy Infra II	24,730	33,821	-9,091	-12,380	-	-	-	-
Stepstone B Infrastructure	3,505,878	808,363	2,697,515	807,272	-	-	-	-

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
£16.24m

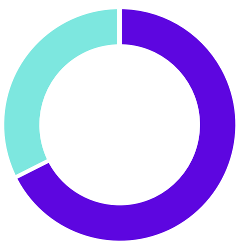
% called to date
81.21

Number of underlying funds
1

Oxfordshire's Holding:
GBP17.44m

Country

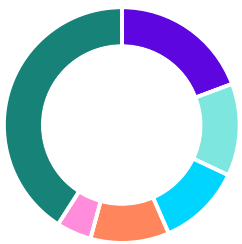
Commitment in underlying investments



Europe (incl. UK)	67.6%
North America	32.3%
Rest Of World	0.1%

Source: Stepstone.
Country data is as of latest available Q3 23

Sector



Fibre	19.3%
Mass Transit	12.7%
Energy Efficiency	11.5%
Heating & Cooling	10.8%
Solar	4.8%
Other	40.9%

Source: Stepstone.
Country data is as of latest available Q3 23

Performance commentary

Despite continued volatility in political, economic and investment landscapes, Infrastructure as an asset class, and the Brunel portfolio specifically, remained broadly resilient. The asset class therefore played its part as an attractive option in more turbulent times.

The consensus remained that most major developed economies would see positive, but sluggish growth throughout 2024 and that the Fed, ECB and BoE would start cutting rates in 2024. This would lower the discount rate used by managers for their valuations. However, given the "higher for longer" consensus, we do not forecast any significant short-term impacts as a result.

Global infrastructure also remains key in the execution of government agendas to boost economic growth, bring down energy consumption, and increase the production of renewable energy. The ability to build diversified portfolios with medium-to-long-term investment horizons, low exposures to cyclical sectors, the capacity to enable close work with portfolio company management teams, and an emphasis on investing in companies with strong recurring cashflows, should continue to provide downside protection and strong competitive advantages.

The Cycle 2 General portfolio is fully committed to six primary funds and seven tactical investments in total. At the end of Q1 2024, the portfolio was ~80% invested and 100% committed. On the whole, early performance indicates good resilience to market turbulence. We are very pleased with how the portfolio has developed and continues to do so. 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
17.4	3.6%	7.0%	1,140,067	41,738	1,098,329	523,722	1.12	0.0%	0.0%

*Money weighted return. Net of all fees.

Infrastructure (General) Cycle 2

portfolio is diversified across geographies, sectors, managers, and vintages, invested in 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 (General) Cycle 2

Money weighted return (MWR)

Portfolio	Market value (GBP millions)	3 Month MWR*	FYTD MWR	1 Year MWR*	3 Year MWR	5 Year MWR	10 Year MWR	Since Inception MWR*	Inception Date
Stepstone B II Generalist	17.4	3.2%	3.6%	3.6%	7.0%	-	-	7.0%	Oct 2020

Cashflows and contribution

Portfolio	Inflows	Outflows	Net cash flow latest quarter	Value added latest quarter	Contribution to return: 1 year	Contribution to return: 3 years	Contribution to return: since	
Stepstone B II Generalist	1,140,067	41,738	1,098,329	523,722	0.0%	0.0%	0.0%	-

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
£12.89m

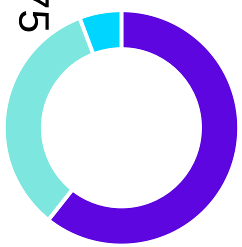
% called to date
64.47

Number of underlying funds
1

Oxfordshire's Holding:
GBP13.29m

Country

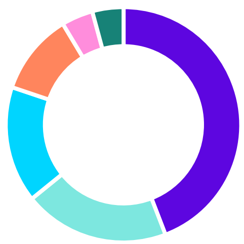
Commitment in underlying investments



Europe (incl. UK)	60.7%
North America	33.5%
Rest Of World	5.8%

Source: Stepstone.
Country data is as of latest available Q3 23

Sector



Solar	44.2%
Wind	20.0%
Diversified Renewables	16.0%
Energy Efficiency	11.2%
Energy Storage	4.3%
Other	4.3%

Source: Stepstone.
Country data is as of latest available Q3 23

Performance commentary

Despite continued volatility in political, economic and investment landscapes, Infrastructure as an asset class and the Brunel portfolio, has remained broadly resilient and proven an attractive option for investors during more turbulent times. The consensus remained that most major developed economies would see positive, but sluggish growth throughout 2024 and that the Fed, ECB and BoE would start cutting rates in 2024. This would ordinarily lower the discount rate used by managers for their valuations. However, given the "higher for longer" consensus, we do not forecast any significant short-term impacts.

Global Infrastructure also remained key in the execution of government agendas to boost economic growth, bring down energy consumption, and increase the production of renewable energy. The ability to build diversified portfolios with medium-to-long-term investment horizons, low exposures to cyclical sectors, the capacity to work closely with portfolio company management teams, and an emphasis on investing in companies with strong recurring cashflows, should continue to provide downside protection and strong competitive advantages.

Power prices influence valuations both through differences in the price achieved versus the modelled position in each period and, more significantly, through changes to the modelled power price curves over the lifespan of the assets. Many funds utilise futures to forecast the unhedged portion of short-term cashflows (two years), and the independent power curve thereafter. Over the last few quarters, long term power price forecasts have reduced markedly compared

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
13.3	1.0%	7.5%	481,118	151,165	329,953	-3,982	1.12	0.0%	0.0%

*Money weighted return. Net of all fees.

Infrastructure (Renewables) Cycle 2

with the peaks of 2022. For the Brunel portfolio more specifically, we do not expect this to have a significant impact on the NAVs, as most revenue across the portfolio is contracted (i.e. through PPAs or CfDs), in addition, most models include a prudent capture discount.

In the UK, we note the decline in the forward curve means the funds now do not have any assumed liability to the Electricity Generator Levy (EGL) where merchant prices (as opposed to fixed) are assumed. This is because the forward curve is now below the CPI-linked £75/MWh benchmark price - above which, the EGL takes effect.

At the end of Q1, the Cycle 2 Renewables portfolio was ~89% committed and ~65% invested across 6 primary funds and 12 tactical investments. Only one small primary fund ticket is required to complete construction of the the Cycle 2 Renewables portfolio. The lower invested-capital percentage is due to the weighting towards 'greenfield' renewables that require time to be constructed. Two of the tacticals, for instance, are in construction Interconnector cable projects, which will draw down capital over several years. Likewise, the more traditional renewable generation investments (wind and solar farms) also require construction periods, albeit shorter periods. This was necessary given the return targets set at portfolio inception, and also to achieve the necessary diversification in such a targeted portfolio with fewer 'levers' to pull.

Pipeline:

We await proposals from StepStone for the final primary fund selection for Cycle 2 Renewables. Two potential funds have been identified and early due diligence has been initiated. No other investments have been approved by Brunel, pending closing.

Infrastructure (Renewables) Cycle 2

Money weighted return (MWR)

Portfolio	Market value (GBP millions)	3 Month MWR*	FYTD MWR	1 Year MWR*	3 Year MWR	5 Year MWR	10 Year MWR	Since Inception MWR*	Inception Date
Stepstone B II Renewables	13.3	-0.0%	1.0%	1.0%	8.2%	-	-	7.5%	Oct 2020

Cashflows and contribution

Portfolio	Inflows	Outflows	Net cash flow latest quarter	Value added latest quarter	Contribution to return: 1 year	Contribution to return: 3 years	Contribution to return: since	
Stepstone B II Renewables	481,118	151,165	329,953	-3,982	0.0%	0.0%	0.0%	-

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
£16.12m

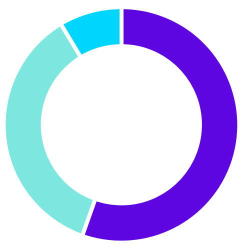
% called to date
26.87

Number of underlying funds
1

Oxfordshire's Holding:
GBP15.69m

Country

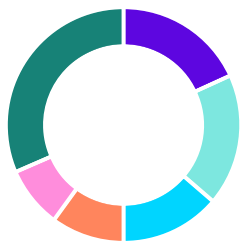
Commitment in underlying investments



Europe (incl. UK)	55.4%
North America	36.0%
Rest Of World	8.6%

Source: Stepstone.
Country data is as of latest available Q3 23

Sector



Diversified Renewables	18.1%
Timber	18.1%
Wind	13.8%
Water Utilities	10.1%
Agriculture	8.4%
Other	31.5%

Source: Stepstone.
Country data is as of latest available Q3 23

Performance commentary

Despite continued volatility in political, economic and investment landscapes, Infrastructure as an asset class remained broadly resilient and an attractive option for investors during more turbulent times.

The consensus remained that most major developed economies would see positive, but sluggish growth throughout 2024 and that the Fed, ECB and BoE would start cutting rates in 2024, lowering the discount rate used by managers for their valuations. However, given the "higher for longer" consensus, we do not forecast any significant short-term impacts.

Global Infrastructure remained key in the execution of government agendas to boost economic growth, bring down energy consumption, and increase the production of renewable energy. The ability to build diversified portfolios with medium-to-long-term investment horizons, low exposures to cyclical sectors, the capacity to work closely with portfolio company management teams, and an emphasis on investing in companies with strong recurring cashflows, should combine to continue providing downside protection and strong competitive advantages.

At the end of Q1 2024, Cycle 3 was ~58% committed and ~28% invested. At the end of Q4 2023, Cibus Fund II closed - the European agriculture-focused primary fund. Cibus held final close in Q1 2024 at $510m. In addition, There were also Q1 closures for Mirova Energy Transition 6, a Europe-focused renewables, and energy transition infrastructure primary fund, and DIF Infrastructure VII, a global primary fund focused on

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
15.7	-2.2%	-3.0%	1,867,819	0	1,867,819	178,367	0.97	-0.0%	-0.0%

*Money weighted return. Net of all fees.

Infrastructure Cycle 3

brownfield and greenfield infrastructure assets. Mirova held its first close at the end of Q1 2024.

Pipeline:

During Q1, three tactical investments were approved by Brunel and are subject to further StepStone due diligence:

1. ~£28m follow-on co-investment opportunity into a platform which invests in sustainable infrastructure, innovative technologies & essential assets arising from Cycle 2G

2. ~£28m co-investment opportunity into a US renewable energy developer

3. ~£32m secondaries fund consisting of 7-8 secondary investments.

StepStone will be responsible for sourcing high-quality secondary opportunities and writing smaller tickets across both LP-led and GP-led strategies, capitalising on the tailwinds created by the supply-demand imbalance in the secondary market, as both GP and LP appetite for liquidity solutions increases.

Infrastructure Cycle 3

Money weighted return (MWR)

Portfolio	Market value (GBP millions)	3 Month MWR*	FYTD MWR	1 Year MWR*	3 Year MWR	5 Year MWR	10 Year MWR	Since Inception MWR*	Inception Date
Stepstone B III	15.7	1.2%	-2.2%	-2.2%	-	-	-	-3.0%	Oct 2022

Cashflows and contribution

Portfolio	Inflows	Outflows	Net cash flow latest quarter	Value added latest quarter	Contribution to return: 1 year	Contribution to return: 3 years	Contribution to return: since	
Stepstone B III	1,867,819	0	1,867,819	178,367	-	-	-	-

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
£59.91m

% called to date
99.85

Number of underlying funds
3

Oxfordshire's Holding:
GBP53.92m

Performance commentary

Despite hopes that the UK had reached the top of the interest rate cycle, further volatility was expected as the market continued to find new pricing levels.

Open-ended long lease property funds suffered redemptions by investors hit by the liquidity shock in late 2022, with further redemptions received from de-risking investors and those concerned about the outlook for the property asset class.

Deferring payments, both funds made selective asset sales to fund these redemptions, with M&G Secured Property Income Fund (SPIF) making excellent progress and faster payments than Abrdn Long Lease Property (LLP), where we expect to see more sales over 2024.

Despite the outflows, both funds showed strong fundamentals. Rent collection was at pre-pandemic levels, both have WAULTs longer than 25 years, record high distribution yields and low vacancy. As at quarter-end, M&G SPIF had no vacancy, while Abrdn LLP was working hard to reduce its one void in the portfolio, leasing up the majority of the remaining floorspace over Q4, albeit on a multi-tenant as opposed to single-tenant basis.

The portfolio is fully drawn into Greencoat Renewable Income (GRI). Over final months of 2023, the fund deployed into a number of strategies, including further top-ups into Solar II. New investments were made into the Green Hydrogen Energy Company (GHECO), a JV to develop ready-to-build hydrogen electrolyser projects, and Equans, the largest owner of district heating assets in the UK. Furthermore, Greencoat finalised the acquisition of Project Toucan, and is now de-aggregating the solar assets across multiple SMAs and unitised vehicles, including the vehicle in which the portfolio will be invested. It is hoped this re-structuring will be completed over the summer.

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
53.9	-2.6%	-1.2%	237,621	648,785	-411,164	-352,288	0.97	-0.0%	-0.0%

*Money weighted return. Net of all fees.

Secured Income Cycle 1

Money weighted return (MWR)

Portfolio	Market value (GBP millions)	3 Month MWR*	FYTD MWR	1 Year MWR*	3 Year MWR	5 Year MWR	10 Year MWR	Since Inception MWR*	Inception Date
Greencoat GRI LP	16.9	-0.4%	0.7%	0.7%	8.7%	-	-	6.6%	Oct 2019
M+G Secured Income Property Mutual Fund	18.8	0.8%	1.1%	1.1%	-5.8%	-	-	-5.7%	Dec 2020
Standard Life Long Lease Prope	18.2	-2.3%	-9.0%	-9.0%	-6.6%	-5.7%	-	-5.6%	Jan 2019

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Cashflows and contribution

Portfolio	Inflows	Outflows	Net cash flow latest quarter	Value added latest quarter	Contribution to return: 1 year	Contribution to return: 3 years	Contribution to return: since	
Greencoat GRI LP	0	413,988	-413,988	-62,272	-	-	-	-
M+G Secured Income Property Mutual Fund	229,352	229,352	0	140,785	-	-	-	-
Standard Life Long Lease Prope	8,269	5,444	2,824	-430,800	-	-	-	-

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:
GBP35.40m

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Performance commentary

Despite hopes that the UK has reached the top of the interest rate cycle, further volatility is expected as the market continues to find new pricing levels.

Open-ended long lease property funds suffered redemptions by investors hit by the liquidity shock in late 2022, with further redemptions received from de-risking investors and those concerned about the outlook for the property asset class. Deferring payments, both funds made selective asset sales to fund these redemptions, with M&G Secured Property Income Fund (SPIF) making excellent progress and faster payments than Abrdn Long Lease Property (LLP), where we expect to see more sales over 2024.

Despite the outflows, both funds showed strong fundamentals. Rent collection was 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 Abrdn LLP has been working hard to reduce its one void in the portfolio, leasing up the majority of the remaining floorspace over Q4, albeit on a multi-tenant as opposed to single-tenant basis.

The portfolio is fully drawn into Greencoat Renewable Income (GRI). Over the final months of 2023, the fund deployed into a number of strategies, including further top ups into Solar II. New investments were made into the Green Hydrogen Energy Company (GHECO), a JV to develop ready-to-build hydrogen electrolyser projects, and Equans, the largest owner of district heating assets in the UK. Furthermore, Greencoat finalised the acquisition of Project Toucan, and is now de-aggregating the solar assets across multiple SMAs and unitised vehicles, including the vehicle in which the portfolio will be invested. It is hoped this re-structuring will be completed over the summer.

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
35.4	-3.8%	-1.6%	123,641	510,222	-386,581	-220,976	0.95	-0.0%	-0.0%

*Money weighted return. Net of all fees.

Secured Income Cycle 2

Money weighted return (MWR)

Portfolio	Market value (GBP millions)	3 Month MWR*	FYTD MWR	1 Year MWR*	3 Year MWR	5 Year MWR	10 Year MWR	Since Inception MWR*	Inception Date
Greencoat GRI LP (C2)	15.9	-0.4%	-3.4%	-3.4%	6.5%	-	-	6.5%	Mar 2021
M+G Secured Property Income	9.8	0.8%	1.1%	1.1%	-	-	-	-8.5%	Jan 2022
Standard Life Long Lease Prope Cycle 2	9.8	-2.3%	-9.0%	-9.0%	-6.7%	-	-	-6.7%	Apr 2021

Cashflows and contribution

Portfolio	Inflows	Outflows	Net cash flow latest quarter	Value added latest quarter	Contribution to return: 1 year	Contribution to return: 3 years	Contribution to return: since	
Greencoat GRI LP (C2)	0	388,097	-388,097	-62,955	-	-	-	-
M+G Secured Property Income	119,203	119,203	0	73,171	-	-	-	-
Standard Life Long Lease Prope Cycle 2	4,437	2,922	1,516	-231,192	-	-	-	-

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
£50.47m

% called to date
85.01

Number of underlying funds
3

Oxfordshire's Holding:
GBP51.69m

Performance commentary

Despite the hopes that the UK has reached the top of the interest rate cycle, further volatility is expected as the market continues to find new pricing levels. Open-ended long lease property funds have 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 excellent progress and faster payments than Abrdn Long Lease Property (LLP), where we expect to see more sales over 2024.

Despite the outflows, both funds are showing 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 Abrdn LLP has been working hard to reduce their one void in the portfolio, leasing up the majority of the remaining floorspace over Q4 albeit on a multi-tenant as opposed to single tenant basis.

Post the period end a draw down into Greencoat Renewable Income (GRI) was made which took the cycle 3 portfolio to being fully drawn. Over the last few months of 2023, GRI invested into a number of strategies, including further top ups into Solar II. New investments were made into the Green Hydrogen Energy Company (GHECO), a JV to develop ready to build hydrogen electrolyser projects, and Equans, the largest owner of district heating assets in the UK. Furthermore, Greencoat finalised the acquisition of Project Toucan, and are now de-aggregating the solar assets across multiple SMAs and unitised vehicles, including the vehicle in which the portfolio will be invested. It is hoped this re-structuring will be completed over the Summer.

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
51.7	-	-	11,120,795	208,905	10,911,890	-312,721	1.03	0.0%	0.0%

*Money weighted return. Net of all fees.

Secured Income Cycle 3

Money weighted return (MWR)

Portfolio	Market value (GBP millions)	3 Month MWR*	FYTD MWR	1 Year MWR*	3 Year MWR	5 Year MWR	10 Year MWR	Since Inception MWR*	Inception Date
Brunel Secured Income - Cycle 3	51.7	-0.7%	-	-	-	-	-	-	Jun 2023

Cashflows and contribution

Portfolio	Inflows	Outflows	Net cash flow latest quarter	Value added latest quarter	Contribution to return: 1 year	Contribution to return: 3 years	Contribution to return: since	
Brunel Secured Income - Cycle 3	11,120,795	208,905	10,911,890	-312,721	0.0%	0.0%	0.0%	-

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

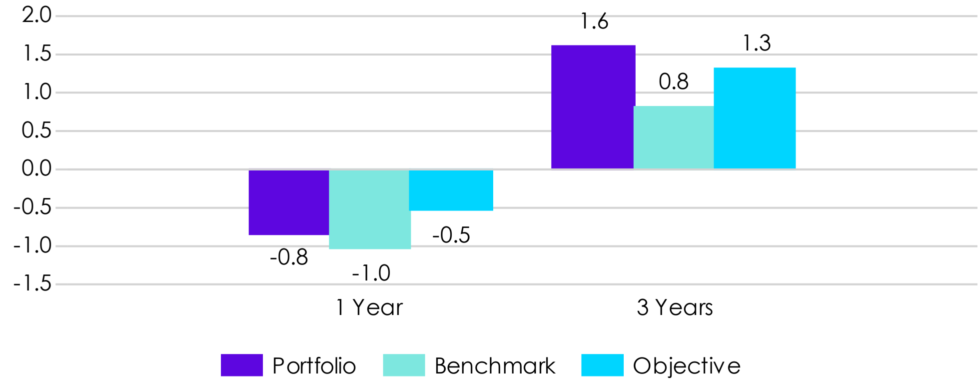
£150.0m

Amount Called

£153.4m

Number of portfolios

16



Performance commentary

Despite market hopes that interest rates may begin a downward path this year, investment in UK commercial property remained muted, at 56% below the five-year average investment level. London was the main area of interest and international investors accounted for nearly half of the overall transaction activity.

Whilst valuations within the UK office sector weakened over the reporting period, Industrial yields remained generally stable and some yields in the prime retail parks sector actually compressed.

Within Brunel's UK property model, LGIM's Industrial Property Investment Fund (IPIF), with its focus on south-east multi-let industrial assets, continued to outperform. The two residential funds, M&G UK Residential Fund and PGIM UK Affordable Housing Fund, provided positive returns over twelve months to quarter-end, supported by strong occupational and rental demand.

Columbia Threadneedle (TPUT) and UBS's Triton Property Trust proved resilient performers among the diversified funds, although other balanced funds were engaged in sales programmes to fund investor redemptions over the 12-month period, as the asset class fell out of favour - hitting performance. However, overall, Brunel's UK model property portfolio retained low gearing and was defensively positioned, and thus protected, should interest rates fail to move lower during 2024.

Pipeline

There is no fund pipeline, with the portfolio fully committed to model funds. A review of the model portfolio with our adviser (Townsend) is due over Q2 and the team continue to monitor the market for interesting new opportunities.

Property holdings summary

Holding	Cost (GBP millions)	Market value (GBP millions)	Perf. 1 year	Perf. 3 year	Perf. 5 year	Perf. SII*	TVPI	Inception Date
Brunel UK Property	146.5	158.8	-0.8%	1.6%	-	2.1%	1.2	Jul 2020

*Since initial investment

UK Property

Property holdings

Holding	Country of Jurisdiction	Cost (GBP millions)	Market value (GBP millions)	Perf. 1 year	Perf. 3 year	Perf. 5 year	Perf. SII*	TVPI	Inception Date
Airport Industrial Property	United Kingdom	7.9	5.8	-1.9%	-	-	-17.8%	0.7	May 2022
Aviva Investors Pensions PP B GBP	United Kingdom	3.2	-	10.0%	18.1%	-	15.0%	2.3	Jul 2020
Blackrock UK Property Fund	Jersey	15.1	14.4	-2.2%	0.3%	0.8%	-	1.5	Nov 2017
CBRE Global Investors UK PP Fund	United Kingdom	19.1	18.5	-2.7%	-1.3%	-	-1.0%	1.0	Mar 2021
Federated Hermes Property Unit	United Kingdom	11.2	12.2	-3.9%	-0.5%	0.3%	-	1.4	Nov 2017
Industrial Property Investment Mutual F	United Kingdom	10.1	13.0	6.2%	6.1%	8.3%	8.2%	1.4	Mar 2019
M G UK Resid Prop FD FIS CL C	Luxembourg	5.0	4.9	-1.9%	-	-	-0.6%	1.0	Dec 2021
M+G PP UK Property Fund	United Kingdom	-	0.6	38.1%	21.1%	-	14.1%	-	Jan 2021
Octopus Healthcare Fund	United Kingdom	5.0	4.9	2.8%	-	-	1.5%	1.0	Apr 2022
Orchard Street Social and Envi	United Kingdom	1.3	1.2	-	-	-	0.5%	0.9	Aug 2023
PGIM UK Affordable Housing Fund	Luxembourg	10.1	10.8	3.5%	4.5%	-	4.5%	1.1	Mar 2021
Schroder UK Real Estate Fund	United Kingdom	15.8	16.5	-6.0%	-3.9%	-2.3%	-	1.3	Nov 2017
Threadneedle Property UT INC	Jersey	20.0	19.6	0.4%	-2.5%	-1.9%	13.2%	1.1	Nov 2017
UBS GBL Asset Mgt Triton PP Unit Trust	United Kingdom	16.2	14.2	-1.4%	1.9%	2.0%	-	1.2	Nov 2017
UBS Life Sciences Trust	United Kingdom	6.4	4.5	-14.6%	-	-	-14.1%	0.8	Sep 2022

UK Property

Property holdings

Holding	Country of Jurisdiction	Cost (GBP millions)	Market value (GBP millions)	Perf. 1 year	Perf. 3 year	Perf. 5 year	Perf. SII*	TVPI	Inception Date
UK Property Fund	Jersey	-	3.3	0.4%	3.1%	2.0%	-	-	Nov 2017

*Since initial investment

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

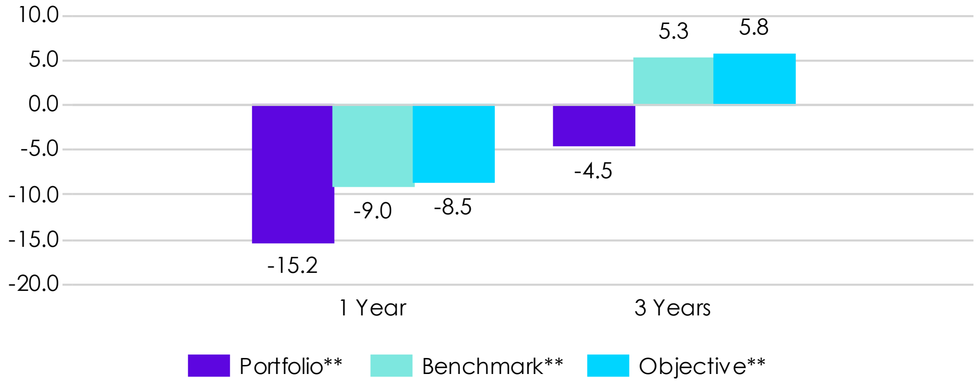
£61.0m

Amount Called

£59.9m

Number of portfolios

11



**Performance data shown up to 31 December 2023

Performance commentary

The economic outlook and market circumstances continue to place pressure on real estate prices globally. On the positive side, inflation eased over the period and, as forward curves are suggesting peak interest rates have been reached, discussions turned likely timings for monetary policy to loosen. Managers are starting to talk of cautious optimism returning to markets. However, geopolitical events and risks of contagion effects, such as elevated shipping costs from the conflict in the Red Sea region, continue to breed uncertainty.

Investment activity remained subdued in 2023, with global transaction volumes down 37% year-on-year. US and European activity fell significantly (52% and 49% respectively). However, there were early signs that transactional activity is picking up in 2024, particularly in the logistics and residential sectors, where fundamentals remained strong. Transactions in the office sector were much more limited. Transactions are likely to pick up once debt markets normalise, and pricing becomes more attractive.

The benchmark INREV GREFI index in Q4 fell -3.2%, continuing its negative run and finishing a negative year. 2023 as a whole saw a fall of -8.0%. The three major geographical regions all saw declines, but the US was the greatest detractor, falling by 5.0% in Q4 and by 12.2% over the 12 months to quarter-end. Anecdotally, this fall has come from transactional markets finally starting to reopen, with the new lower pricing informing valuations. INREV's Consensus Indicator improved significantly to March 2024, moving above 50 and indicating a positive sentiment, driven by hopes of strong leasing and operations.

In the Brunel model, most funds delivered low single-digit negative returns over Q4 2023. The exception was Invesco Real Estate Asia Fund, which benefited from Asian currencies appreciating against the US dollar. The laggard over the quarter was Cortland Growth & Income Fund, which saw valuation write-downs, as more transactions hit the market.

Occupier demand for office and logistics saw a modest slowdown in Q4, but vacancy and supply conditions are still

Property holdings summary

Holding	Cost (GBP millions)	Market value (GBP millions)	Perf. 1 year**	Perf. 3 year**	Perf. 5 year**	Perf. SII***	TVPI	Inception Date
Brunel International Property	42.3	56.9	-15.2%	-4.5%	-	-3.6%	1.0	Jul 2020

International Property

constrained, particularly for high quality space, and within the industrial sector. These therefore saw continued rent growth.

Open-ended funds continued to pay down redemption queues built up over 2022 and 2023, where cash generation is appropriate.

Pipeline

There is no fund pipeline at present. The CBRE Global Alpha Fund for clients with a total commitment below the £50m threshold (as well as clients with large legacy holdings) has been approved by Brunel, with additional funds set to be committed once there is sufficient capital.

*Since initial investment

**Performance data shown up to 31 December 2023

International Property

Property holdings

Holding	Country of Jurisdiction	Cost (GBP millions)	Market value (GBP millions)	Perf. 1 year**	Perf. 3 year**	Perf. 5 year**	Perf. SII***	TVPI	Inception Date
CB Rich.Ell. Pan Europ.Core	Luxembourg	-	5.6	-15.1%	-0.1%	0.9%	-	-	Nov 2017
Charter Hall Prime Industrial	Australia	3.7	3.6	-	-	-	-1.5%	1.0	Apr 2023
Clarion Lion Properties 01	US	7.6	6.5	-21.8%	-	-	-	0.9	May 2022
Cortland Growth and Income	United States	3.0	3.0	-26.0%	-	-	1.4%	1.0	Oct 2021
Encore Fund A EUR	Luxembourg	-	6.1	-22.8%	-5.2%	-1.3%	-	-	Nov 2017
Invesco Real Estate Asia Fund	Asia	13.1	12.4	-	-	-	-4.3%	1.0	Jan 2023
Kayne Anderson Core Re LP	United States	3.7	4.2	-4.9%	-	-	-	1.1	Jul 2021
Lion Industrial Trust Fd	United States	3.1	3.3	-9.4%	-	-	4.5%	1.1	Apr 2022
PRISA LP	United States	8.2	6.6	-17.4%	-	-	-12.8%	0.8	Jul 2022

*Since initial investment
**Performance data shown up to 31 December 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
Gloucestershire COUNTY COUNCIL
Buckinghamshire Council
Buckinghamshire Pension Fund
Somerset Council
Brunel Pension Partnership
Avon Pension Fund
Oxfordshire Pension Fund
www.oxfordshire.gov.uk/pensions
Wiltshire Pension Fund
Cornwall Pension Fund
Devon County Council

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TABLE 1

OXFORDSHIRE COUNTY COUNCIL PENSION FUND
OVERALL VALUATION OF FUND AS AT 31st MARCH 2024

Investment	COMBINED PORTFOLIO 01.01.2024	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 31.03.2024		
	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*	**363,829**	**359,128**	**27.1%**	**18,921**	**3.0%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**378,049**	**10.7%**	**10.0%**
Global Equities	**1,498,579**	**968,090**	**72.9%**	**609,685**	**97.0%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**1,577,775**	**44.7%**	**41.0%**
BONDS																		
UK Gilts	-	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	134,001	0	0.0%	0	**0.0%**	0	0.0%	135,566	26.3%	0	0.0%	0	0.0%	0	0.0%	135,566	3.8%	
Overseas Bonds	-	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	235,392	0	0.0%	0	**0.0%**	0	0.0%	229,819	44.6%	0	0.0%	0	0.0%	0	0.0%	229,819	6.5%	
Multi Asset - Credit	147,129	0	0.0%	0	**0.0%**	0	0.0%	150,332	29.2%	0	0.0%	0	0.0%	0	0.0%	150,332	4.3%	
Total Bonds	**516,522**	**0**	**0%**	**0**	**0.0%**	**0**	**0.0%**	**515,717**	**100.0%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**515,717**	**14.6%**	**16.0%**
ALTERNATIVE INVESTMENTS																		
Property	227,208	0	0.0%	0	**0.0%**	0	0.0%	0	0.0%	201,365	93.4%	0	0.0%	21,348	5.4%	222,713	6.3%	8.0%
Private Equity	403,958	0	0.0%	0	**0.0%**	0	0.0%	0	0.0%	0	0.0%	138,273	31.2%	285,930	72.2%	424,203	12.0%	10.0%
Multi Asset - DGF	-	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	105,680	0	0.0%	0	**0.0%**	0	0.0%	0	0.0%	0	0.0%	95,629	21.6%	37,541	9.5%	133,170	3.8%	5.0%
Secured Income	131,780	0	0.0%	0	**0.0%**	0	0.0%	0	0.0%		0.0%	141,008	31.8%		0.0%	141,008	4.0%	5.0%
Private Debt	65,337	0	0.0%	0	**0.0%**	0	0.0%	0	0.0%	0	0.0%	68,410	0.0%		0.0%	68,410	1.9%	5.0%
Total Alternative Investments	**933,963**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**201,365**	**93.4%**	**443,320**	**99.9%**	**344,819**	**87.0%**	**989,504**	**28.1%**	**33.0%**
CASH	**51,321**	**110**	**0.0%**	**0**	**0.0%**	**-44**	**100.0%**	**0**	**0.0%**	**14,339**	**6.7%**	**434**	**0.1%**	**51,475**	**13.0%**	**66,314**	**1.9%**	**0.0%**
TOTAL ASSETS	**3,364,214**	**1,327,328**	**100.0%**	**628,606**	**100.0%**	**- 44**	**100.0%**	**515,717**	**100.0%**	**215,704**	**100.0%**	**443,754**	**100.0%**	**396,294**	**100.0%**	**3,527,359**	**100.0%**	**100.0%**
% of total Fund		37.63%		17.82%		0.00%		14.62%		6.12%		12.58%		11.23%		100.00%		

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Division(s): n/a

ITEM 19

PENSION FUND COMMITTEE – 07 June 2024

RESPONSIBLE INVESTMENT POLICY

Report by Executive Director of Resources & Section 151 Officer

RECOMMENDATION

1. **The Committee is RECOMMENDED to agree the final version of the Responsible Investment Policy included at Annex 1 which incorporates the amendments set out in the report.**

Introduction

2. At the March 2024 Pension Committee Meeting, the Committee agreed that the draft Responsible Investment Policy as presented at the meeting was to form the basis of a consultation exercise with key Fund stakeholders. The results of that consultation were then to be integrated into the draft Responsible Investment Policy as presented as Annex 1 to this report, which is now being brought back to this Meeting for approval by the Committee.

3. The Committee also discussed whether there should be specific activity-related exclusions added to the policy for activities that are misaligned with the Responsible Investment objectives of the Fund to the extent that the implementation of such exclusions would enable scarce resources to be deployed on areas with a greater chance of seeing progress.

Activity-based exclusions

4. The Committee agreed that activity-based exclusions should be implemented for companies operating above certain thresholds in the tar/oil sands extraction and thermal coal extraction sectors. The Committee also asked the Officers to review the Policy with a view to considering excluding Controversial Weapons which are non-compliant with Principle 2 of the United Nations Global Compact.

5. Following these directions from the Committee the draft Responsible Investment Policy as presented as Annex 1 to this report includes wording for both the exclusion of companies in the tar/oil sands and thermal sectors, as well as wording for the exclusion of companies involved in the development and sale of controversial weapons where this activity would result in the company finding itself in breach of Principle 2 of the UN Global Compact. This additional text has been collated into the section of proposed amendments below.

6. Furthermore, the Committee asked officers to explore wording detailing a rationale for an activity-based exclusion for tobacco products that limits the exclusion to tobacco. However, officers have not identified any contemporary examples of suitable wording.

7. The Committee had also requested officers to explore the potential for placing greater emphasis on health outcomes in the Human Rights section of the Policy. Officers looked into this but given the already very wide coverage of the Human Rights section of the policy were unable to identify wording that would do this effectively, without opening the floodgates for a series of similar exclusions on products linked to poor health.

Consultation Results

8. The main consultations carried out with stakeholders on the draft policy were a survey sent out to members of the pension fund and employers, and a review of the policy with Faith Ward, Head of Responsible Investment at Brunel.

9. The survey link for the consultation was sent out to all members where Pension Services hold an email address. It was also distributed to employers and promoted through an article in the Quarterly Pensions Newsletter. It was also featured in a banner on the Pension Investments webpage. The survey was open from 24 April 2024 to 19 May 2024.

10. Despite being widely promoted the response to the survey was relatively low, with 19 responses in total. Given that the initial survey on attitudes to Responsible Investment, on which the draft Responsible Investment Policy was based, received over 4,000 responses this potentially implies that members felt the draft Policy didn't warrant additional comments, rather than a lack of engagement with the subject.

11. The breakdown of respondents was as follows:
Contributing members – 10
Pensioner – 7
Employer – 1
Other - 1 (Identified themselves as a Council Tax payer)

12. Both the Vision and Beliefs sections of the Policy received strong support, with 17 agreeing and 2 disagreeing with the Vision statement and 18 agreeing and 1 disagreeing with the Beliefs. Where there was disagreement, the respondents wanted the Policy to be stronger and go further, particularly around divestment from fossil fuels. These numbers were replicated when it came to the individual themes and issues, with 17 supporting all of those prioritised in the Policy and 2 disagreeing.

13. On engagement there was more variation with 14 strongly agreeing or agreeing with the current approach, 1 neither agreeing or disagreeing, and 4 either disagreeing or strongly disagreeing. Where there was disagreement, the

respondents wanted a stronger escalation and divestment policy, particularly in relation to fossil fuel companies. Finally, on how the respondents would like to receive information about how the Fund is performing in relation to implementing its Responsible Investment objectives the top choice was through an online dashboard, second was a brochure of no more than 4 pages and third was a longer report of around 25 pages.

14. In conclusion, it is clear that there is strong support for the draft Responsible Investment Policy from stakeholders, with those less supportive, keen for the Policy to travel further and faster. The issue of divestment has been extensively discussed in the past, and the current escalation policy and that agreed by Brunel, both include the development of more ambitious targets as part of future annual reviews. On this basis, no changes have been made to the Policy as the result of the consultation.

15. The other key consultation was with Brunel's Head of Responsible Investment Faith Ward. Her feedback was that she welcomed the Policy as a clear document that did a good job of articulating the Fund's overarching Vision and Beliefs, identifying Responsible Investment Priorities and then providing the reasoning behind why these are priorities for the Fund. Where she felt the Policy could be enhanced was to add a high-level objective for each of the priority issues to provide a call to action.

16. Officers agreed that adding objectives for each priority issue would enhance the Policy and the Responsible Investment Officer then had a brain-storming session with Faith to develop meaningful objectives for each issue. This additional text has been collated into the section of proposed amendments below.

Proposed Amendments (included as Tracked Changes in Annex 1)

17. Text added to <u>Escalation</u> section on page 6:
"The Policy includes highly specific activity-based exclusions for tar-sands (also known as oil-sands) extraction; thermal coal extraction; and the manufacture of controversial weapons where there is a risk of severe, systemic, and structural violations of international human rights norms."

Text added to <u>Emissions reduction</u> section on page 8
"The Net Zero Investment Framework, developed by the Institutional Investors Group on Climate Change (IIGCC), recommends that investors on a pathway to Net Zero by 2050 should not allocate additional capital to companies which are planning or constructing new thermal coal projects and associated infrastructure (mining) or taking forward new exploitation of tar/oil sands.

To align with this recommendation the Policy includes an exclusion of companies involved in the extraction of thermal coal or tar/oil sands above specific thresholds. These thresholds are likely to tighten over time. Thermal coal, primarily used for power generation, is distinct from metallurgical coal, which is essential for steel production. This activity-based exclusion only covers thermal coal."

Text added to Financed emissions section on page 9
"Equally the banking sector has a key role to play in directing capital towards the companies that through their business activities will drive the transition of the economy away from fossil fuels."

Text added to Human rights norms compliance section on page 12
"Controversial weapons are those weapons that have a disproportionate and indiscriminate impact on civilian populations, sometimes even years after a conflict has ended. Companies considered to be involved in controversial weapons are those participating in the manufacture of tailor-made and essential components for anti-personnel mines, cluster munitions, chemical and biological weapons, depleted uranium, nuclear weapons, and white phosphorus.

The Fund believes that it is appropriate to implement an activity-based exclusion for active portfolios where companies involved in the manufacture of tailor-made and essential components of controversial weapons are also assessed to be non-compliant with Principle 2 of the UN Global Compact. By applying these criteria for controversial weapons the Fund aims to capture companies involved in severe, systemic, and structural violations of international norms. Investing in many controversial weapons companies is also already against many national and international regulations and conventions. These include the Treaty on the Non-Proliferation of Nuclear Weapons and the Convention on Cluster Munitions."

18. Below is a list of the new objectives under each issue that have been added to the Policy as the result of the brain-storming session with Faith Ward from Brunel:

Climate Change

Emissions reduction

Objective: Alignment of the Fund's investment portfolios to a Net Zero pathway by 2050, with the aim 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.

Just Transition

Objective: Improvement over time in the number of companies improving their Just Transition scores under widely recognised assessment frameworks.

Disclosure

Objective: For the companies in the Fund's investment portfolios to demonstrate increasing transparency over time around their climate change impacts, particularly for the highest emitters of Greenhouse Gases (GHGs).

Financed emissions

Objective: That, over time, the Banks and other Finance sector companies held by the Fund are demonstrably systemic enablers of the energy transition.

Green revenues

Objective: To align to the transition to a Net Zero portfolio by 2050 we expect to significantly increase our exposure to sustainable investments.

Nature and biodiversity

Nature and biodiversity risk assessment
Objective: To increase our understanding of the exposure to biodiversity and nature risks of our portfolio companies.
Deforestation
Objective: For the Fund's portfolios to be deforestation-free as soon as possible.
Natural capital
Objective: To work with our asset manager Brunel to expand capital allocation to this asset class.

Human rights
Human rights norms compliance
Objective: The Fund will seek to invest in companies that respect all human rights, international norms and promote strong labour standards.
Diversity and inclusion (DEI)
Objective: The Fund seeks to promote fair, diverse, and inclusive business environments and practices across the companies in which it invests.
Free, prior, informed consent
Objective: The Fund expects the companies it invests into to respect the right to Free, Prior, and Informed Consent (FPIC) of Indigenous peoples and local communities.

Governance
Transparency and disclosure
Objective: To see ongoing improvements in transparency and reporting on material Responsible Investment risks and opportunities by the companies into which the fund invests.

Lorna Baxter
Executive Director Resources and Section 151 Officer
May 2024

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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 its 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.

The Policy includes highly specific activity-based exclusions for tar-sands (also known as oil-sands) extraction; thermal coal extraction; and the manufacture of controversial weapons where there is a risk of severe, systemic, and structural violations of international human rights norms.

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

Objective: Alignment of the Fund's investment portfolios to a Net Zero pathway by 2050, with the aim 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 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

The Net Zero Investment Framework, developed by the Institutional Investors Group on Climate Change (IIGCC), recommends that investors on a pathway to Net Zero by 2050 should not allocate additional capital to companies which are planning or constructing new thermal coal projects and associated infrastructure (mining) or taking forward new exploitation of tar/oil sands.

To align with this recommendation the Policy includes an exclusion of companies involved in the extraction of thermal coal or tar/oil sands above specific thresholds. These thresholds are likely to tighten over time. Thermal coal, primarily used for power generation, is distinct from metallurgical coal, which is essential for steel production. This activity-based exclusion only covers thermal coal.

Just Transition

Objective: Improvement over time in the number of companies improving their Just Transition scores under widely recognised assessment frameworks.

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

Objective: For the companies in the Fund’s investment portfolios to demonstrate increasing transparency over time around their climate change impacts, particularly for the highest emitters of Greenhouse Gases (GHGs).

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

Objective: That, over time, the Banks and other Finance sector companies held by the Fund are demonstrably systemic enablers of the energy transition.

Financed emissions as defined in this policy 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.

Equally the banking sector has a key role to play in directing capital towards the companies that through their business activities will drive the transition of the economy away from fossil fuels.

Green revenues

Objective: To align to the transition to a Net Zero portfolio by 2050 we expect to significantly increase our exposure to sustainable investments.

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

Objective: To increase our understanding of the exposure to biodiversity and nature risks of our portfolio companies.

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

Objective: For the Fund's portfolios to be deforestation-free as soon as possible.

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

Objective: To work with our asset manager Brunel to expand capital allocation to this asset class.

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

Objective: The Fund will seek to invest in companies that respect all human rights, international norms and promote strong labour standards.

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.

Controversial weapons are those weapons that have a disproportionate and indiscriminate impact on civilian populations, sometimes even years after a conflict has ended. Companies considered to be involved in controversial weapons are those participating in the manufacture of tailor-made and essential components for anti-personnel mines, cluster munitions, chemical and biological weapons, depleted uranium, nuclear weapons, and white phosphorus.

The Fund believes that it is appropriate to implement an activity-based exclusion for active portfolios where companies involved in the manufacture of tailor-made and essential components of controversial weapons are also assessed to be non-compliant with Principle 2 of the UN Global Compact. By applying these criteria for controversial weapons the Fund aims to capture companies involved in severe, systemic, and structural violations of international norms. Investing in many controversial weapons companies is also already against many national and international regulations and conventions. These include the Treaty on the Non-Proliferation of Nuclear Weapons and the Convention on Cluster Munitions.

Just transition

Objective: Improvement over time in the number of companies improving their Just Transition scores under widely recognised assessment frameworks.

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)

Objective: The Fund seeks to promote fair, diverse, and inclusive business environments and practices across the companies in which it invests.

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

Objective: The Fund expects the companies it invests into to respect the right to Free, Prior, and Informed Consent (FPIC) of Indigenous peoples and local communities.

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

Objective: To see ongoing improvements in transparency and reporting on material Responsible Investment risks and opportunities by the companies into which the fund invests.

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)

Objective: The Fund seeks to promote fair, diverse, and inclusive business environments and practices across the companies in which it invests.

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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Division(s): n/a

ITEM 20

PENSION FUND COMMITTEE – 7 JUNE 2024

CASH FLOW, FUNDING RISK UPDATE & 2025 VALUATION PLANNING

Report by the Executive Director of Resources & Section 151 Officer

1. RECOMMENDATION

The Committee is RECOMMENDED to

a) note the updated funding position and the reasons for the change since the 2022 valuation,
b) note the key funding risks currently facing the Fund,
c) agree to the pre-2025 valuation planning actions to be taken by the Fund as set out in paragraph 42, and
d) consider the cash flow implication throughout the 2025 triennial valuation process and next strategic asset allocation review.

Executive Summary

2. As set out in the Business Plan for this year, there are a number of inter-related issues which the Committee need to address during the forthcoming year, which ultimately will lead to the approval of revised Funding Strategy and Investment Strategy Statements, and the agreed approach for the 2025 Valuation. This report begins this process, and provides the context for the work with an update on the funding position of the Oxfordshire County Council Pension Fund as at 31 March 2024.

3. It also provides an update on changes to the funding environment since the 2022 valuation, the risks currently faced by the Fund and the actions to be taken to help manage these risks as part of the 2025 valuation. Finally, the report covers the latest position on the Fund's cash flow and sets out the inter-relationships between cash flow, and the decisions this Committee needs to make in respect of the 2025 Valuation and the next strategic asset allocation. More details of each issue are included in the two annexes to this report prepared by the Fund Actuary.

Updated Funding Position

4. The funding position of the Oxfordshire County Council Pension Fund as at 31 March 2024 is 146%. This represents an improvement in funding level from 111% at 31 March 2022.

5. Whilst this improved funding position is good news, there are limitations to the usefulness of the funding level metric because it is based on a single set of assumptions about the future and asset values at a single point in time. It also only

recognises benefits earned to date ("past service") and not the cost of future benefits.

What has happened since the 2022 valuation?

6. The Fund's assets have remained relatively stable since the 2022 valuation, meaning that the Fund currently holds a similar amount of money to pay each pound of pension as they did at the 2022 valuation date.

7. Inflation has risen sharply since the valuation date. Benefits have increased by 10.1% in 2023 and 6.7% in 2024, increasing the value of the Fund's liabilities (in isolation). This has also had an impact on the Fund's cashflow profile as current benefit payments have also increased in line with the above pension increases.

8. However, despite these flat investment returns and inflationary pressures, the funding level has still improved. The improvement in funding level has largely been driven by an improved investment outlook due to a sharp rise in global interest rates (leading to higher expected future returns across all asset classes), which has more than offset the high inflationary pressures.

9. As at 31 March 2024, we now estimate that the Fund will achieve a much higher investment return of 6.6% pa (with a 70% likelihood of being achieved), compared to a return of 4.6% at 31 March 2022 (with the same likelihood).

10. Higher future investment returns lead to a lower value being placed on the Fund's future benefit payments (liabilities). This means that the improved funding level is reliant on the Fund achieving higher investment returns in the future as opposed to holding more assets today (per pound of pension). The Fund therefore needs to carefully consider its options for managing this surplus.

Key Funding Risks

11. There remains uncertainty in financial markets and material risks facing the Fund. There has been a significant shift in the economic environment since the 2022 valuation and the Fund is now facing new risks and opportunities. The key funding risks that the Fund continues manage are:
    a. Investment risk
    b. Inflation risk
    c. Cashflow risk
    d. Longevity risk
    e. Climate risk
    f. Employer covenant risk

Investment risk

12. All assumptions (especially those on future investment performance) remain uncertain, especially during periods of increased market volatility. The funding position is based on future returns with a 70% assumed likelihood of being achieved. In other words, there is still a 30% chance that returns will be lower than

we assume. Fund officers will review prudence levels (ie the assumed likelihood of achieving returns) and the investment strategy at the 2025 valuation.

13. Currently all employer assets are invested in a single strategy with a mix of investments held across broadly three areas: growth (such as equities), protection (such as bonds) and income (such as property).

14. As part of an investment strategy review the Fund will consider the impact of investment income on cashflows and the current levels of risk in the portfolio. For example, some employers may now wish to reduce exposure to riskier assets (such as equities) given the strong funding positions. Fund officers plan to explore options for providing employers an alternative investment strategy at the 2025 valuation.

Inflation risk

15. Inflation is a key risk for pension funds to manage. Higher inflation increases the cost of benefits, which increases longer term funding costs but also has an immediate impact on shorter term cashflow (pensions in payment).

16. Although the expectation is for inflation to fall, it remains uncertain. Persistently higher inflation is a risk for pension funds. For example, if pension increase are 1% pa higher than we assume over the long term, this will reduce the funding level by around 20%.

17. Fund officers will continue to monitor inflation trends and will include stress tests on funding strategy and cashflow modelling to help understand and manage this risk.

Cashflow risk

18. As set out in the Fund's Funding Strategy Statement a main objective of the Fund is to *'take a prudent long-term view to secure the regulatory requirement for long-term solvency, with sufficient funds to pay benefits to members and their dependants'.* To meet this objective, it is necessary to understand how the Fund's cashflow position is likely to evolve over the longer term.

19. Historically the Fund has been cashflow positive on the balance of pension contributions received and pension benefits paid. As the scheme matures the cashflow position can be expected to reverse leaving a cashflow deficit that needs to be covered as is the case for several other LGPS funds already.

20. High inflation over recent years has also led to a large increase in benefits paid over and above the increase in contributions seen from the level of pay rises bringing forward the point the Fund is likely to reach a cashflow negative position.

Cashflow Projections

21. Attached at Annex 1 is a report produced by the Fund's actuary Hymans Robertson considering the Fund's cashflow position over the coming years under several different scenarios.

22. Under the baseline scenario the Fund is expected to become consistently cashflow negative from 2028. Under this scenario the Fund would have an income requirement of approximately 0.6% per annum to remain cashflow neutral over the 20-year assessment period.

23. The report considers the impact of different scenarios for inflation, employer contribution rates, and a reduction in membership on the Fund's cashflow position as well as a 'worst case' scenario combining negative cashflow impacts from all three areas.

Next Steps on Cash Flow

24. There are broadly two options for meeting a cashflow shortfall for the Fund; generating and utilizing investment income, and/or periodic sales of investment assets.

25. Using investment income has the advantage of avoiding transaction costs but has limited scope for control to adjust to situations where the cashflow position is different to the forecast and may lead to the need for rebalancing due to the income being taken only from certain portfolios.

26. Sales of investments allows greater control over the amount and timing of cash receipts to the Fund as well as over asset allocation against target but incurs costs in the sale process.

27. The Fund currently has several portfolios that can distribute income as detailed in the table below:

Portfolio	Approximate Income Yield
Secured Income	6%
UK Property	3%
International Property	3%
Private Debt	8%
Listed Private Equity	3%

28. At the whole fund level opting to receive income on all these portfolios would generate a yield of approximately 1%. This level of income would be sufficient to meet the cashflow requirements under the majority of the scenarios modelled with the exception of the high inflation scenario and 'worst case' scenario.

29. The Fund will need to consider cashflow impacts when undertaking the 2025 triennial valuation and when reviewing its strategic asset allocation in the review due to take place at the beginning of 2026. As part of the strategic asset allocation review the Fund should consider the development of a cashflow management policy.

Longevity risk

30. Recent longevity trends have seen increased deaths in recent years. In 2020 and 2021, these deaths were a result of the Covid-19 pandemic, however the cause of these excess deaths in 2022 and 2023 is less clear cut.

31. Understanding these demographic trends and setting appropriate mortality assumptions is key to managing longevity risk. The Fund's longevity assumptions will be reviewed as part of the 2025 valuation and the Fund should consider its beliefs around future longevity improvements.

32. With increased levels of uncertainty on the lasting impact of the pandemic and future longevity, the Fund may consider maintaining a funding cushion to help manage these uncertain outcomes.

Climate risk

33. Climate risk is now widely regarded as one of the main sources of risk for pension schemes, with potential implications for future inflation, investment returns and longevity.

34. At the 2022 valuation, the Fund carried out scenario analysis representing a broad range of possibilities for how the world might respond to climate change. Despite imposing significant stresses and big increases in volatility, the impact on risk metrics of these scenarios was quite modest.

35. However, climate change has the potential make extreme outcomes more likely, therefore it is important to consider catastrophic outcomes when assessing the impact of climate risk. As part of the 2025 valuation, we will therefore consider new, 'extreme', scenarios (complementing the existing scenarios) allowing the Fund to assess the impact of catastrophic outcomes on funding strategies.

36. Ahead of the 2025 valuation, the Fund will review its approach to managing climate risk, including setting objectives, capturing views and believes and carrying out scenario modelling.

Employer covenant

37. Although the recent improvement in funding is good news, employers continue to face a wide variety of challenges from the evolving economic, demographic and regulatory environment. Higher inflation, interest rates and pay awards are all putting pressure on organisations.

38. As part of the 2025 valuation, the Fund will assess employer covenant risk to ensure early engagement with employers and appropriate risk categorisation. The

Fund will also consider how this risk categorisation impacts on its holistic approach to setting employer funding strategies.

2025 valuation planning

39. As part of the preparatory work to help inform the Fund's funding and investment strategy in this new economic environment., the Fund is reviewing the following areas:
    - Employer contributions
    - Investment strategy
    - Prudence levels
    - Treatment of surplus
    - Risk management for other sources of uncertainty and volatility.

40. Given the current cost pressures facing employers, there may be a desire for contribution rate reductions at the 2025 valuations. However, the Fund will need to consider how to manage any contribution rate reductions against the potential need to increase contribution rates in the future. The impact of any contribution reductions on the Fund's cashflow needs will also be considered.

41. Given the improvement in funding, many employers may now want an opportunity to manage volatility in their funding position by reducing their exposure to investment risk. Fund officers are considering providing an appropriate alternative investment strategy (in addition to the main strategy) which aims to reduce volatility for employers and stabilise long-term contribution rates.

42. The Fund should review the prudence levels in the funding strategy to help explore if the current market conditions and increased levels of volatility and uncertainty around certain risks warrant management by increasing levels of prudence. An alternative approach is to deliberately target a given level of surplus by targeting a funding level of above 100% before considering any reductions in employer contribution rates.

43. Ahead of the 2025 valuation, the Fund will therefore:
    - Engage early with employers and other stakeholders to plan the valuation effectively;
    - Monitor employer funding and covenant risks, including early engagement with high risk employers;
    - Engage with all employers ahead of the valuation to build up appropriate messaging around the current economic environment;
    - Consider options for funding and investment to help manage the current surplus including a review of current prudence levels; and
    - Carry out contribution rate modelling for the long-term, secure employers to inform budget setting, including consideration of an alternative long-term investment strategy aiming to reduce investment volatility.

- Develop a cashflow management policy that considers the impact of potential outcomes at the 2025 valuation such as changes in investment strategy and contribution reductions.

Lorna Baxter Executive Director Resources and Section 151 Officer May 2024

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HYMANS ROBERTSON

Oxfordshire County Council Pension Fund

Cashflow projections

Tom Hoare

Tom Hoare FFA

21 May 2024

For and on behalf of Hymans Robertson LLP

Use the menu bar above to navigate to each section.

Contents

In this report:

Executive summary

This paper is addressed to Oxfordshire County Council as the Administering Authority to the Oxfordshire County Council Pension Fund ("the Fund"). The paper considers future projections of the Fund's cashflows under a range of different scenarios. The analysis and projections will help the Fund to better understand its current and potential future cashflow position, a key risk-management issue.

From the analysis and projections set out in this paper, the following conclusions can be drawn:

- In the absence of investment income, the Fund is likely to become consistently cashflow negative by 2028 after recognising the pension increase of 10.1% in April 2023 and 6.7% in April 2024, as well as pay growth in line with national local government pay award information. This is later than previously anticipated (2025) as part of the analysis carried out in January 2023 due to increased contribution income as a result of local government pay awards.

- The cashflow position of the Fund is sensitive to future levels of inflation. The recessionary scenario represents a "hard landing" and associated new period of low inflation. Under this scenario, the Fund's cashflow position is improved (compared to the baseline position, however the Fund is still expected to become consistently cashflow negative by 2029.

- In the longer-term, the most significant risk to the Fund (in respect of its cashflow position) is a high inflation scenario, where inflation remains elevated for a longer period. Under this scenario, the Fund is projected to become cashflow negative by 2026 with the gap increasing to a material level in the longer-term.

- A reduction in contribution rates at the 2025 valuation will reduce the contribution income received by the Fund in the long-term and will worsen the Fund's cashflow position. A significant gap would open up if contribution rates are reduced to the same level as employee contribution rates.

- An immediate 10% reduction the active membership would worsen the position of the Fund relative to the baseline over the short to medium term, mainly due to the reduction in contribution income.

HYMANS ROBERTSON

Background and inputs

What is cashflow negativity and does it matter?

Every month, the Fund receives income via contributions and pays out benefits to members. Historically, the benefits have been paid out of the contribution income with any excess being invested. This is how the Fund's asset value has built up over time (along with investment returns).

Over time a pension fund will mature, and the level of benefit payments will start to exceed contribution income. At this point, a pension fund is considered "cashflow negative".

Being cashflow negative itself is not unexpected for a pension fund; the assets that have been accrued are for the purpose of paying benefits. However, if the transition to being cashflow negative is not monitored and managed effectively, it can pose a liquidity risk and the Fund may become a forced seller of assets.

After the 2022 valuation, the focus on cashflow is greater given the significant increases in benefits (10.1% at April 2023 and 6.7% at April 2024) due to rising inflation.

Knowing when the Fund is likely to be cash flow negative is helpful as it can have implications for both the funding and investment strategy:

1. Having cash available to meet the Fund's primary objective of paying member benefits
2. The ability to maintain stable contributions over time and withstand volatility from investment markets
3. Understanding the level of cash balance that needs to be retained while avoiding a drag on investment returns
4. Avoiding the risk of being a forced seller of assets at inopportune times
5. Making the most efficient use of income generated by Fund assets
6. Implementing optimum rebalancing and cash management policies

This paper explores the Fund's cashflow position under a variety of different scenarios to inform its approach to cashflow management

Recent cashflow position

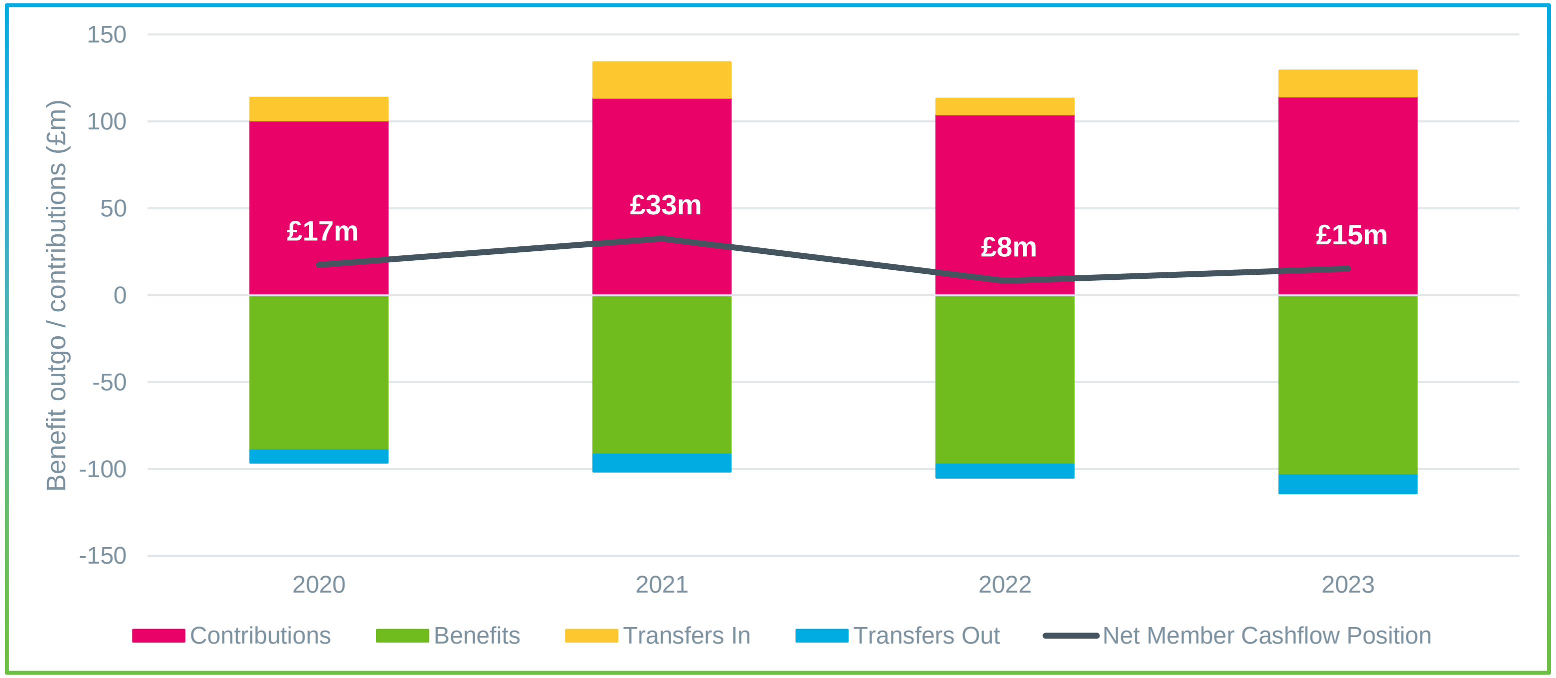
Using the annual report and accounts for years ending 2020, 2021, 2022 and 2023 (draft), we have analysed the recent cashflow position for the Fund.

The chart shows the absolute value of contribution income and benefit outgo (bars) and the net cashflow position (line and figures).

During this period, the Fund was cashflow positive, i.e. contribution income exceeded benefit outgo.

Transfers in and out of the fund can significantly affect the net cashflow position. In 2020/21, there were c.£20m of transfers into the Fund which helped increase the net cashflow position. These were then partially offset by c.£10m of transfer out in the same period.

NB, the average investment income yield (net of fees) is c.0.1% of assets pa.



The cashflow position has been positive in recent years. Excluding the impact of transfers, the current net cashflow position is around £10m (contributions exceeding benefits).

What are the cashflows of the Fund

In this paper we consider the main cashflows in and out of the Fund over the next 20 years.

The Fund's primary sources of income are:

- Contributions from employers in the Fund
- Contributions from employee members in the Fund
- Income streams generated from the Fund's investments

Contributions paid are estimated based on:

- Assumed total pensionable payroll of £413,402,000 for the 2022/23 financial year
- An allowance for increase in payroll in 2023 and 2024 in line with national local government pay award information.
- The aggregate of all certified employer contribution rates payable from 1 April 2023 to 31 March 2026. Thereafter the contribution rate has been assumed to remain stable up to year 20.

The Fund's outflows are the benefits payable to the members and their dependants. These include:

- Retirement lump sums paid to active and deferred members on retirement
- Retirement pensions paid to pensioners and their dependants
- Death in service benefits and ill health benefits.

Transfers in and out of the Fund by individual members are not usually a significant source of income or outflow and typically balance out over time.

The projected cashflows are sensitive to several assumptions. The most significant are:

- Level of future benefit increases (LGPS benefits are generally index-linked and increase in line with Consumer Price Index (CPI) inflation)
- Level of current and future payroll (determines the amount of contributions received)

We have prepared future cashflow projections under a range of different inflation scenarios to inform decision making.
This helps the Fund understand the sensitivity of its cashflow position to these sources of uncertainty and make appropriate management plans.

Data, assumptions and methodology

Membership data

We have used the membership data provided for the 2022 valuation of the Fund.

Assumptions

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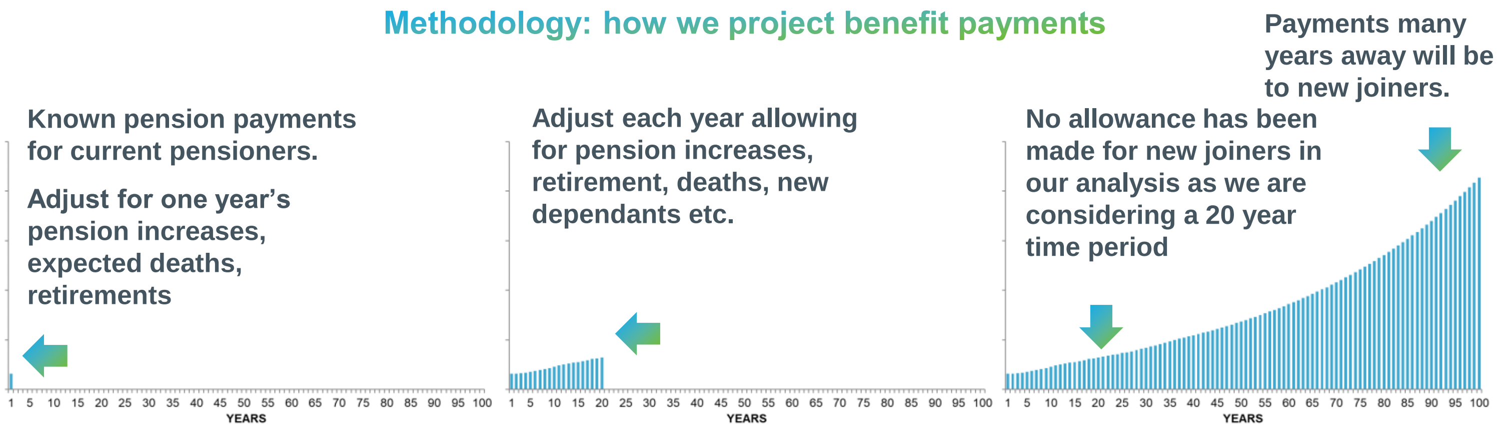
The demographic and financial assumptions are in line with those adopted for the 2022 valuation of the Fund unless stated otherwise.

Further information on the membership data and assumptions is detailed in the 2022 valuation initial results report dated August 2022, and in the final valuation report dated March 2023.

Allowance for benefit outgo in respect of benefits yet to be accrued by current active members is included in the projection; however, given the relative short timeframe considered, no allowance has been made for benefit outgo in respect of accrual by members yet to join the scheme.

Methodology: how we project benefit payments



Methodology: projecting contribution income

- Payroll is assumed to stay constant in real terms, i.e. it increases in line with the valuation assumption of 2.7% pa, however an allowance has been made for an increase of 6.5% in 2023 and 6.1% in 2024 in line with the national local government pay award information.
- Employer contributions are assumed to be in line with the pattern as set out on page 7
- Employee contributions are based on the weighted average for the Fund at the 2022 valuation (6.6% of pay).

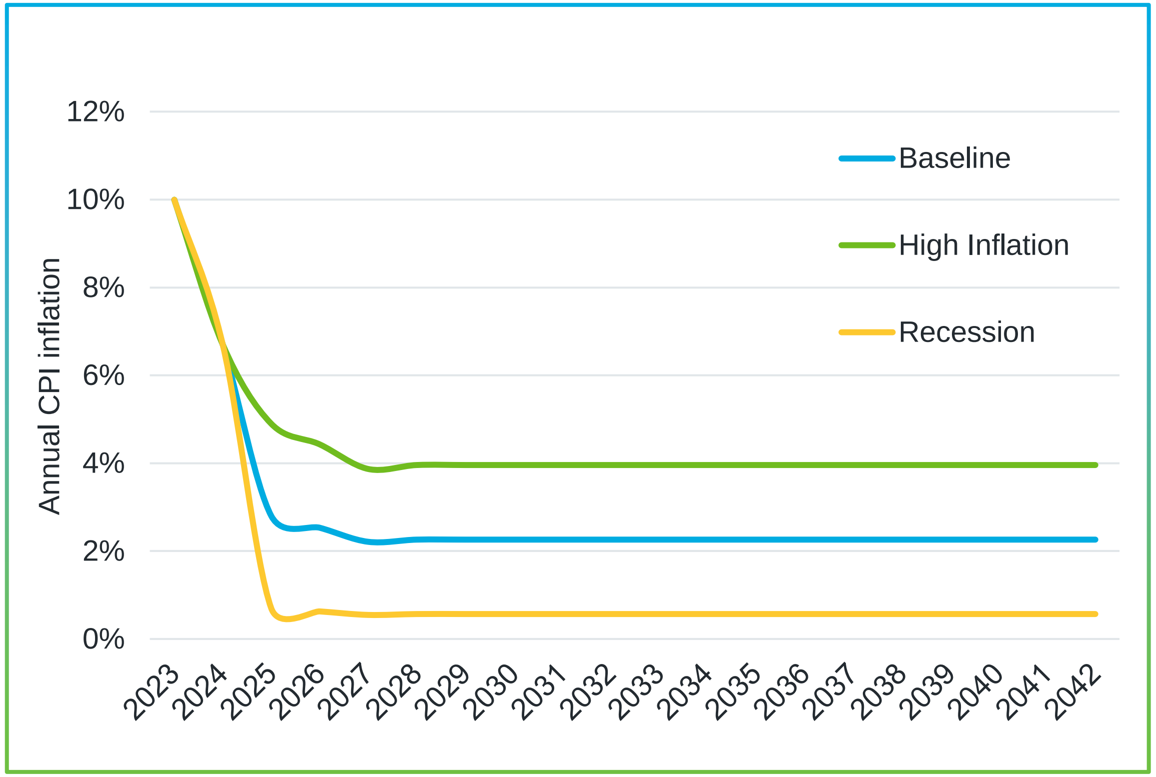
Scenarios explored

Future CPI inflation

Given the sensitivity of future benefit payments to inflation, we have considered three potential scenarios for future inflation. All scenarios recognise a 10.1% increase in benefits in April 2023 and a 6.7% increase to benefits in April 2024:

- Scenario 1: this **baseline** scenario represents consensus forecasts for future inflation based on current market data. This is a combination of short-term market expectations and longer-term expectation that the rate will tend towards the Bank of England’s 2% target.
- Scenario 2: this represents a plausible **recession** scenario, occurring largely due to excess supply over demand because of higher energy and food prices. This results in a “hard landing” and associated new period of low inflation remaining below the Bank of England target.
- Scenario 3: this represents a plausible **high inflation** scenario where inflation remains high due to higher energy and food prices.

In all scenarios we have kept the payroll growth assumption constant at 2.7% pa. However, we have made an allowance for higher pay increases in 2023 and 2024 in line with the national local government pay award information.



Scenarios explored (continued)

Impact of contribution rate reductions

Current market outlook has led to strong funding levels for the majority of the LGPS. We have therefore considered the application of a funding strategy at the 2025 valuation like that of the 2022 valuation. Employer contribution rates are reduced by 1% of pay pa for three years from 2026, then remaining at this reduced level for the remaining projection period.

Membership reduction

We have also considered a scenario where there is an immediate 10% reduction in the Fund's active membership. This helps understand the sensitivity of the cashflow projections to future payroll levels. We have adjusted the average % of pay contribution rate in payment in this scenario to some elements of the employer rates are set in monetary amounts.

'Worst case' scenario

To help stress test the Fund's cashflow position against the factors which have a significant impact, we have also considered a 'worst case' scenario. This scenario combines the impact of the high inflation scenario, reduced contribution income and an immediate 10% reduction in the Fund's active membership. It should be noted that this scenario is the 'worst case' only in the context of the cashflows stresses already modelled. More extreme worst-case scenarios are possible which have not been considered in this paper.

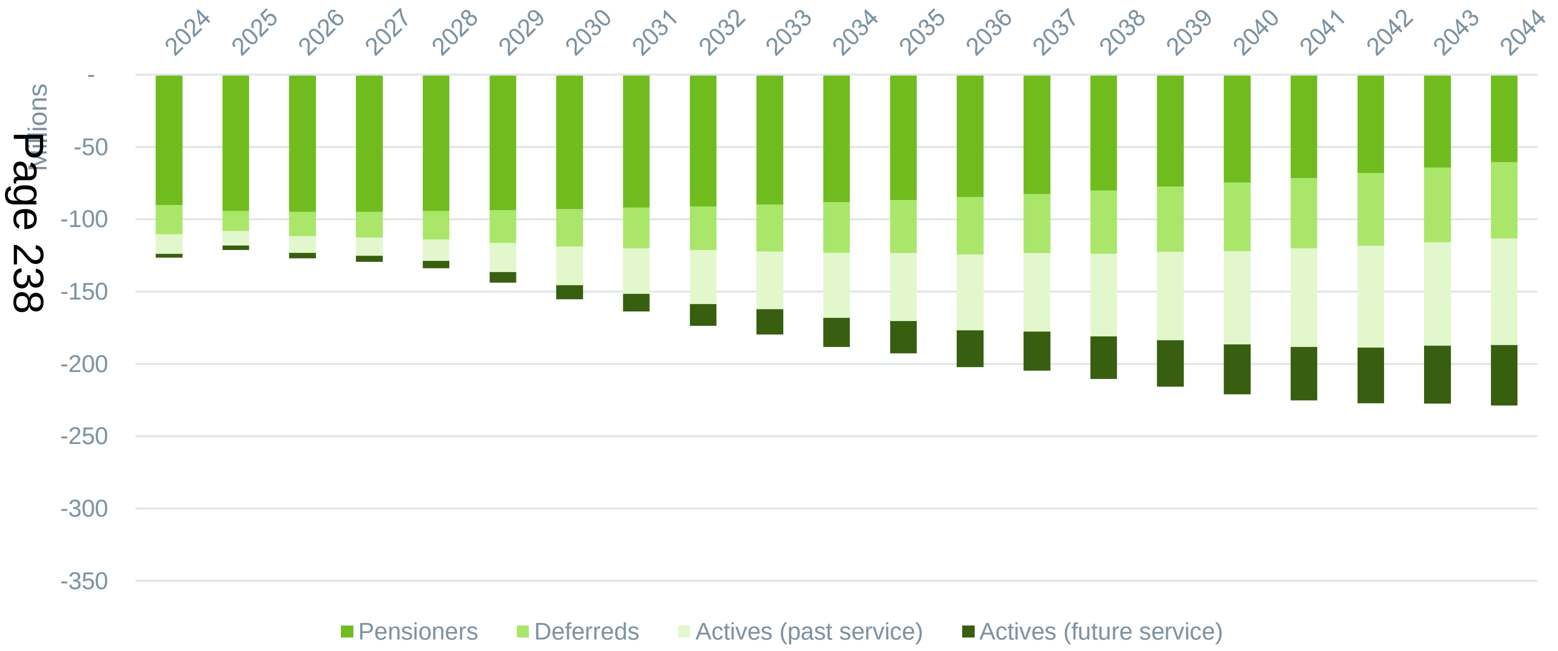
Investment yield sensitivity

Based on the Fund's average investment income yield over the last 3 years, we have analysed the net cashflow position, allowing for estimated net investment income. We have also considered scenarios where the net investment income is increased/reduced from the current level.

The results of our analysis under all these scenarios are set out on the following pages

Inflation scenarios

Projected benefit outflows (baseline scenario, consensus inflation)



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Notes

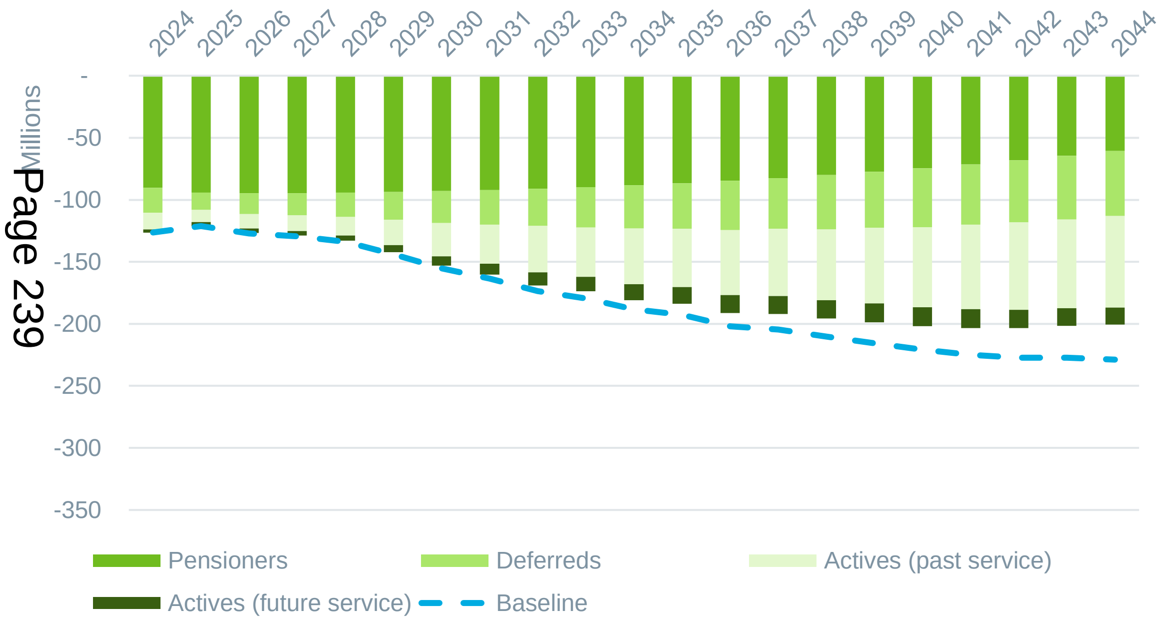
The years along the x-axis (horizontal) refer to the year-end i.e. 2024 means the 2023/24 financial year (from 1 April 2023 to 31 March 2024).

The (very slight) increased benefit outflow in 2024 in comparison to 2025 is because of the model assumption that all active members already past their assumed retirement age will retire 1 year after the valuation date (2022). In reality these outflows would be spread across a longer period.

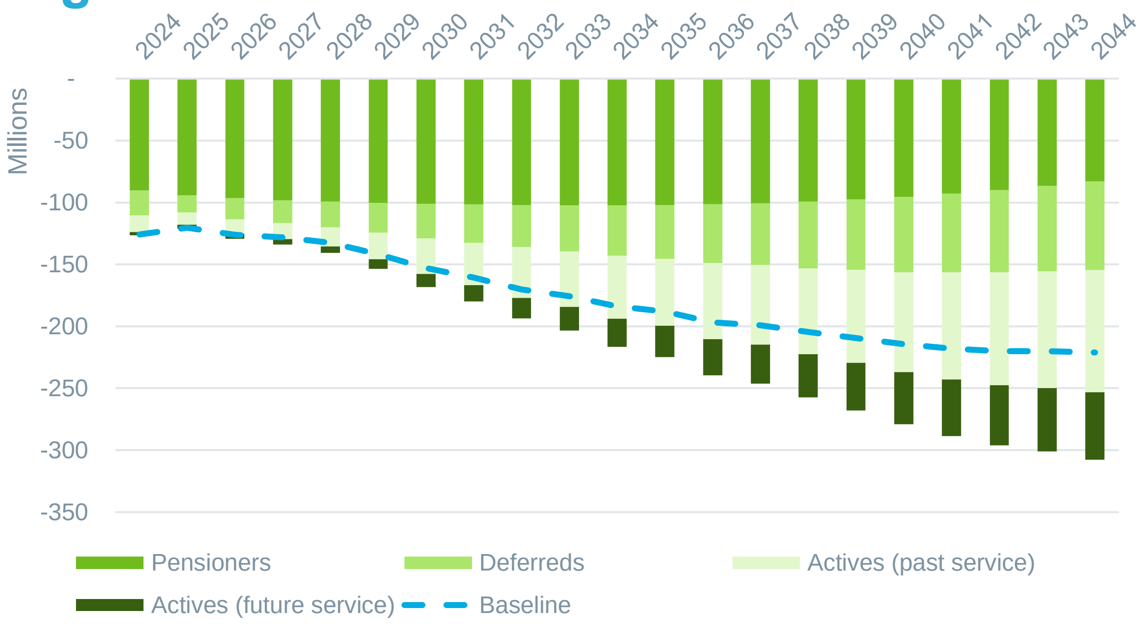
The Fund currently pays around £105m in benefit payments. This is expected to double by 2038.

Projected benefit outflows (alternative inflation scenarios)

Recession

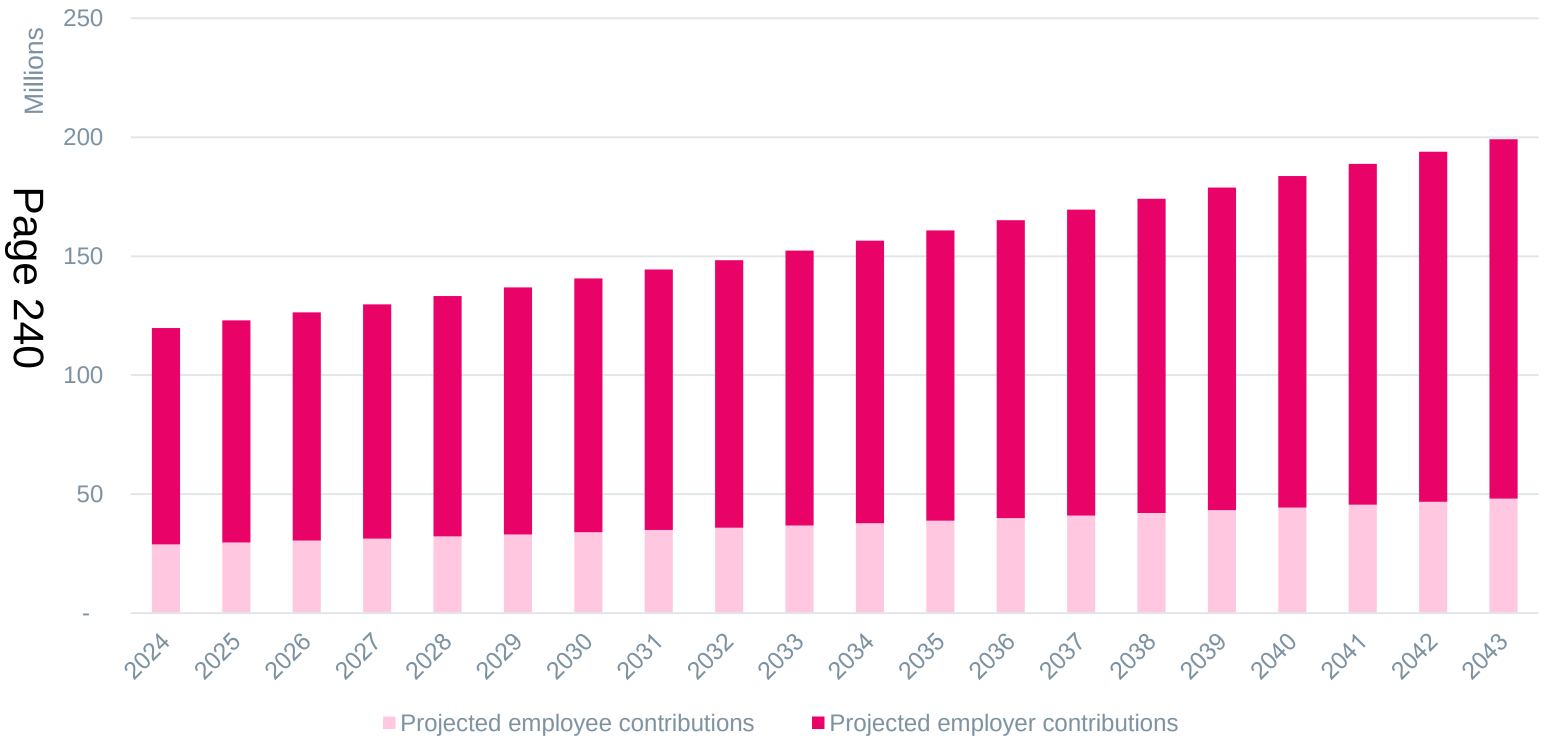


High Inflation



Scenario analysis helps understanding of the impact that inflation may have on future benefit payments – a difference of c.£110m in annual benefit payment by 2044 (between the recession scenario and the high inflation scenario)

Projected contribution income (all inflation scenarios)



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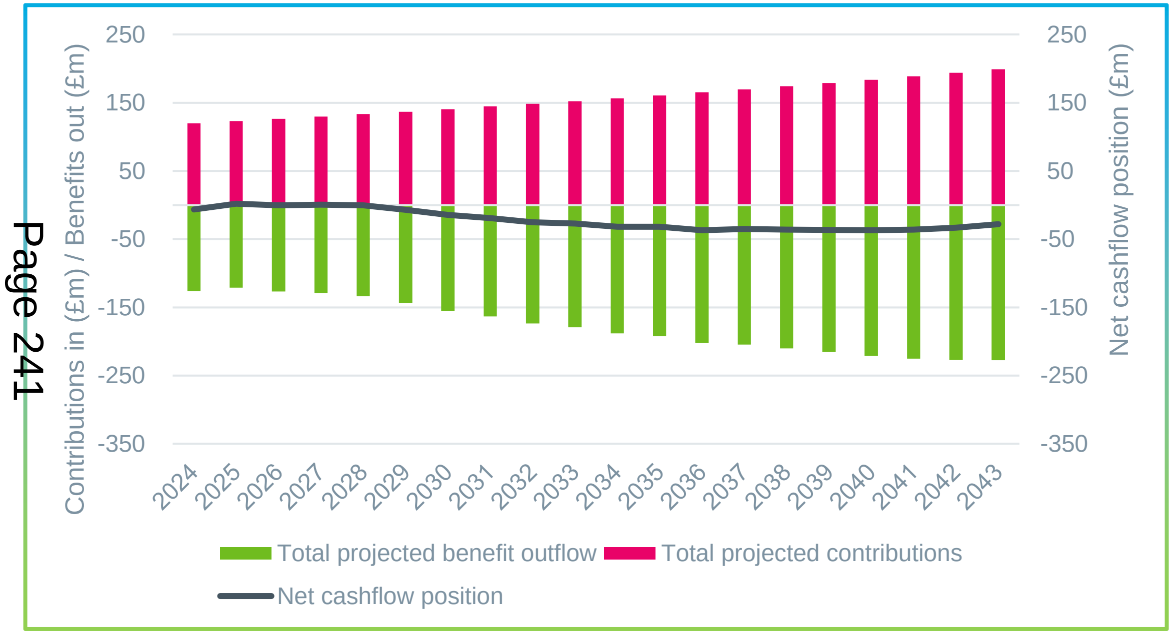
Notes

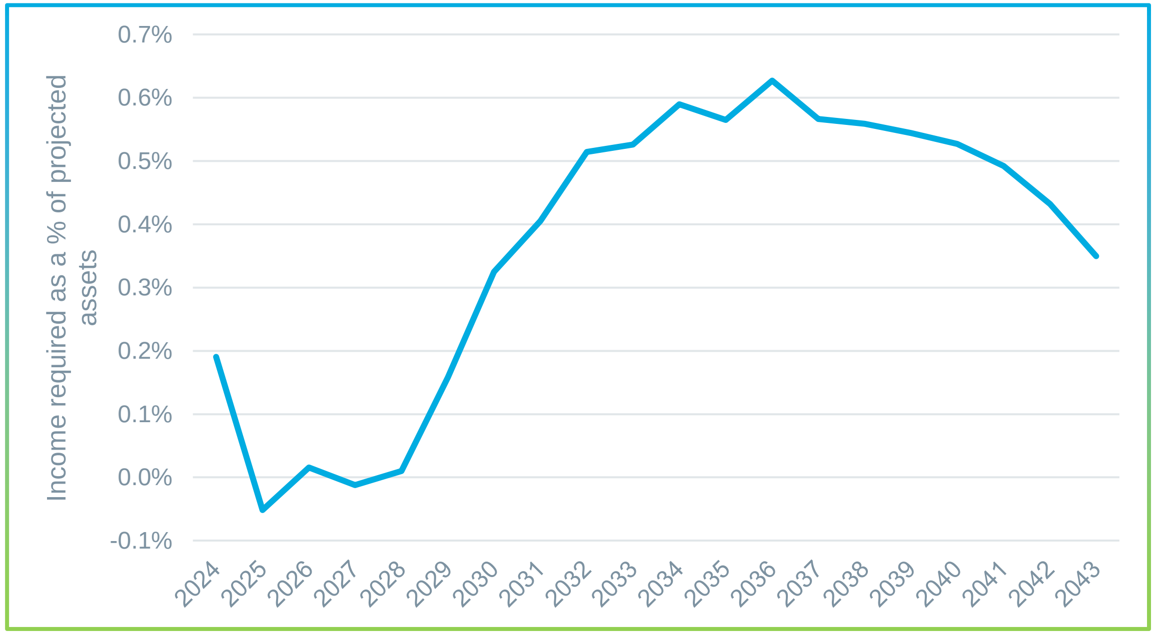
New entrants are assumed to replace leavers, and are implicitly allowed for in the income cashflow by assuming the payroll grows with inflation.

The years along the x-axis refer to the year-end i.e. 2024 means the 2023/24 financial year (from 1 April 2023 to 31 March 2024).

Payroll is assumed to grow at 2.7% pa (in line with the formal valuation), with an allowance for the higher pay award increase in 2024.

Whole fund net cashflow (baseline scenario)





Benefit outflow is estimated to consistently exceed contribution income from 2028 (we have disregarded 2024 as it is a result of the retirement age assumption – in reality these retirements may be spread over the next 2-3 years). The shortfall from contributions would require an increase in the current levels of income from assets to bridge the gap over the next 20 years (to around 0.6% pa).

Asset values are assumed to increase at 4.6% pa

Whole fund net cashflow (recession scenario)

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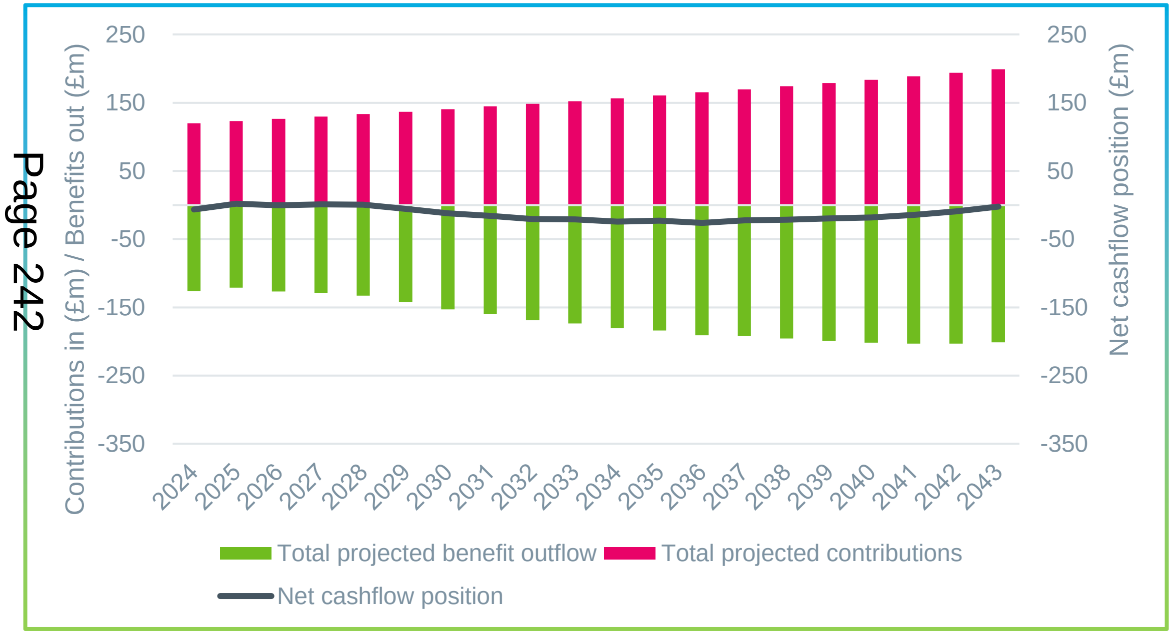
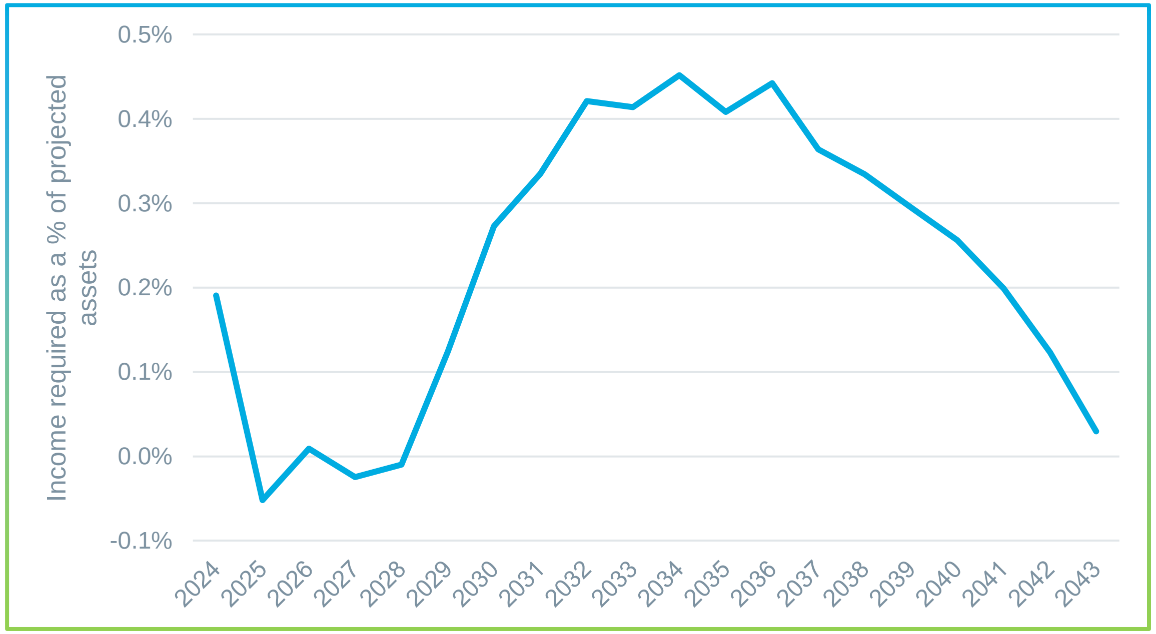
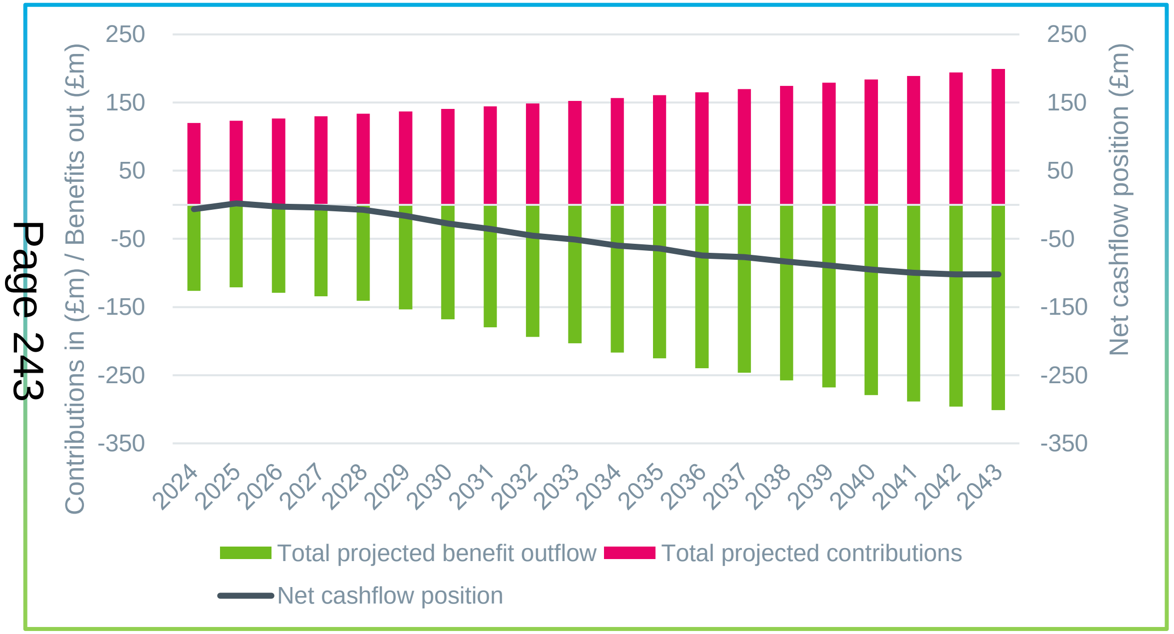


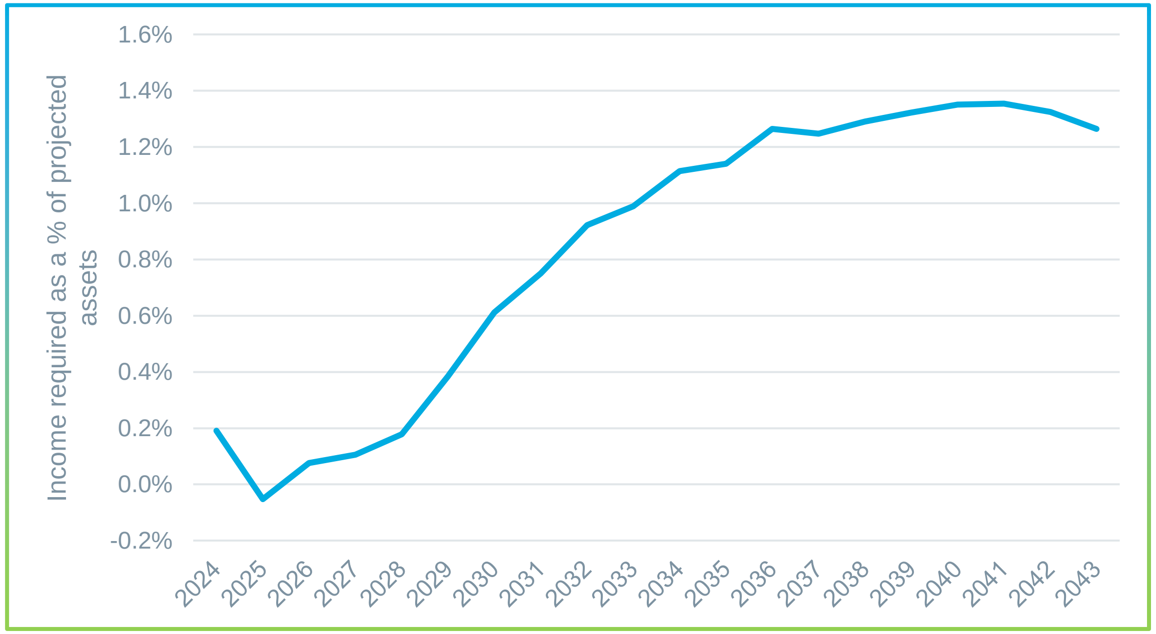


Relative to baseline, a "hard landing" would improve the Fund's cashflow position in the long term. The Fund is expected to be cashflow negative for most of the period, however the magnitude would be relatively small and could be managed by income from the Fund's assets (c.0.4% yield).

Asset values are assumed to increase at 4.6% pa

Whole fund net cashflow (high inflation scenario)





A high inflation scenario would result in cashflow negativity by 2026, with a substantial gap opening up in the longer term. This would need to be managed by a higher level of income from the Fund's assets (c.1.4%).

Asset values are assumed to increase at 4.6% pa

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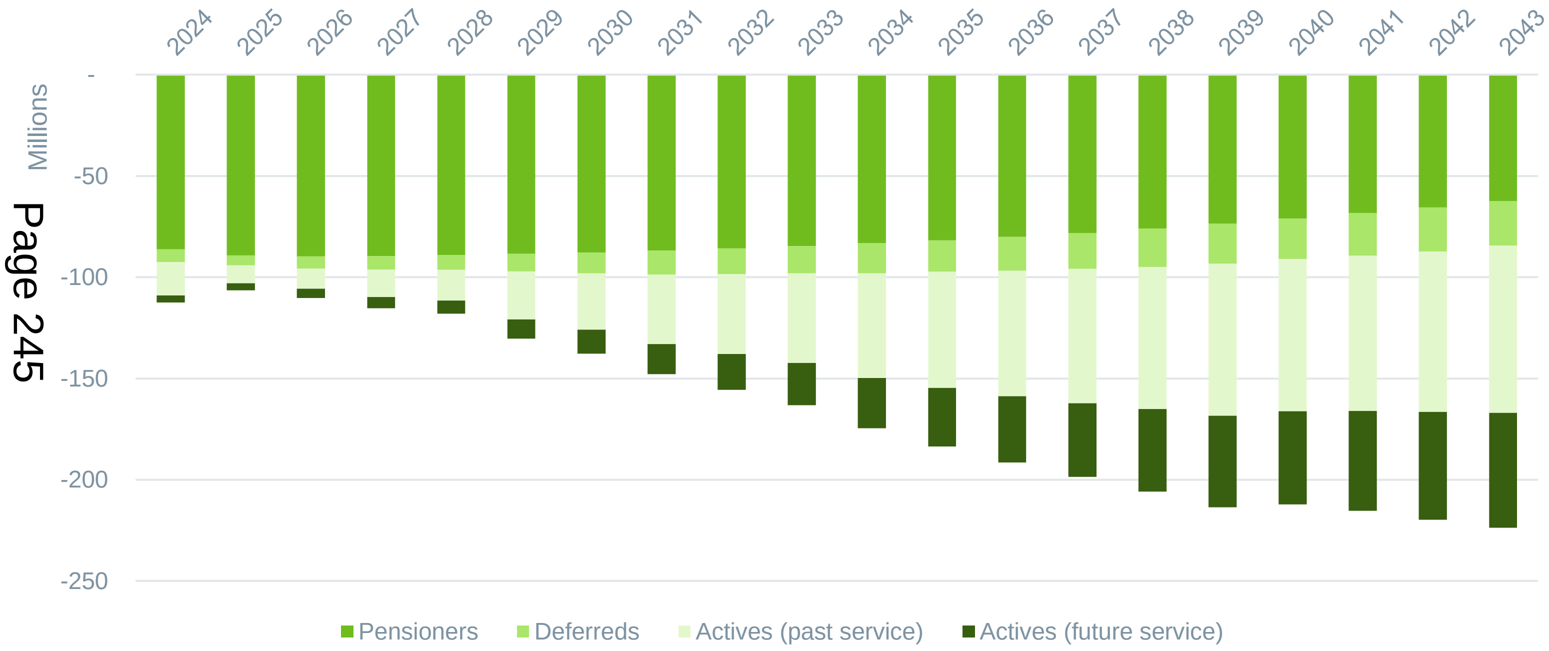
Impact of contribution rate reductions

Projected benefit outflows (baseline scenario, consensus inflation)



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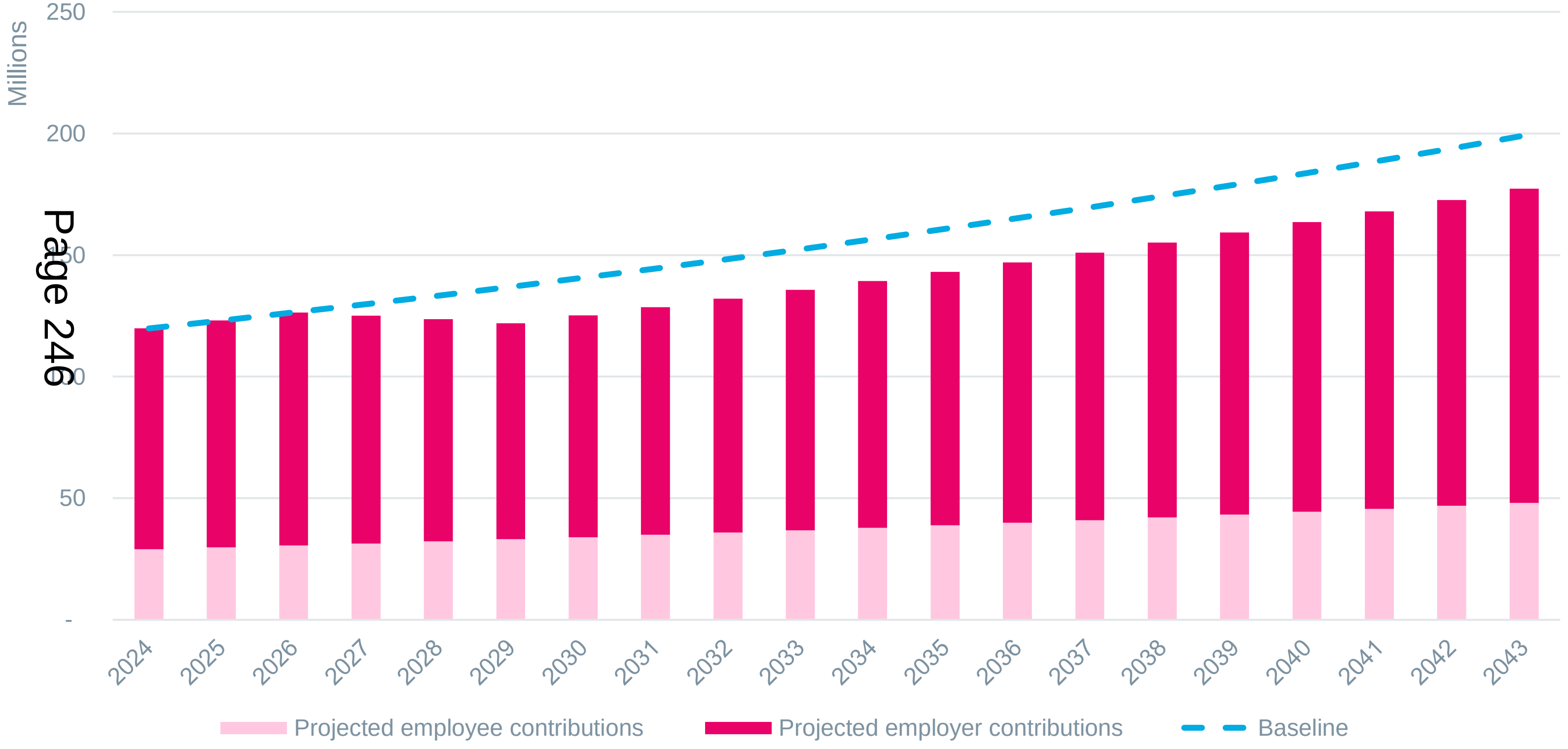
Notes

The years along the x-axis (horizontal) refer to the year-end i.e. 2024 means the 2023/24 financial year (from 1 April 2023 to 31 March 2024).

Increased benefit outflow in 2024 in comparison to 2025 is because of the model assumption that all active members already past their assumed retirement age will retire 1 year after the valuation date (2023). In reality these outflows would likely be spread across a longer period.

Benefit projections are based on the baseline inflationary scenario.

Projected contribution income (1.0% pa contribution rate reduction)



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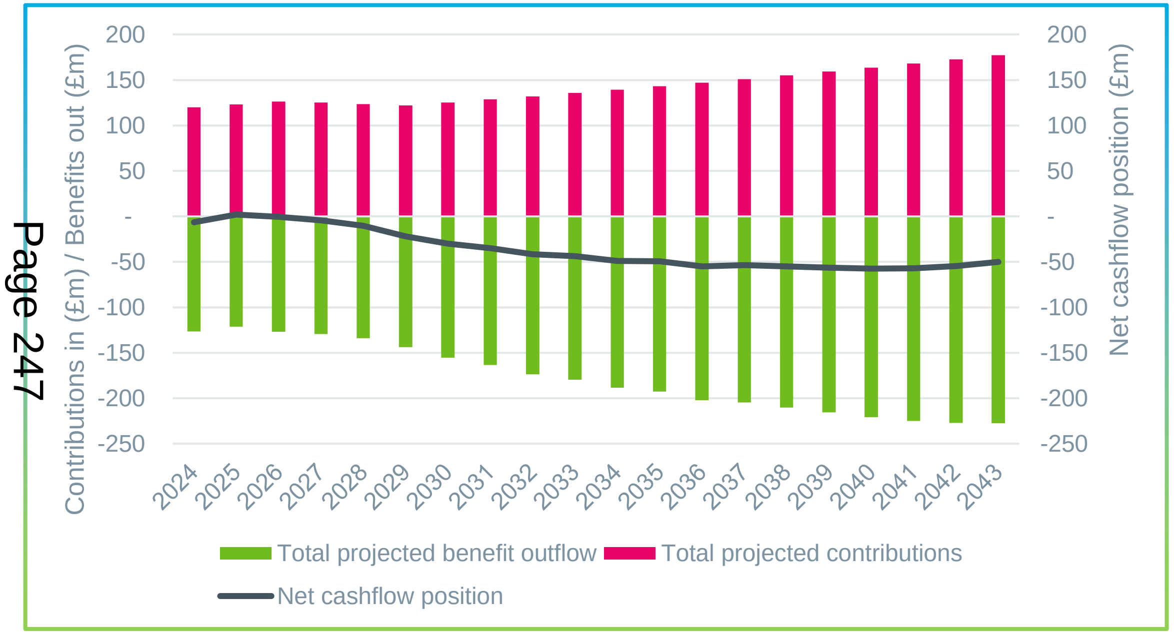
Notes

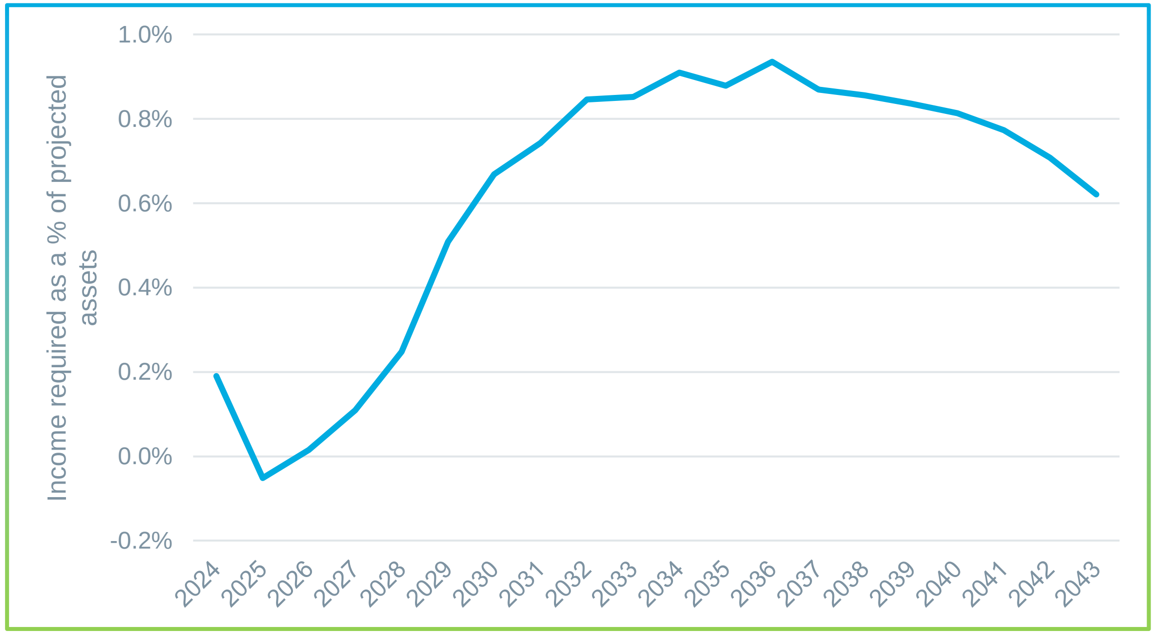
Contributions are assumed to be paid in line with the current Rates and Adjustments certificate until 31 March 2026.

Contributions are then assumed to reduce by 1.0% pa until 31 March 2029 in line with the Fund's contribution stability mechanism. Thereafter, contribution rates are assumed to remain stable.

Reductions in employer contribution rates as part of the 2026 valuation would result in a lower level of projected contribution income in future years (vs baseline scenario of no reductions at 2026).

Whole fund net cashflow (1.0% pa contribution rate reduction)





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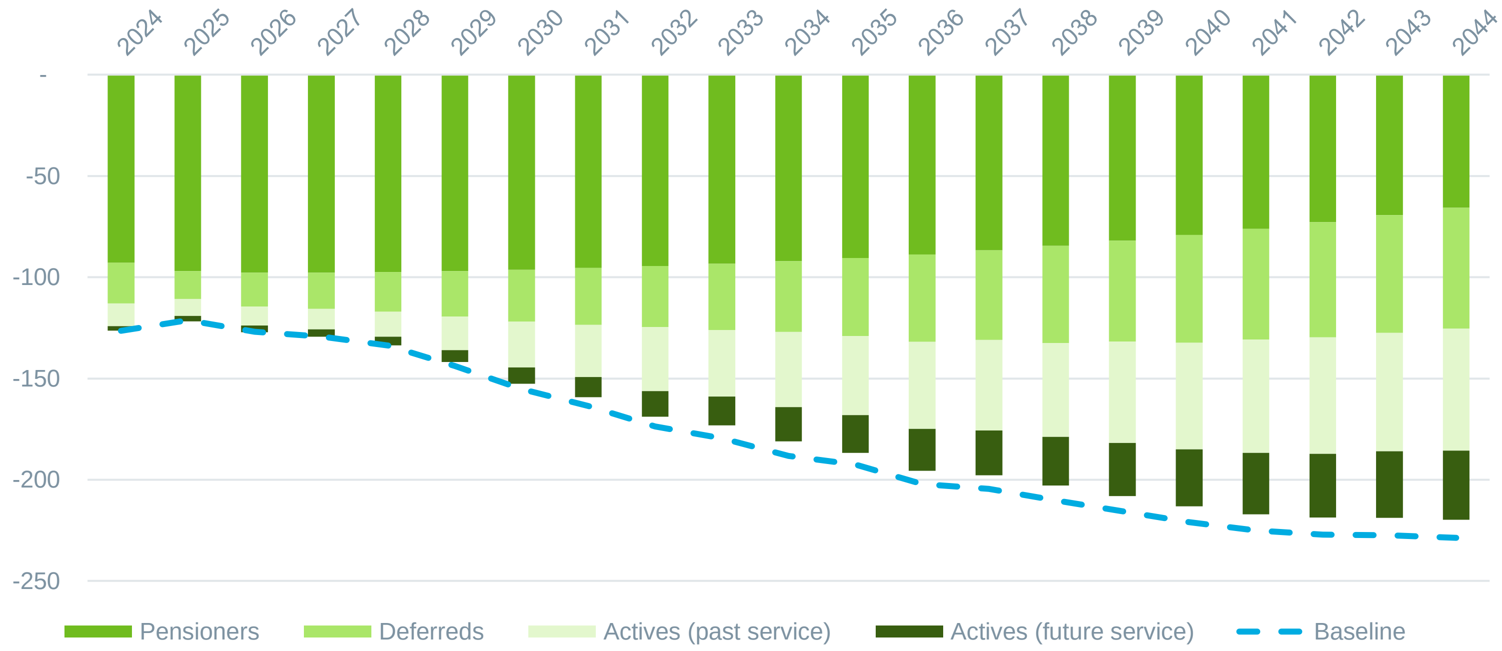
A reduction in contribution income would worsen the cashflow position in comparison to the baseline scenario. The level of investment income needed to meet benefit payments would be higher (c.0.9% yield).

Asset values are assumed to increase at 4.6% pa

Membership reduction

Projected benefit outflows (10% membership reduction)



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Notes

We have modelled a 10% reduction in membership to help the Fund understand the sensitivity to reducing payrolls and/or large scale redundancies caused by structural reform or otherwise.

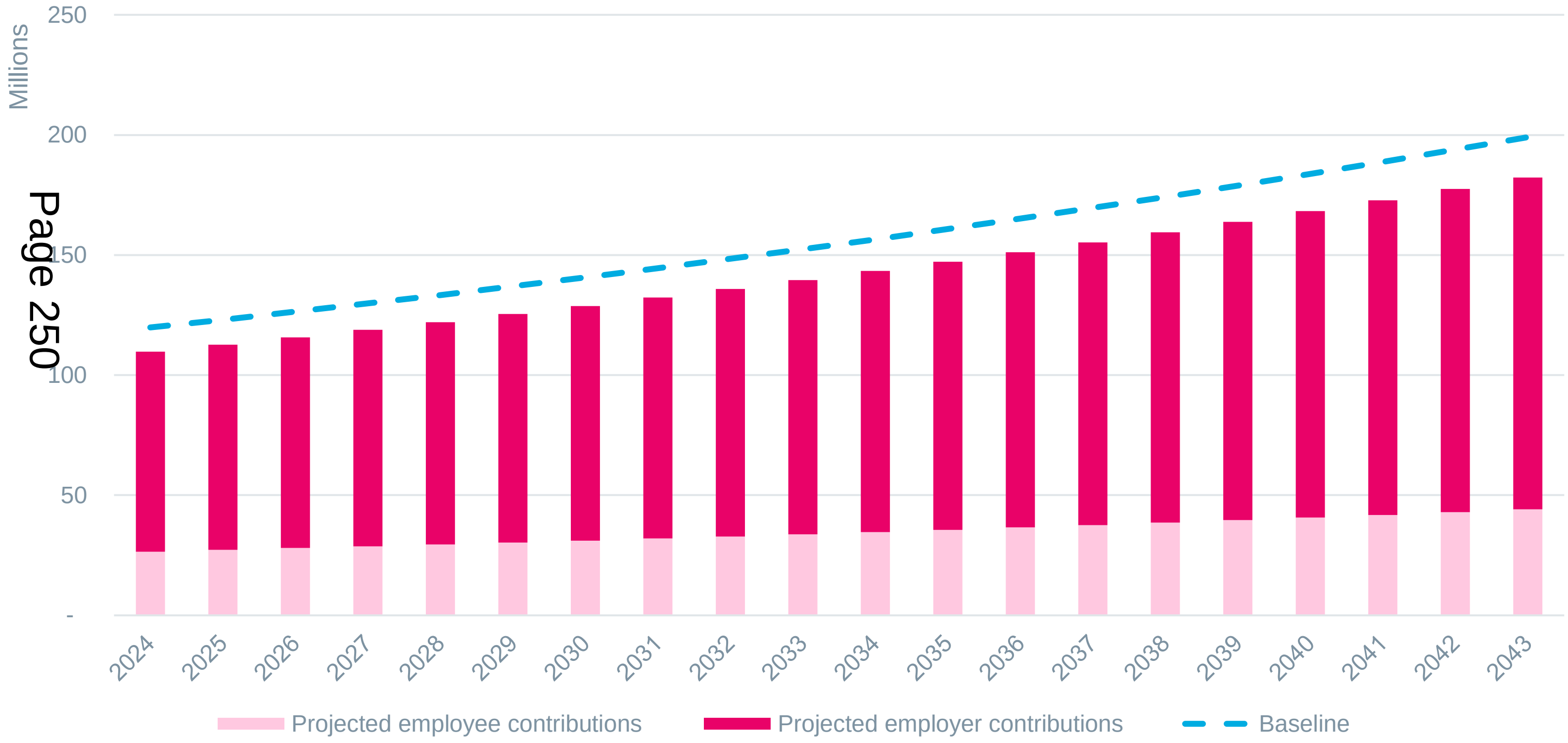
An immediate reduction in active members will initially slightly increase the benefits paid, including retirement lump sum payments and pensions coming into payment for members over 55 years old.

However, the reduction will result in less benefits being accrued in the future. This will result in lower payments in respect of benefits earned in the future under this scenario (however contribution income would also be lower – see next slide).

Lower active membership leads to a lower level of future benefit payments in the long-term. However, the reduction would take time to appear as most benefit payments in the next 20 years are in respect of benefits already accrued.

Baseline inflation scenario used in these calculations

Projected contribution income (10% membership reduction)



Notes
New entrants are assumed to replace leavers, and are implicitly allowed for in the income cashflow by assuming the payroll grows with inflation.

A reduction in active membership would lead to an immediate and then sustained reduction in payroll and therefore contribution income

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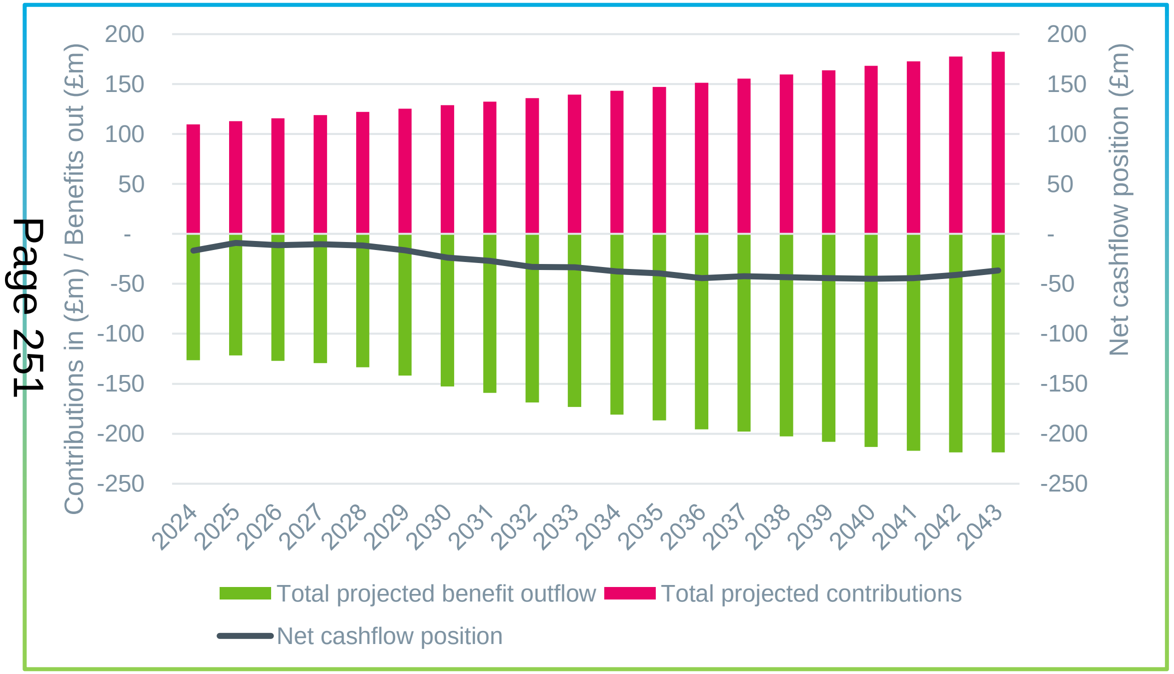
Baseline inflation scenario used in these calculations

Whole fund net cashflow (10% membership reduction scenario)



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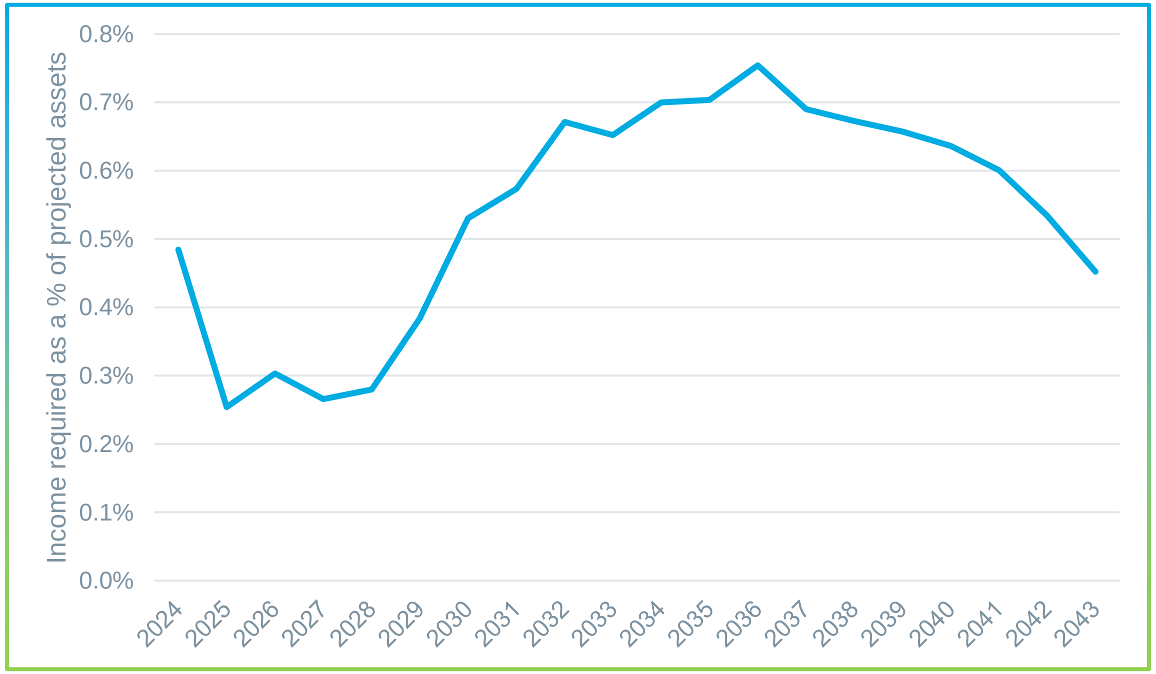

A reduction in active membership would result in immediate cashflow negativity, remaining cashflow negative over the 20-year projection period. The level of investment income needed to meet benefit payments would still be higher (c.0.8% yield).

Asset values are assumed to increase at 4.6% pa

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‘Worst case’ scenario

Projected benefit outflows ('worst case' scenario*)

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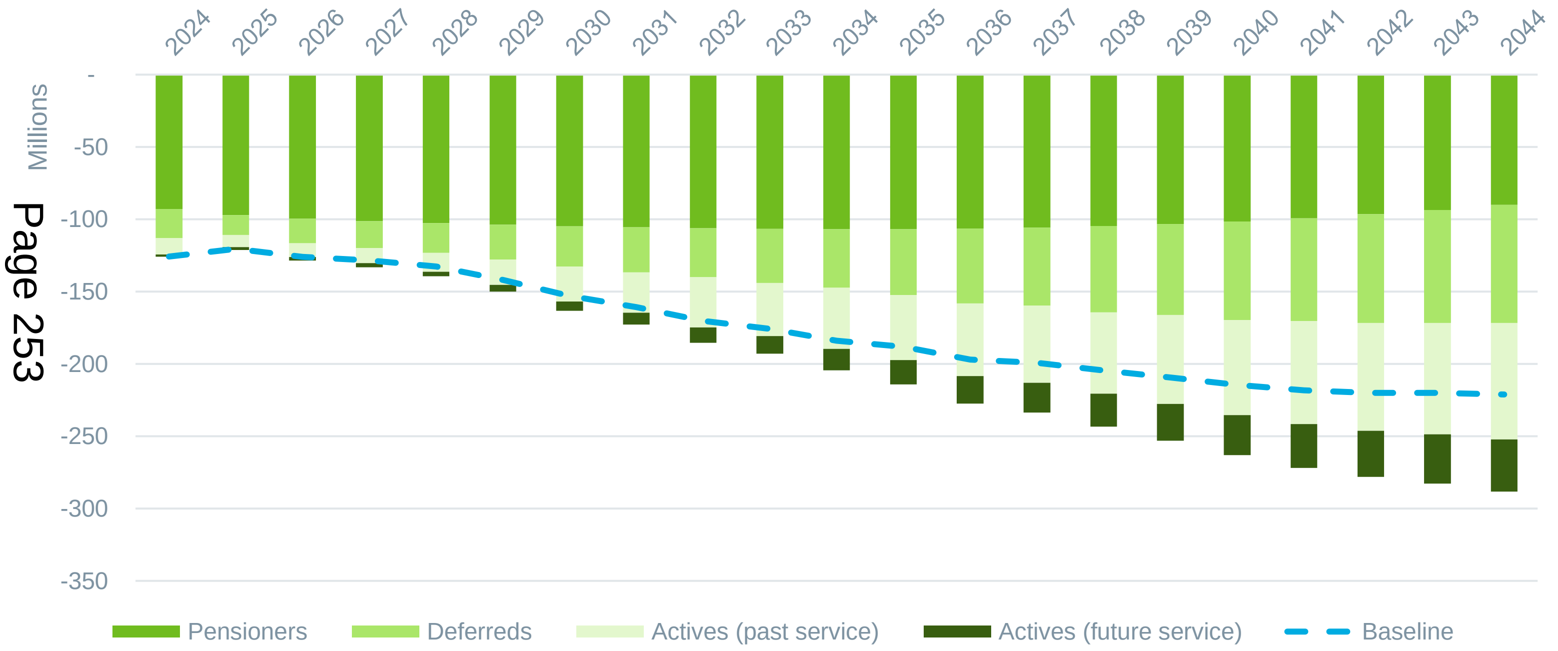


Notes

The benefit outflows represent an immediate reduction of 10% in active membership, combined with the high inflation scenario where inflation remains at higher levels in the long term.

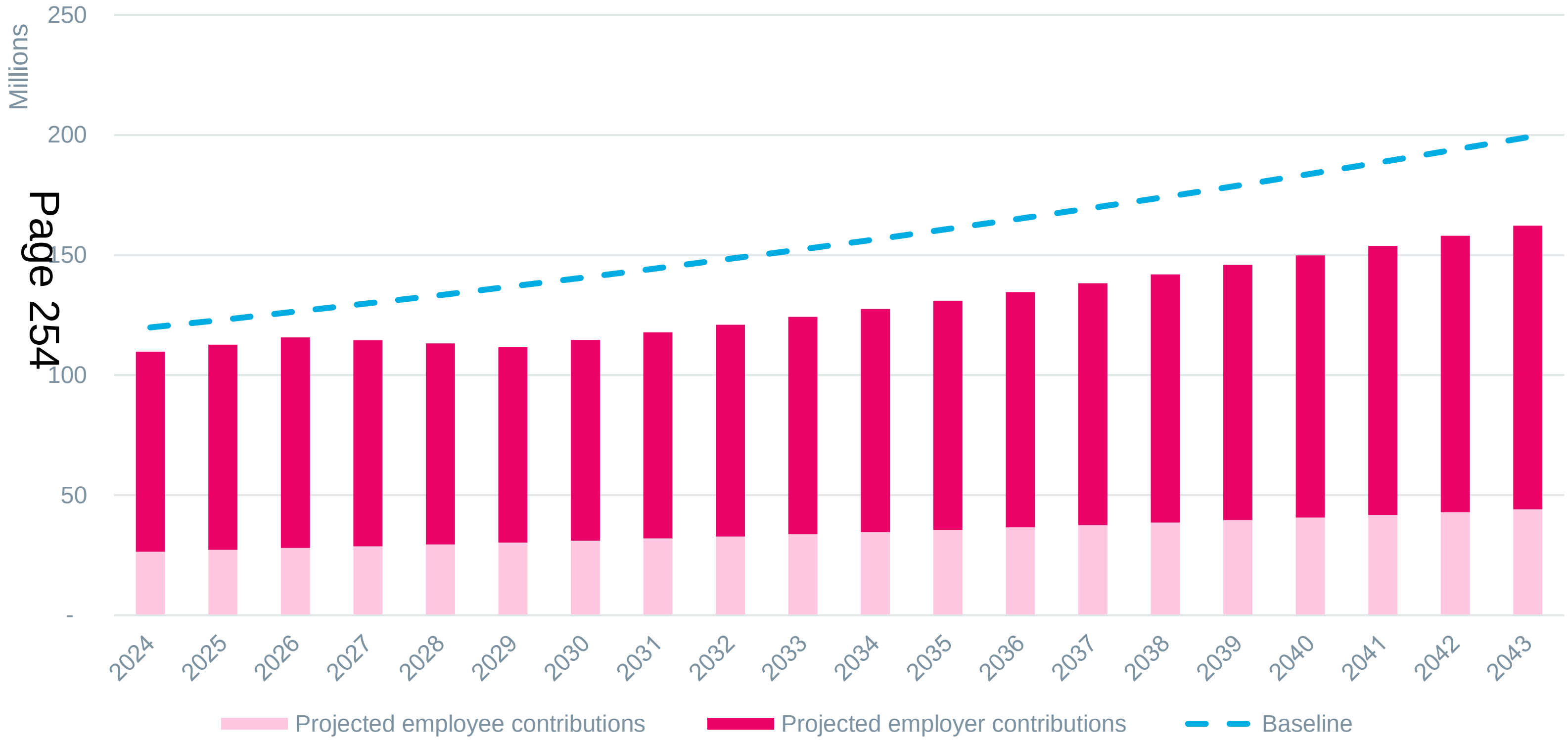
The reduction in active membership will result in less benefits being accrued in the future. However, increases to benefits in payment will be higher, offsetting some (or all of) the reduction in benefit accrual.

The reduction in contribution income (see next slide) will also have a significant impact on the net cashflow position.

Benefit projections are based on the high inflation scenario with an immediate 10% reduction in active membership.

*worst case scenario based on combining the cashflow stresses previously modelled only. More extreme stresses to cashflow projections could be possible.

Projected contribution income ('worst case' scenario)



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Notes

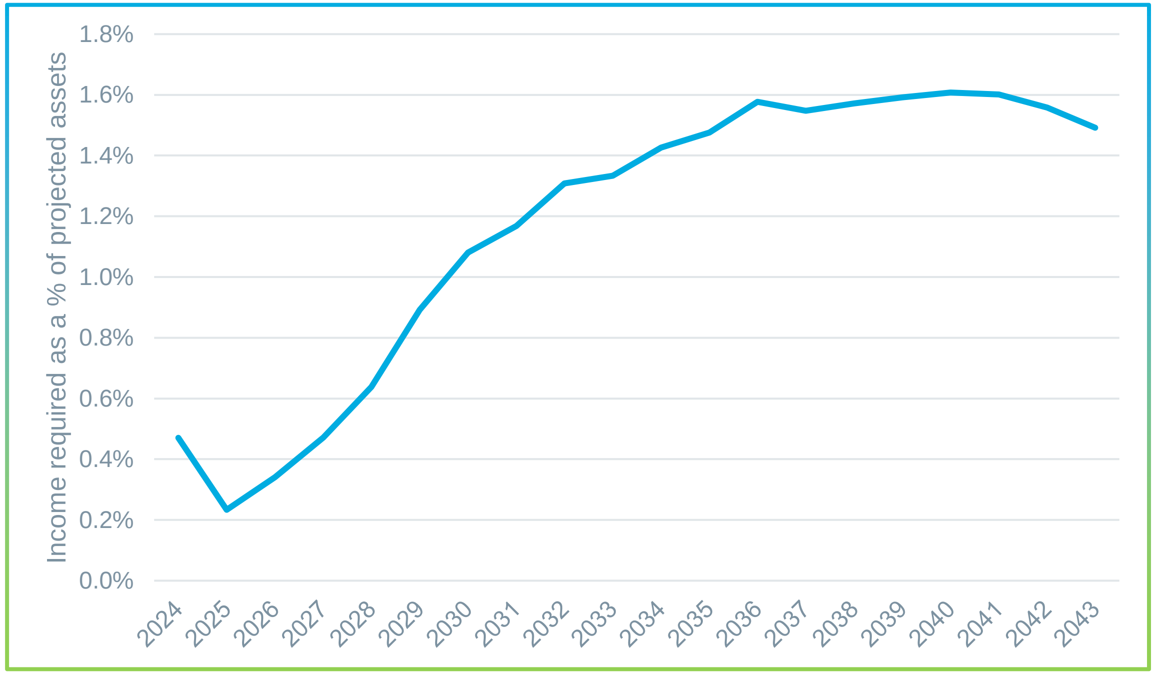
Contributions are assumed to be paid in line with the current Rates and Adjustments certificate until 31 March 2026.

Contributions are then assumed to reduce by 1.0% pa until 31 March 2029 in line with the Fund's contribution stability mechanism. Thereafter, contribution rates are assumed to remain stable.

New entrants are assumed to replace leavers, and are implicitly allowed for in the income cashflow by assuming the payroll grows with inflation.

Reductions in employer contribution rates as part of the 2026 valuation combined with a 10% reduction in active membership would result in a significant decrease in contribution income.

Whole fund net cashflow ('worst case' scenario)



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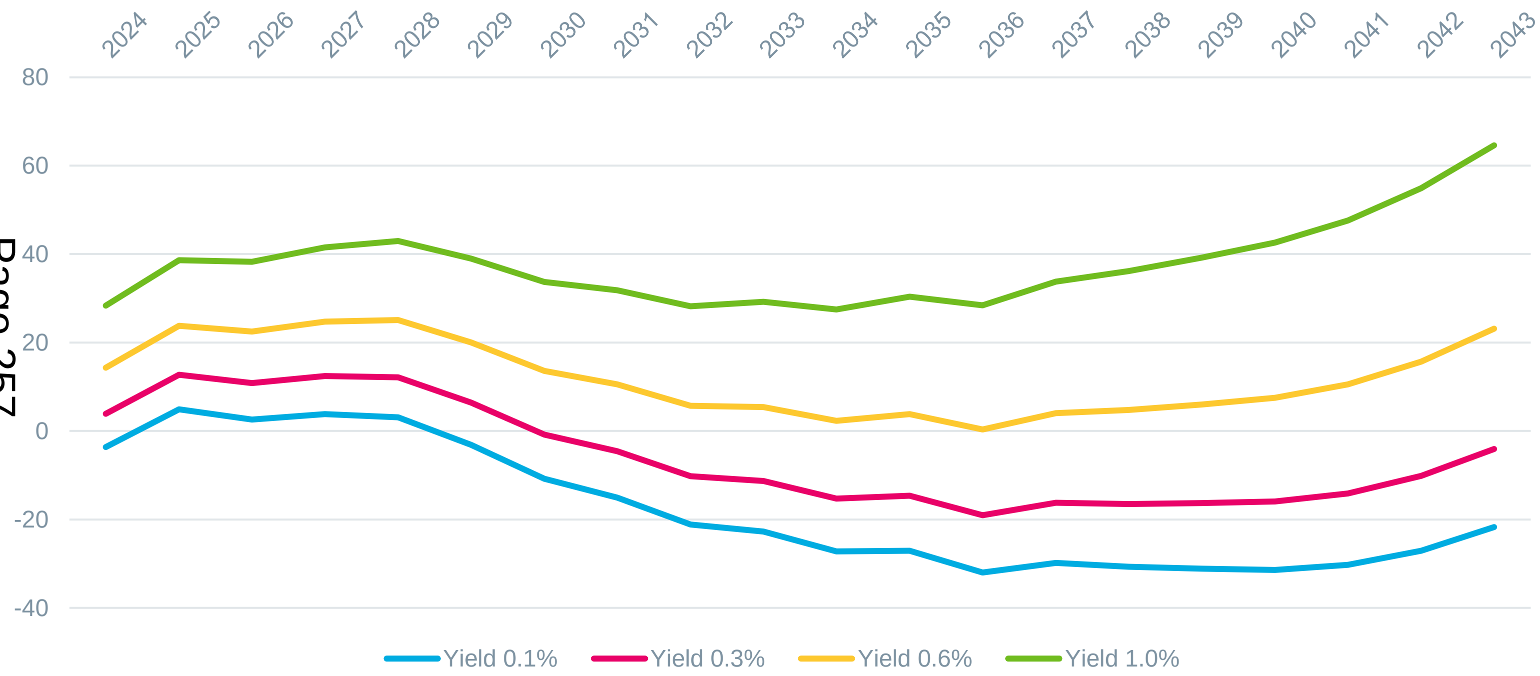
Under this scenario, the Fund would become cashflow negative immediately, with a significant gap opening up in the longer term. The level of investment income needed to meet benefit payments would increase significantly (c.1.6% yield).

Asset values are assumed to increase at 4.6% pa

Sensitivity of net cashflow

Sensitivity of net cashflow to investment income yield



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Notes

This highlights the sensitivity of the cashflow position to the investment income yield. For example, a yield of 0.6% p.a. (or above) results in a positive cashflow position for the 20 year period under investigation (baseline scenario).

However, a yield below 0.6%, for instance of 0.3% p.a. (or lower) as shown, may result in a cashflow negative position for the majority of the 20-year projection period (beyond 2030).

Based on the latest Fund accounts, the current investment income yield (net of fees) is around 0.1% pa. This level of yield results in a negative cashflow position for the majority of the period (the blue line), meaning that the Fund should be able to meet all pension obligations as they fall due.

This highlights the key role the Fund's investments play in ensuring there is enough liquidity within the overall strategy (funding and investment) to meet benefit payments.

Assets are assumed to increase at 4.6% pa

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Next steps

Next steps

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1. Monitor membership changes and their impact on the cashflow position
2. Consider any factors (e.g. inflation, contribution reductions) that may affect the cashflow position
3. Consider the investment strategy in light of any future possible negative cashflow position
4. Consider evolving or developing new cashflow management and/or rebalancing policies with your investment advisor

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Reliances and limitations

APPENDIX 1

Reliances and limitations

This paper is addressed to Oxfordshire County Council as Administering Authority to the Oxfordshire County Council Pension Fund. It has been prepared in our capacity as actuaries to the Fund and is solely for the purpose of projecting the expected cashflows of the Fund over a 20-year time horizon. It has not been prepared for any other purpose and should not be used for any other purpose.

The cashflow projections are based on a specific set of deterministic assumptions, which are highly unlikely to be borne out exactly. We therefore do not claim that the future will exactly match the figures in this paper. The results should be used to give an indicative idea of the Fund's medium term cashflow requirements only.

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Any party must accept full responsibility for establishing that the cashflows are appropriate for the purpose to which they want to put them and any decisions that are taken based on their analysis. We cannot be held responsible for any losses sustained as a result of third parties relying on the cashflows provided, or if the cashflows are used for any inappropriate purpose

The extent of the deviations from the assumptions underpinning the cashflow projections depends on uncertain economic events as well as other factors that are not known in advance such as members' decisions, variations in mortality rates, retirement rates and withdrawal rates, fluctuations and rates of salary increase, and the numbers and ages of future new entrants which cannot be accurately predicted. In addition, there could be changes in the regulatory environment and possible changes in retirement benefits. These other uncertainties are often not related to any particular investment and economic eventualities.

Three of the important uncertainties are the:
(a) Rate of pension increases, the vast majority of which increase at the annual increase in CPI inflation
(b) Extent to which members elect to exchange pension for cash at retirement
(c) Level of future payroll and contribution rates which will determine the amount of contributions paid into the Fund

The Administering Authority is the only user of this advice. Neither we nor Hymans Robertson LLP accept any liability to any party other than the Administering Authority unless we have expressly accepted such liability in writing.

This report may be shared with the Fund's independent advisor for information purposes only but may not be passed onto any other third party (such as including in the public part of the Pension Committee & Board's meeting papers) except as required by law or regulatory obligation, without prior written consent of Hymans Robertson LLP.

In circumstances where disclosure is permitted, the advice may only be released or otherwise disclosed in its entirety fully disclosing the basis upon which it has been produced (including any and all limitations, caveats or qualifications).

The following Technical Actuarial Standards are applicable in relation to this advice, and have been complied with where material and to a proportionate degree:
- TAS100
- TAS300.

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Thank you

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Oxfordshire Pension Fund

Funding risk update & 2025 valuation planning

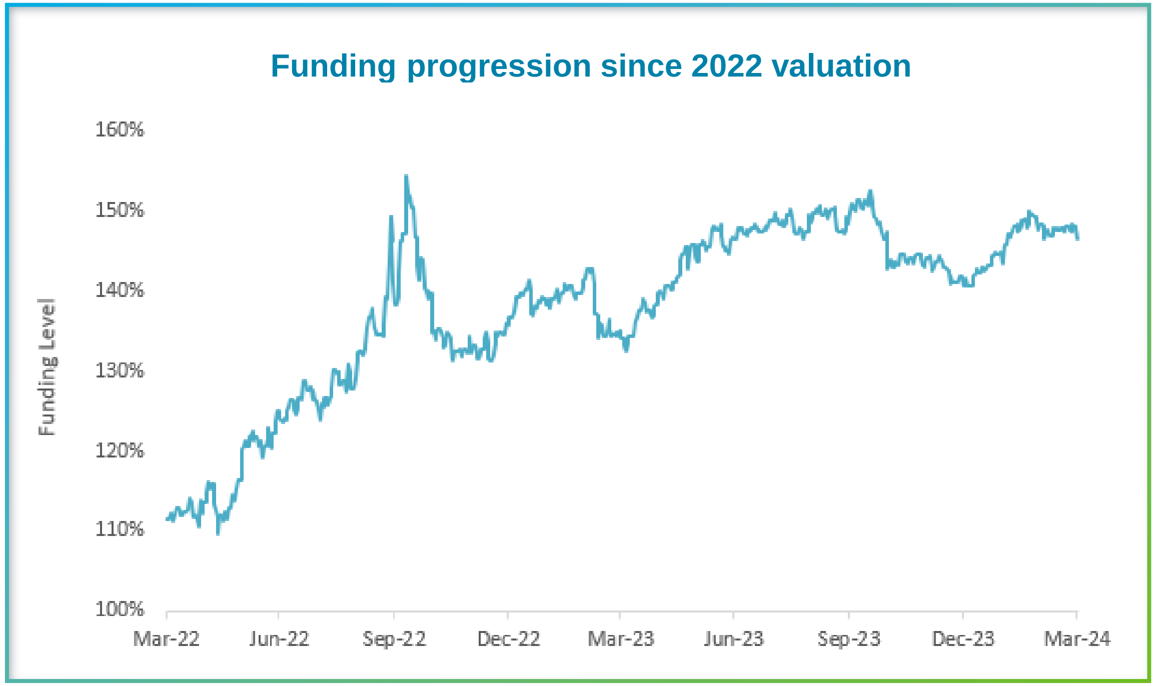
Tom Hoare

Tom Hoare FFA

Executive summary

To help manage risk, the Fund carries out regular funding and risk monitoring between valuations. Since the 2022 valuation there has been a significant shift in the economic environment meaning the LGPS is now facing new risks and opportunities which increases the importance of robust risk management. This report has been prepared for Oxfordshire County Council as Administering Authority to the Oxfordshire Pension Fund (the Fund) to help its stakeholders understand how changes in the funding environment has impacted the Fund and to aid funding strategy planning discussions in preparation for the 2025 formal valuation.

- The funding position of the whole fund at 31 March 2024 is now 146% (compared to 111% at the 2022 valuation). The likelihood of the fund achieving the required future investment returns needed to be fully funded has also risen to 89% (from 77%).
- This improvement has been largely driven by an improved investment outlook due to a sharp rise in global interest rates.
- Employer funding positions have seen similar improvements. This is potentially very meaningful, for any employers approaching exit, however for many employers, having stable contributions over the longer term may be a more important objective.
- Short term inflation has been high since 2022, with pension increases of 10.1% (2023) and 6.7% (2024). While longer term inflation is expected to fall there remains uncertainty over future forecasts.
- Whilst the improved funding position is good news for the Fund, there remains uncertainty in financial markets, and material risks facing LGPS funds. Early planning for the 2025 valuation will be important to help the Fund manage any changes to its funding and investment strategy in the current environment.



It is important for the Fund to consider the impact of risks within the current environment and start planning for the 2025 valuation

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Changes in the funding environment

Investment outlook

Investment returns since the 2022 valuation have been positive, with the Fund achieving a return of c.7.3% over the period from 31 March 2022 to 31 March 2024. This is slightly lower than the Fund's investment return assumption (at the valuation) of 4.6% pa.

However, as shown in the chart, expectations of *future* investment returns are now higher than at the 2022 valuation for all asset classes, largely due to the sharp rise in global interest rates (which had previously been at historic lows). In the case of the UK, the Bank of England base rate has increased from 0.75% at March 2022 to 5.25% at March 2024. If investors can get a higher return on cash and other lower-risk assets, it follows that the return on riskier assets, such as equities, should also increase. This is the approach within our Economic Scenario Service model (Appendix 4).

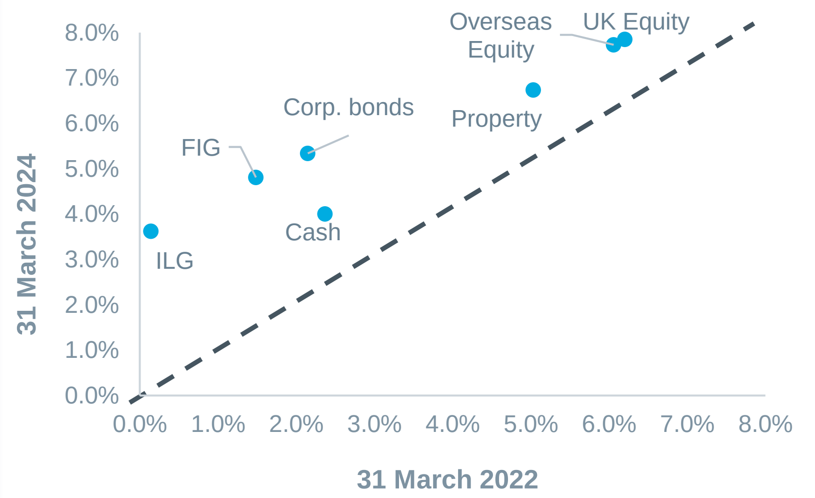
To put this into context, at 31 March 2022 we estimated that the Fund's investments would return 4.6% pa with a 70% likelihood of success. At 31 March 2024, we now estimate that the Fund will achieve a much higher investment return of 6.6% pa with the same 70% likelihood.

Higher future expected investment returns lead to a lower value being placed on the Fund's liabilities. In other words, this means that the improved funding level is reliant on higher income from future investment returns, which may be a reason to be cautious when setting contribution rates at the 2025 valuation.

What can the Fund do to manage investment risk?

- Consider the Fund's beliefs about the investment outlook and whether it should increase the level of prudence adopted in the future expected investment return assumption at the 2025 valuation to manage increased future uncertainty.
- Explore different combinations of investment strategy to understand what they mean for the likelihood of the Fund requiring additional future contributions.
- Investigate whether a single investment strategy for the whole Fund is still fit for purpose and consider carrying out exploratory work into the implementation of individual employer investment strategies.

20 year expected annual returns – 2024 vs 2022



The improvement in funding level is being driven by the promise of greater *future* investment returns rather than investment returns actually earned by the Fund.

High inflation

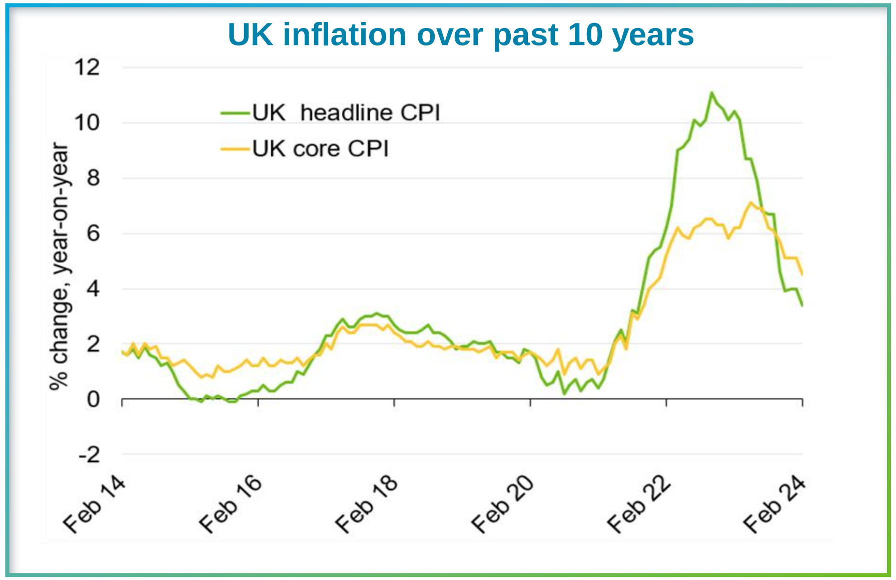
Inflation is a key risk for pension funds to manage. Higher inflation increases the cost of benefits, which increases longer term funding costs but also has an immediate impact on shorter term cash flow (pensions in payment). Since the 2022 valuation, inflation has risen sharply, with pensions increasing by 10.1% (in 2023) and 6.7% (in 2024) which has increased liabilities (in isolation). However, this has been more than offset by central bank reaction to increase interest rates - which has led to higher expected future investment returns, reducing liabilities.

Recent inflation trends & forecasts

- Set against a weaker economic backdrop, headline year-on-year CPI inflation in the UK continued easing – albeit at a slower pace – in January and February to 3.4%.

- Core inflation, which excludes volatile energy and food prices, remained unchanged at 5.1% in January and fell to 4.5% in February. Not only is UK core inflation still more than double the Bank of England's target, but elevated services and wage inflation, both running at 6.1% year on year, highlight persistence in underlying price pressures.
- Latest consensus forecasts see inflation falling further, and even dipping below the BoE's 2% target in mid-2024, before rising above it in the second half of 2024.
- Medium-to-long-term consensus expectations are for UK inflation to stay slightly above the BoE's target. Forecasters point to a range of plausible reasons why inflation, and interest rates, might be higher over the medium term. These include expectations of more persistent labour shortages, a greater prevalence of supply shocks, diminishing returns from globalisation, the transition to net zero, and looser fiscal policy than in the period after the global financial crisis.

Although the expectation is for inflation to fall, it remains uncertain. Persistently higher inflation is a risk for pension funds. For example, if the long-term pension increase assumption was 1% pa higher, this will reduce the funding level by around 20%



Source: Datastream

What can the Fund do to manage inflation risk?

- Regular monitoring of inflation during periods of volatility is important. The Fund should consider both the short and longer-term impacts on their funding and investment strategies.
- If the strong funding position persists at the 2025 valuation, the Fund may choose to retain a funding cushion to help manage uncertainty surrounding inflation forecasts.
- Consider the Fund's beliefs about future inflation and carry out modelling to understand the impact of inflation risks on funding and cashflow.

Funding update

What has happened since the 2022 valuation?

The Fund's past service funding level has significantly improved since the 2022 valuation, rising to 146% (from 111% at 2022). The Fund now has a surplus of around £1.1bn at 31 March 2024 (compared to a surplus £329m at 31 March 2022), which has been driven by significant changes in the financial markets.

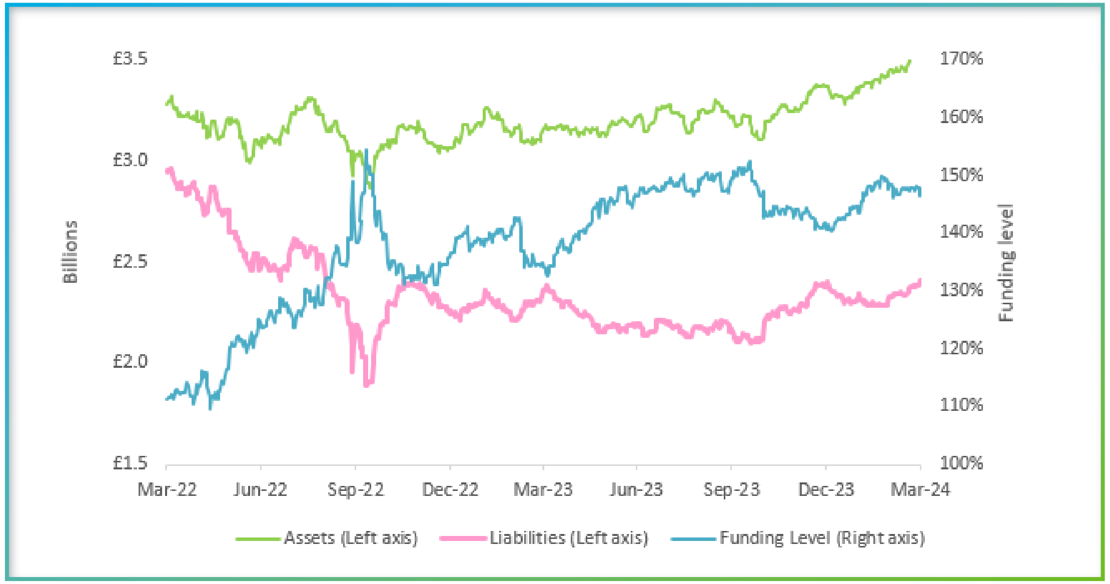
How have assets changed?

The Fund's asset value has remained relatively stable since the 2022 valuation, although there continues to be volatility (see **green line** in chart). Investment markets have seen headwinds leading to lower-than-expected returns on the Fund's investments to 30 September 2023. However, investment returns have been positive over the last few months, so the Fund is now holding slightly more assets than it did at the 2022 valuation.

How have liabilities changed?

Asset return expectations have risen since the 2022 valuation, in part due to the rise in global interest rates, which has led to the liability reduction (pink line) observed since the 2022 valuation. This effect has been offset, partially, by the effect of inflation being higher than expected at the 2022 valuation.

The improvement in funding level (blue line) is being driven by the expectation of higher future investment returns, despite inflationary pressures and dampened investment returns since the 2022 valuation



Being over 100% funded is generally good news, however there are limitations to the usefulness of the funding level metric because it is based on a single set of assumptions about the future and asset values at a single point in time. It also only recognises benefits earned to date ("past service") and not the cost of future benefits. The Fund therefore needs to consider the risk inherent in their funding strategy and their beliefs about the outlook for investment returns before taking action to manage any surplus.

The sharp increase in headline funding level will inevitably lead to various stakeholders seeking to understand what it may mean to them.

Funding level versus investment return assumption

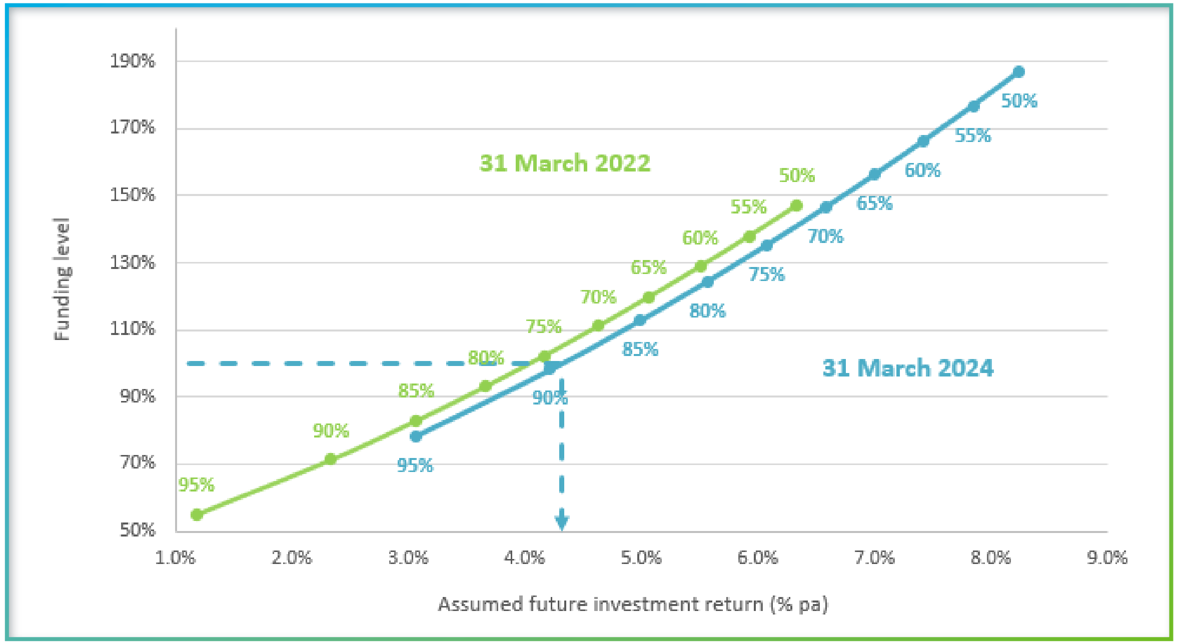
The Fund's funding level of 146% as at 31 March 2024 has been calculated using a future investment return assumption which has a **70%** likelihood of being achieved. This is in line with the Fund's Funding Strategy Statement, allowing for updated market conditions). However, this reported funding level is extremely sensitive to the return assumption adopted.

The chart shows how the Fund's funding level varies with the future investment return assumption adopted, comparing the position at 31 March 2022 (**green line**) with the updated position at 31 December 2023 (**blue line**). The percentages next to each point on the chart show the likelihood of the Fund's investment strategy achieving that return. From the chart we can see that:

- The future investment return required to be 100% funded has increased to 4.3% pa, compared to 4.0% pa at the 2022 valuation. In effect, we now require the Fund's investments to return more than we did at 2022.
- The likelihood of achieving any given future investment return is higher than it was at the 2022 valuation. For example, there is now a 89% chance of the Fund achieving the investment returns needed to be 100% funded, compared to 77% at the 2022 valuation.

This highlights that the improvement in funding position is not a result of the Fund holding more assets today. Rather, this has been driven by higher expected future investment returns due to the change in economic environment since the last valuation.

The effect of market volatility may lead to reductions in asset return expectations in the short term. To reflect any concerns about market volatility, additional prudence may be factored into funding plans via the level of assumed future investment return, which all else being equal would reduce the level of surplus in the Fund.



Required return of 4.4% p.a. has a 88% likelihood of being achieved

The Fund is now more likely to have sufficient assets to meet earned benefit payments than at the previous valuation. However, this is due to higher return expectations, not because the Fund holds more assets.

Employer funding and contributions

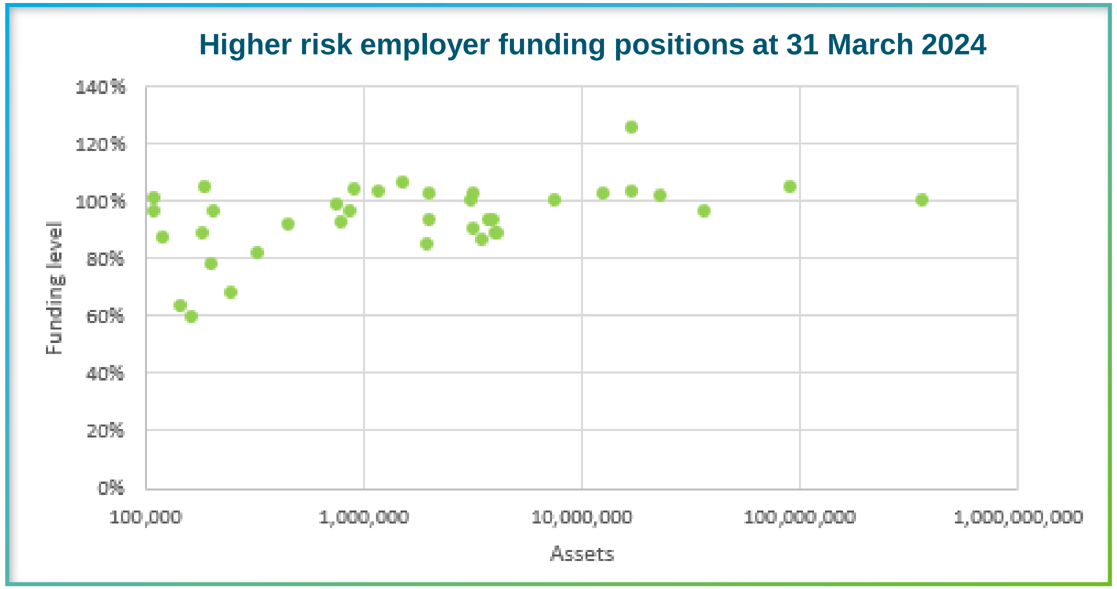
The Fund is composed of around 160 active employers. Each of these employers will have its own funding objective depending on the type of employer and their participation.

Given this diversity of employers it is important to understand and monitor employer risks. At 31 March 2024 the funding position has improved for all employers. This change in funding will be different for each employer depending on their membership (but similar to the Fund improvement for most).

The majority of employers are now fully funded (>100%) on the Fund's ongoing basis. Whilst this is good news for the Fund (and employers), this is not the endgame for employers who continue to participate and accrue benefits in an open scheme

Higher risk employers

Employers with no tax raising powers or guarantee are typically viewed as 'higher risk'. If these bodies were to exit the Fund, their exit payment would be valued on the Fund's 'low risk' basis which allows for more prudence. At 31 March 2024, the aggregate position of the higher risk employers (on the Fund's low risk basis) is now 101% (compared to 72% at the 2022 valuation). Each individual employer position will be different, but in general will have improved, with many now c100% funded on the Fund's low risk basis (see chart opposite).



Impact on contributions

Employer contributions are set at the triennial funding valuation. If the current economic environment persists through to the 2025 valuation, there will likely be downward pressure on both primary and secondary contributions as a result of higher expectations of future investment returns and strong past-service funding positions.

The Fund may need to consider options for managing employer surplus ahead of the 2025 valuation. In particular, the Fund may need to consider how to manage high levels of surpluses and increased volatility and uncertainty in the economic environment within its funding and investment strategy, and effectively communicate its approach to employers.

It is important to understand the impact of improved funding for each employer to set appropriate funding plans

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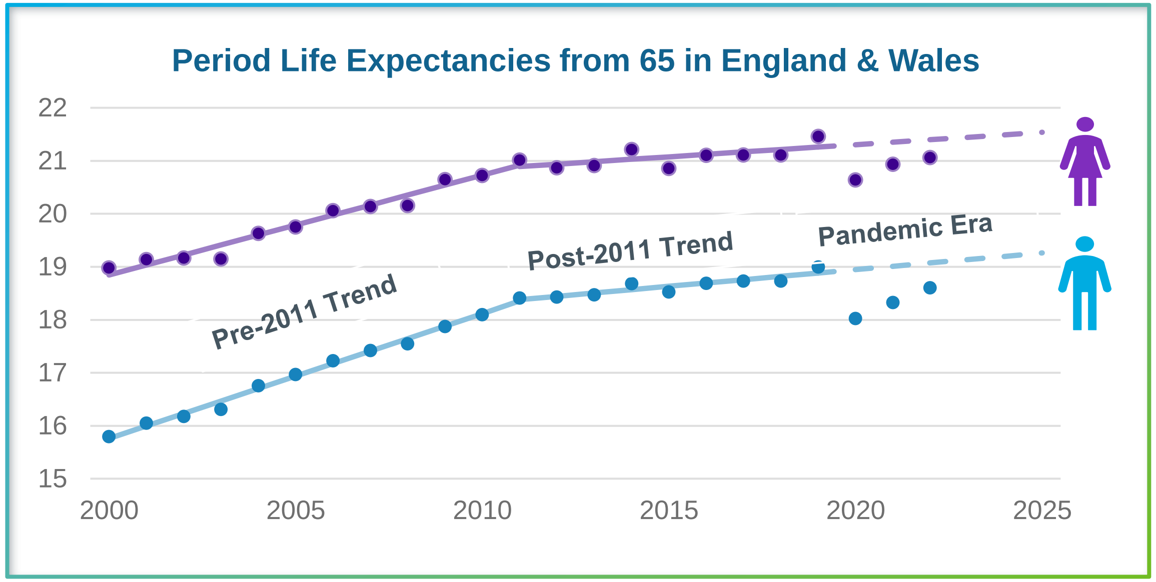
Key funding risks update

Longevity risk

Understanding demographic trends and setting appropriate mortality assumptions is key to managing longevity risk. The impact of an increase (or decrease) of 1 year of life expectancy increases (decreases) the funding position by around 4%. The Fund uses Club Vita longevity analytics which take account of the socio-economic profile and regional concentration of the Fund.

Recent longevity trends

- The Covid-19 pandemic led to increased deaths during 2020 and 2021. Excess deaths continued in 2022 (and into 2023) but the cause of excess deaths is less clear cut.
- The question facing pension funds now is: to what extent should we allow for this pandemic era data? Is this recent experience representative of the future or will it be short lived?
- Evidence for making an allowance for post-pandemic 'excess deaths' is now higher due to mortality experience in 2022 (and 2023).
- Club Vita estimates that during 2022, mortality was around 6% higher in England & Wales that we might have expected based on pre-Covid-19 mortality rates.
- However, the LGPS appears to be bucking the trend. Initial indications from Club Vita are that **excess mortality rates during 2022 were significantly lower for LGPS pensioners than for the overall population.**
- Analysis also shows that some areas of the UK have been hit harder during the pandemic and the post-pandemic period than others making it important to capture regional differences.



Source: CMI_2022 model. Life expectancies calculated using projected qx rates, using calibration data, with W_{2020} through W_{2022} set to 100% and S_{κ} set to 0%.

What can the Fund do to manage longevity risk?

- The Fund's longevity assumptions will be reviewed at the 2025 formal funding valuation. As part of this review the Fund should consider its beliefs around future improvements.
- With increased uncertainty on the lasting impact of the pandemic and future longevity, the Fund may choose to maintain a funding cushion to help manage uncertain outcomes.

Climate risk

Climate change is now widely regarded as one of the main sources of risk for pension schemes, with potential implications for future inflation, investment returns and longevity. Scenario testing is an effective way for LGPS funds to test how resilient funding strategies are to climate risk.

2022 valuation scenario testing

- At the 2022 valuations, scenarios were chosen representing broad possibilities for how the world might respond to climate change – ‘green revolution’, ‘delayed transition’ and ‘head in the sand’.
- Despite imposing significant stresses and big increases in volatility, the impact on risk metrics of these three scenarios was quite modest.

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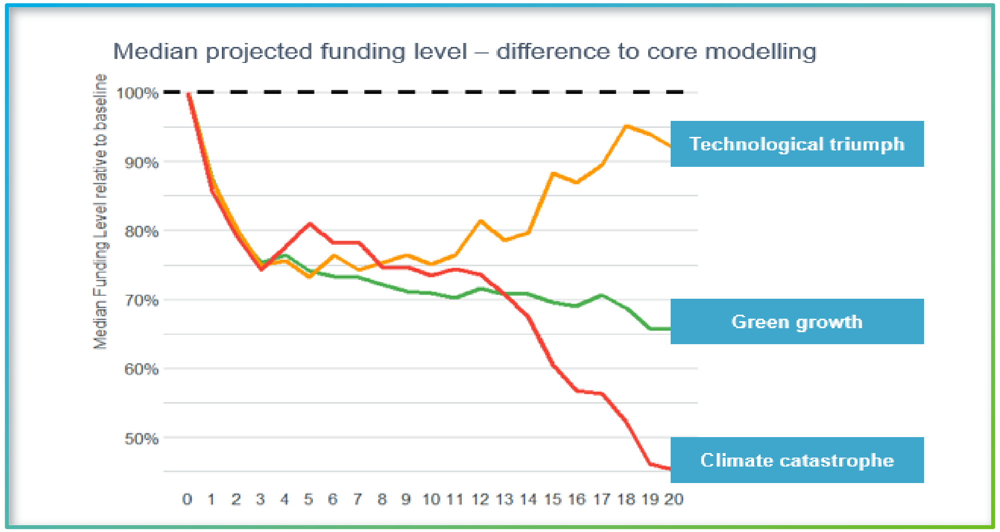
Importance of considering ‘bad’ outcomes

- Climate change has the potential to make extreme outcomes more likely. It is therefore particularly important to consider catastrophic outcomes when assessing the impact of climate risk.
- New, ‘extreme’, scenarios (complementing the existing scenarios) are now available allowing the Fund to assess the impact of catastrophic outcomes on funding strategies.
- One example of catastrophic outcomes is a failure of global food supply resulting in an estimated 18-36% loss in global crop losses. Ultimate outcome could be trade wars, asset shocks and mortality impacts.
- The graph illustrates the impact of three outcomes: ‘Green growth’ considering collaborative regeneration, ‘Technology triumph’ looking at a tech-driven recovery and ‘Climate catastrophe’ – no action taken.
- Modelling narrative-based downside risks helps to better align the Fund’s funding strategy with climate beliefs.



What can the Fund do to manage climate risk?

- Ahead of the valuation the Fund should review its approach managing climate risk, including setting objectives, capturing varying views and beliefs of all stakeholders and agreeing scenarios to model.
- Output from modelling (core plus extreme scenarios) can be used to aid funding strategy and to stress test key risk metrics

Employer covenant

Although the recent improvement in funding is good news, employers continue to face a wide variety of challenges from the evolving economic, demographic and regulatory environment. Higher inflation, interest rates and pay awards are all putting pressure on organisations.

The Fund should continue to monitor employer covenant as part of its risk management framework.

The key covenant risks for each employer are:

- Ability and willingness to make contributions – are there competing demands on cash or any cashflow concerns?
- Likelihood of exit – are there any organisational or external pressures that may result in the employer exiting the LGPS?
- Outcome on exit – what is the outcome for the pension fund? Are there other secured or unsecured creditors?

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Improved LGPS funding

Against the backdrop of improved funding positions funds may now be facing new questions and challenges from employers such as:

- Their approach to risk and investment strategy
- Employers exiting the scheme and possible exit credit payments
- Contribution flexibility

What can the Fund do to manage employer covenant risk?

- Whilst the recent improvement in funding will lessen the solvency risk posed to the Fund in potential outcomes on exit, it is important to consider all covenant risks to help manage other risks such as administration, cashflow and reputational.
- Ahead of the 2025 valuation, the Fund should monitor employer covenant risk to ensure appropriate risk categorisation and early engagement with employers.
- The Fund should consider its holistic approach to covenant and funding strategy, including consideration of how employer risk categorisation may impact funding strategy decisions.

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2025 valuation planning

Preparing for the 2025 valuation

The analysis in the funding update section highlighted that the fundamental funding position of the Fund (amount of assets per £ of future pension to pay out) has not materially changed since the last valuation. However, there has been a significant change in the economic environment, which means that the Fund may now be facing new risks and opportunities at the 2025 valuation. The nature of these risks and opportunities will depend on the Fund's beliefs about what the new economic environment means for future investment returns. These are further discussed in our standalone paper[1] but can be broadly summarised as future returns will either be at a similar level to that assumed at the last valuation or, due to the change in interest rate environment, future returns will be higher.

Once the Fund has considered their beliefs in this area, with the valuation less than 12 months away, it should start to work through what these mean for its funding and investment strategy in the new economic environment. This will focus typically focus on four key areas:

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1. Employer contributions

2. Investment strategy

3. Prudence levels

4. Surplus retention

Seek to balance employer affordability with long term sustainability

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[1] www.hymans.co.uk/media/uploads/A_new_funding_era_in_the_LGPS.pdf

Preparing for the 2025 valuation

1. Employer contributions

Given the current cost pressures facing employers, there may be a desire for contribution rate reductions at the 2025 valuations. These expectations may also have been amplified by recent comments for employer advisors. However, the Fund will need to consider:

- **Difficulty of future increases -** The relative ease of reducing contributions versus increasing them. Even if a reduction is only for some short-term relief, it can quickly become the level that employer budgets could anchor on, meaning future required increases are harder to implement.
- **Long term cost of scheme -** What is a long-term stable cost of the LGPS, and are current contribution rates higher or lower than this? If an employer is already paying less than this cost, is it realistic to reduce further?
- **Intergenerational fairness -** Which generation are you being fair to by reducing contributions? The current generation have implicitly supported contribution rate increases over the last 20 years. Or does a reduction place too much risk of future contribution rate increases on future generations?
- **Stabilisation –** How does this interact with the Fund's contribution stability mechanism and are the employers committed to the long-term benefits of stability? Employers have been "underpaying" during the bad times during the last decade, whereas many may now be "overpaying" in the good times to deliver stable long-term contributions.

2. Investment strategy

The change in economic environment and your beliefs about future investment outlook will have a material impact on any changes you make to the investment strategy at the 2025 valuation.

For example, if you think your assets such as equities, property or infrastructure are not going to be able to achieve the market's current long-term risk-free rate of return (currently around 4% pa), should you be taking all that investment risk? The new economic and return environment may also offer opportunities to invest in different asset classes which haven't previously been considered.

Other aspects to consider with the investment strategy at the 2025 valuation are:

- Are there any opportunities to use the investment strategy to further increase the long-term stability of contribution rates for the long-term benefit of employers?
- Are there any opportunities to help reduce funding balance sheet volatility where it matters for a select group of employers?
- If contributions are reduced, what does this do to the cashflow profile of the Fund, and does it affect how the investments are used to manage cashflow?

Preparing for the 2025 valuation

3. Prudence levels

There is risk inherent with funding for a guaranteed pension amount which is inflation-linked and funded via investment in return-seeking assets. You can never have 100% certainty and must accept some element of risk in the funding strategy. The question is how much, i.e. how prudent are you going to be?

Each LGPS fund will have their own views on how prudent they want to be. And this can change over time. For example, at the 2019 valuation many Funds increased the prudence in the funding strategy in light of uncertainty around the benefit structure due to McCloud and the Cost Cap valuation.

At the 2025 valuation, the Fund should review the prudence levels in the funding strategy to explore:

- If the funding position remains strong, could this be used to increase prudence levels? This additional prudence could then be used to help manage any impact on contribution rates if there are poor funding outcomes in the future.
- Do the current market conditions, and increased levels of volatility and uncertainty, warrant mitigation and management by increasing prudence?

4. Surplus retention

An alternative approach to increasing prudence, is explicitly retaining any funding surplus before changes to the funding plan are granted (ie contribution rate reductions). For example, the Fund could:

- Only permit rate reductions if an employer is above a certain funding level threshold. The threshold would be higher than 100% funded.
- Require all open employers to pay at least their primary rate so future benefits are being adequately funded.
- Seek to retain a certain level of surplus in the long-term so both todays and future generations can benefit from the surplus. This would involve increasing the long-term funding target for employers to above 100%

Early engagement and planning for the 2025 valuation will be key to successful outcomes

What can the Fund do ahead of the 2025 valuation to prepare?

Risk management

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There may be individual sources of uncertainty and volatility in the funding plans that could warrant explicit management or mitigation via the funding and investment strategy. Examples could include:

- **Inflation** being higher and/or remaining elevated longer than expected (LGPS benefits are index-linked so this would increase the cost of benefits).
- **Salary increases** being higher than expected would increase the value of those benefits still linked to final salary at retirement. Conversely, lower than expected salary increases would reduce the Fund's contribution income and potentially affect the cashflow position and management of it.
- **Longevity** being materially different from current expectations. Higher than expected increases in longevity would put upward pressure on the Fund's liabilities. The Fund could also be exposed to a deterioration in longevity if it is symptomatic of an unhealthier population, which would increase the occurrence of ill-health retirements and death-in-service, both of which typically result in funding strains.

The Fund should consider the risks inherent in their funding and investment strategies and consider the implementation of risk management tools to seek to hedge some or all of the risk.

Key actions

- **Start planning** – it is important to start conversations with stakeholders well ahead of the valuation to plan effectively.
- **Monitor employer funding and covenant risks** and engage early with higher risk employers, or those with specific circumstances (eg approaching exit).
- **Seek to engage with all employers** in advance of the valuation to build up the appropriate messaging around funding in a surplus environment and any changes in policies.
- **Consider options for funding and investment**, such as prudence levels, maintaining a funding 'buffer' or changing investment risk (in additional to potential changes to contributions).
- **Carry out contribution modelling** for the secure, long-term employers to inform budget setting and financial planning

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Summary and next steps

Risk monitoring and valuation planning best practice

As we approach the 2025 valuation, LGPS funds are now facing new challenges within a new economic environment. Planning and stakeholder engagement will be key to successful outcomes and funds should continue to refine their approach to managing risk within this evolving landscape.

Key considerations and next steps

Funding: continue to monitor the funding position and understand the key drivers of change. Consider the messaging of the funding position and what this means for different stakeholders.

Review funding and investment strategy: carry out modelling of longer-term secure employers and consider investment strategy options and implications of climate risk.

Employers: monitor employer funding and seek to engage early with higher risk employer or those approaching exit. Consider employer covenant as a factor within the risk framework and where employer contribution flexibility may be afforded.

Risk monitoring and mitigation: consider the Fund's views on inflation, longevity climate risks, and whether additional prudence may be required in future assumptions or funding plans. Carry out modelling to understand the impact of future inflation (and potential contribution reductions) on the Fund's future cashflows.

Beliefs: identify your Fund's beliefs about what the current economic environment means for future investment returns and consider what that means for contribution rates, investment strategy, prudence levels and any surplus retention.

Surplus management: if you are in surplus, develop the Fund's policy on surplus management and consider the best use of funding levers at the 2025 valuation.

Valuation strategy and planning: before 31 March 2025

Strategy

- Beliefs setting including views on economic outlook, climate & longevity
- Council contribution analysis and setting
- Assumptions analysis and setting
- Multiple investment strategies analysis

Stakeholders

- Committee knowledge assessment and training
- Employer engagement and 'early warning'
- Covenant assessments
- Consult on changes to the FSS

Operational

- Agreeing timetable/plan
- Data cleansing
- Employer 'housekeeping' and database
- Policy/FSS reviews

Earlier planning allows more time for engagement, analysis and decision-making

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Appendices

APPENDIX 1

Data

Membership data

The membership data underlying the figures in this report was supplied by the fund for the purpose of the valuation at 31 March 2022 and is summarised below:

31 March 2022				
	Number	Average age	Accrued benefit (£000)	Payroll (£000)
Actives	20,785	53.0	64,572	388,171
Deferred	39,040	53.1	47,094	
Pensioners	17,612	69.9	84,468	

The membership is assumed to evolve over time in line with the demographic assumptions described in the Funding Strategy Statement. Please see Appendix 4 for details of the roll-forward methodology which includes the estimated changes in membership data which have been allowed for.

Cashflows since the valuation at 31 March 2022

We have allowed for the following cashflows in estimating the assets and liabilities at 31 March 2024. Cashflows are assumed to be paid daily. Contributions are based on the estimated payroll, certified employer contributions (including any lump sum contributions) and the average employee contribution rate at 31 March 2022. Benefits paid are projections based on the membership at 31 March 2022.

Cashflows since the valuation at 31 March 2022

We have allowed for the following cashflows in estimating the assets and liabilities at 31 March 2024. Cashflows are assumed to be paid daily. Contributions are based on the estimated payroll, certified employer contributions (including any lump sum contributions) and the average employee contribution rate at 31 March 2022. Benefits paid are projections based on the membership at 31 March 2022.

Estimated cashflows (£000)	31 March 2022 to 31 March 2024
Employer contributions	178,018
Employee contributions	53,171
Benefits paid	218,237

Investment returns since the valuation at 31 March 2022

Investment returns are based on actual returns where available and index returns otherwise.

	Actual / Index	From	To	Return
Whole fund	Actual	1 April 2022	31 March 2024	7.25%

APPENDIX 2

Assumptions

Financial assumptions

The financial assumptions used to calculate the liabilities are detailed below. For further details please see the Funding Strategy Statement.

Assumption	31 March 2022	31 March 2024
Funding basis	**Ongoing**	
Discount rate methodology	Expected returns on the Whole Fund strategy over 17 years with a 70% likelihood	
Discount rate (% pa)	4.6%	6.6%
Pension increase (% pa)	2.7%	2.4%
Salary increases* (% pa)	2.7%	2.4%

*Salary increases are assumed to be equal to pension increases, plus an additional promotional salary scale.

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Demographic assumptions

Demographic assumptions are set out in the Funding Strategy Statement. All demographic assumptions, including longevity assumptions, are the same as at the most recent valuation at 31 March 2022.

Life expectancies from age 65, based on the fund's membership data at 31 March 2022, are as follows. Non-pensioners are assumed to be aged 45 at that date.

	Ongoing basis	
	Male	**Female**
Pensioners	22.3	24.9
Non-pensioners	23.0	26.3

APPENDIX 3

Technical information

Funding update methodology

The last formal valuation of the fund was carried out as at 31 March 2022. The results in this report are based on projecting the results of this valuation forward to 31 March 2024 using approximate methods. The roll-forward allows for

- estimated cashflows over the period as described in Appendix 1;
- investment returns over the period as described in Appendix 1;
- changes in financial assumptions as described in Appendix 2;
- estimated additional benefit accrual.

The CARE, deferred and pensioner liabilities at 31 March 2024 include a total adjustment of 11.4% to reflect the difference between actual September CPI inflation values (up to 30 September 2023) and the assumption made at 31 March 2022. The adjustment for each year's actual inflation is applied from 31 October that year, cumulative with prior years' adjustments, which may lead to step changes in the funding level progression chart.

In preparing the updated funding position at 31 March 2024 no allowance has been made for the effect of changes in the membership profile since 31 March 2022. The principal reason for this is that insufficient information is available to allow me to make any such adjustment. Significant membership movements, or any material difference between estimated inputs and actual ones, may affect the reliability of the results. The fund should consider whether any such factors mean that the roll-forward approach may not be appropriate.

No allowance has been made for any early retirements or bulk transfers since 31 March 2022. There is also no allowance for any changes to Local Government Pension Scheme (LGPS) benefits except where noted in the formal valuation report or Funding Strategy Statement.

Sensitivity of results to assumptions

The results are particularly sensitive to the real discount rate assumption (the discount rate net of pension increases) and the assumptions made for future longevity.

If the real discount rate used to value, the accrued liabilities was lower then the value placed on those liabilities would increase. For example, if the real discount rate at 31 March 2024 was 1.0% pa lower, then the liabilities on the Ongoing basis at that date would increase by 19.0%.

In addition, the results are sensitive to unexpected changes in the rate of future longevity improvements. If life expectancies improve at a faster rate than allowed for in the assumptions then, again, a higher value would be placed on the liabilities. An increase in life expectancy of 1 year would increase the accrued liabilities by around 3-5%.

APPENDIX 4

Economic Scenario Service (ESS)

The ESS uses statistical models to generate a future distribution of year-on-year returns for each asset class e.g. UK equities. This approach is also used to generate future levels of inflation (both realised and expected). The ESS is also designed to reflect the correlations between different asset classes and wider economic variables (e.g. inflation).

In the short-term (first few years), the models in the ESS are fitted with current financial market expectations. Over the longer-term, the models are built around our long-term views of fundamental economic parameters e.g. equity risk premium, credit-spreads, long-term inflation etc.

The ESS is calibrated every month with updated current market expectations (a minor calibration). Every so often (annually at most), the ESS is updated to reflect any changes in the fundamental economic parameters as a result of change in macro-level long-term expectations (a major calibration). The following table shows the calibration (for a selection of asset classes) at 31 March 2024.

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Time period	Percentile	Asset class annualised total returns								Inflation/Yields		
		UK Equity	Developed World ex UK Equity	Emerging Markets Equity	Listed Infrastructure Equity	Private Equity	Property	Multi Asset Credit (sub inv grade)	Absolute Return Bonds (inv grade)	Inflation (CPI)	17-year real yield (CPI)	17-year yield
10 years	16th	1.8%	1.5%	-0.5%	1.1%	0.9%	1.6%	4.0%	3.3%	1.0%	0.2%	3.2%
	50th	7.8%	7.7%	8.0%	7.2%	11.8%	6.6%	5.9%	4.7%	2.6%	1.4%	4.6%
	84th	13.8%	13.9%	16.5%	13.2%	22.7%	11.9%	7.7%	6.2%	4.2%	2.7%	6.3%
20 years	16th	3.3%	3.1%	1.7%	2.8%	4.0%	3.0%	4.8%	3.2%	0.8%	-0.5%	1.6%
	50th	7.9%	7.7%	8.0%	7.3%	11.7%	6.7%	6.4%	4.8%	2.4%	1.2%	3.5%
	84th	12.4%	12.5%	14.5%	11.9%	19.5%	10.7%	8.0%	6.6%	4.0%	2.9%	6.1%
40 years	16th	4.0%	3.9%	3.0%	3.4%	5.6%	3.4%	4.5%	2.6%	0.8%	-0.7%	1.2%
	50th	7.6%	7.4%	7.7%	7.0%	11.3%	6.4%	6.2%	4.5%	2.1%	1.2%	3.4%
	84th	11.2%	11.1%	12.6%	10.8%	17.1%	9.8%	8.3%	6.8%	3.7%	3.1%	6.2%
	Volatility (1yr)	17%	18%	25%	18%	30%	15%	6%	3%	3%	-	-

APPENDIX 5

Reliances and limitations

This paper is addressed to Oxfordshire County Council as Administering Authority to the Oxfordshire Pension Fund. It has been prepared in our capacity as actuaries to the Fund and is solely for the purpose of discussing funding and risk monitoring ahead of the 2025 valuation. It has not been prepared for any other purpose and should not be used for any other purpose.

The results in this paper are wholly dependent on the valuation data provided to us for the 2022 valuation and the assumptions that we use in our calculations. The reliances and limitations that applied to that valuation apply equally to these results. The results of the valuation have been projected forward using approximate methods. The margin of error in these approximate methods increases as time goes by. The method may not be appropriate if there have been significant data changes since the previous formal valuation (for example redundancy exercises, significant unreduced early retirements, ill health retirements and bulk transfers). The methodology assumes that actual experience since the valuation at 31 March 2022 has been in line with our expectations.

The data used in this exercise is summarised in Appendix 1. Data provided for the purposes of the formal valuation at 31 March 2022 was checked at the time for reasonableness and consistency with other sources. Data provided since then (eg actual investment returns) has been used as-is. The data is the responsibility of the Administering Authority, and the results rely on the data.

The methodology underlying these calculations mean that the results should be treated as indicative only. The nature of the fund's investments means that the surplus or deficit identified in this report can vary significantly over short periods of time. This means that the results set out should not be taken as being applicable at any date other than the date shown.

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- TAS100 – Principles for technical actuarial work
- TAS300 – Pensions

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Quarterly Engagement Report

January-March 2024

Local Authority Pension Fund Forum

HSBC, Barclays, Water Stewardship, Luxury Goods

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BANKS AND CLIMATE:

Barclays and HSBC

Objective: Banks have a significant role to play in addressing climate change, through providing finance to the energy transition and by moving capital away from the fossil fuel sector, as well as using their influence more widely as lenders to support and encourage companies to transition. From the perspective of the banks, financing the energy transition represents a significant and growing business opportunity, while lending to the fossil fuel sector carries with it the risks of "stranded assets" and potential reputational damage.

LAPFF's objective in engaging with the sector is to see banks developing and implementing clear policies, together with evidence of progress, in the following areas:

- Support for the energy transition through financing activities supporting renewable and clean energy, energy efficiency and other climate solutions.
- Managing and scaling down exposure to the fossil fuel industry, particularly in regard to long term and new projects and activities.
- A clear commitment to assessing all relevant client businesses on their exposure to climate change, assessment, and support on developing transition plans and activities, including appropriate assessment of key risk areas.

LAPFF's priority in the banking sector has been the two UK banks HSBC and Barclays, as they have significant exposure to the fossil fuel sector and are among the world's largest lenders to the infrastructure and energy sectors.

This quarter LAPFF met with HSBC and has an upcoming meeting with Barclays. LAPFF engaged with both Barclays and HSBC extensively in 2023, with climate change being a key focus. It was therefore reassuring to see that both banks have made progress this year, with HSBC publishing its latest transition report in January and Barclays publishing in February 2024 an updated Climate Change Statement covering, in particular, its lending to the fossil fuel industry together with its updated transition plan.

HSBC's 2024 transition plan was generally very strong, with a clear understanding of climate change and the energy transition, and significant commitment on climate lending and integrated climate assessment in lending. The company is clearly interested in the potential of financing the energy transition, particularly in Asia where there are very significant lending opportunities. The tone and approach was notably positive, providing some reassurance of the company's general

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commitment.

Barclays has faced particular criticism, including from the Forum, for its ongoing lending to the fossil fuel industry and its lack of meaningful policies in this area. This has resulted in calls for consumer boycotts, as well as a shareholder resolution organised by ShareAction. In response to this external pressure, including multiple engagements by LAPFF, the company issued and updated its climate change statement, which goes some way to addressing these concerns. The statement is clearly aiming to show Barclays is taking account of the IEA's (International Energy Agency) net zero energy scenario, which states there is no need for new oil and gas projects if we are to achieve net zero by 2050. Key highlights include:

- A commitment to provide no project finance or other direct finance to oil and gas companies for new upstream oil and gas "expansion" projects or related infrastructure.
- From 2025, a provision that Barclays will only provide financing (new or renewal) by exception for existing upstream oil and gas clients where more than 10% of their total planned oil and gas capital expenditure is for new long lead projects.
- A commitment to withhold financing to new oil and gas clients if more than 10% of their total planned oil and gas capital expenditure is for new upstream projects.
- Requirements for oil and gas companies to commit to reducing their own emissions, including having 2030 methane reduction targets, a commitment to end all routine / non-essential venting and flaring by 2030, and near-term net zero aligned Scope 1 and 2 targets by January 2026.
- Various more specific restrictions for new energy clients engaged in expansion, on-diversified energy clients engaged in long lead expansion, and on unconventional oil and gas, including Amazon and extra heavy oil.
- An expectation for oil and gas clients to produce transition plans or decarbonisation strategies by January 2025.

The statement is a major step forward for the company and helps address some of our key concerns, in particular recognising that financing new oil and gas exploration infrastructure is unacceptable, given that the IEA has stated such projects are not compatible with achieving net zero. The NGO ShareAction has, as a result, withdrawn its shareholder resolution on climate, which was likely to have attracted significant support from shareholders, including LAPFF.

In Progress: Although the banks have made significant progress on addressing climate risk, LAPFF seeks to encourage further action in the following areas:

- Stronger restrictions on lending to the fossil fuel sector, covering the oil majors and ensuring full compatibility with the limitations on investment in new oil and gas envisaged in the IEA net zero scenario.
- Proper disclosure and analysis of transition plans, so we can be assured the banks are mitigating climate risk and supporting the energy transition, and not being taken in by incomplete or unrealistic transition plans, particularly where companies need to transform more than transition. Caution over the use of expensive, high risk approaches to solving climate risk, such as carbon capture and storage (CCS), both in direct lending exposure and wider analysis of risk.
- Robust commitments to financing the energy transition, involving the deployment of new funds to new projects.

With Barclays, LAPFF would like to see further progress in its climate statement and will be pressing the company to such effect. The current statement is complex and opaque and has many loopholes and exceptions – notably its exclusion of oil majors from any specific restrictions as long as they have a rudimentary transition plan. LAPFF would like significant tightening of the restrictions so that Barclays is not directly or indirectly funding new oil and gas projects. LAPFF also expects to see a steady decline in the actual levels of lending to the sector.

On transition plans Barclays will need to demonstrate it can adequately scrutinise them and hold companies to account where it decides to lend. Transparency around its assessment of oil and gas companies will be crucial. LAPFF will also monitor its involvement in some of the technological so-called climate solutions which the Forum considers expensive and high risk, such as CCS. LAPFF will pressing these points in an upcoming meeting.

HSBC is better placed to address climate risk and appears to have a broader appreciation of climate change and the profound transformation it entails. LAPFF would still like to see the company strengthen its restrictions over oil and gas lending, backed up by evidence of further action on reduced lending. LAPFF will also monitor the rate of lending to fund the energy transition and HSBC's use and understanding of transition plans.

Alongside engagement with Barclays and HSBC, after a review of the global banking sector LAPFF has decided to expand its activity and has approached five Canadian banks to discuss their transition plans and climate related lending. This included Toronto Dominion, Royal Bank of Canada, Bank of Montreal, Scotia Bank and CIBC. These have been selected because the Canadian banks can be seen as laggards on climate action, with several having increased their lending to the oil and gas industry in recent years. LAPFF has significant holdings in these banks and there is ongoing shareholder activity that can provide a platform for engagement.

CLIMATE

Objective: Decarbonising power needs to be a major contributor to reducing global carbon emissions. Limiting global warming to 1.5C requires a rapid shift away from carbon emitting processes.

LAPFF engaged with Drax this quarter as there are questions about the time scale over which new growth of trees will compensate for the >10MT of CO_2 Drax emits each year. The Forum sought to understand the company's business model, associated risks and sustainability of the supply chain for wood pellets for combustion at Drax Power Station, which are mainly imported, and their cost, considering that gas and renewables offer cheaper alternatives.

Achieved: Since their last AGM the chair has been replaced as expected given his tenure and the Forum is arranging

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a meeting with the new chair. LAPFF responded to the consultation from the Department of Energy Security and Net Zero on prolonging the subsidy to Drax.

LAPFF's response to the consultation covered the evidence that Drax's supplies of wood are not carbon neutral, nor sustainable as a supply source (being dependent on US imports). Just after the LAPFF submission, BBC Panorama had its second exposé of Drax's activities. Drax claims to source its wood pellets from sustainable sources by way of waste material. However, the BBC investigation showed that not only has Drax been cutting and using whole trees, but that the trees cut were from rare forest wood, rather than managed plantations. .

The consultation also states the DESNZ position that subsidised biomass burning (in the case of Drax, wood), will increase the cost of electricity and displace renewables.

In progress: LAPFF is awaiting a meeting with the new chair and is following government policy in this area closely. In March 2024, the government announced that new gas plants will be needed for intermittent supply of energy when there is insufficient generation from renewables. That would seem to be relevant to the medium to long-term future of Drax.

ABB

Objective: Transport is a major contributor to global carbon emissions. Limiting global warming to 1.5C requires a rapid shift away from internal combustion engine vehicles towards electric vehicles. To support this transition, adequate charging infrastructure is required to overcome charging anxiety. LAPFF sought to understand progress in scaling up charging infrastructure and the challenges of delivering charging points for a charging point producer.

Achieved: LAPFF met with an ABB E-mobility representative to discuss electric charging infrastructure. The Swedish-Swiss company is a major player in charging infrastructure and describes itself as the world's number one in EV charging solutions. The meeting covered the likely trajectory of EV take-up, demand for charging infrastructure, and the use case for different charging solutions. The engagement covered the impact of regulation in the EU and US, which was starting to increase the requirements on charging, the impact on demand of the price of EVs, future-proofing technology, and how the interoperability of connectors was becoming less of a barrier. The meeting also discussed challenges for charging infrastructure, including around software. At the meeting LAPFF also raised the issue of human rights in its supply chain.

Progress: LAPFF will continue to engage those in the EV charging infrastructure sector given its critical role to the decarbonisation of surface transport. This will cover consistency and coverage of services.

ABB is a Swedish-Swiss multinational corporation headquartered in Zurich, Switzerland

WATER STEWARDSHIP

United Utilities

Objective: Over the past two years, LAPFF has been engaging UK water utility companies on sewage overflows. These engagements have sought to ensure companies are reducing storm overflows and thus reducing the investment risks, including those associated with reputational damage and regulatory intervention. As the sector has acknowledged that more needs to be done and has started to outline plans, LAPFF's focus has expanded to ensure overflows are being reduced against targets and to look more closely at how companies are seeking to deliver future improvements. At the same time, LAPFF has also been engaging the publicly listed companies on the financial resilience of the sector given the situation at Thames Water.

Achieved: LAPFF met with the chief financial officer at United Utilities to discuss the company's plans for reducing overflows. In October, water utility companies set out their plans under Ofwat's price review process. These plans include investment strategies for improving environmental performance (regulated by the Environment Agency) such as storm overflow reductions. The meeting therefore spent some time discussing United Utilities' investment plans under the price review.

The last round of engagements with water companies included discussion around investment needed in infrastructure. An important area LAPFF wanted to follow up on was delivering value for money and ensuring affordability for customers given the additional investment and higher prices needed. The meeting discussed adaptive planning, supply chain capacity,

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consultation and support for the plans from their customers, and financial assistance for lower income households.

The meeting also discussed gearing levels and implications for United Utilities. This covered the definition of gearing: the traditional debt to equity versus debt to assets, which is used by the regulator, and that the Ofwat definition is less sensitive to increasing debt than the traditional one. The situation at Thames Water was also discussed as was the differences between publicly listed and private equity run firms.

In progress: As additional funding comes into the sector to address storm overflows, LAPFF will engage with water utilities to ensure that plans are being delivered, overflows are being reduced, and the investment represents value for money for shareholders and stakeholders.

HUMAN RIGHTS

Luxury goods

Objective: Legislation globally is increasingly incorporating human rights considerations, including potential fines for companies found to have forced labour or other human rights abuses in their supply chains. Managing such human rights risks is a crucial component of sustainable company practices and increasingly a financially material issue for investors, especially in a sector reliant on branding and reputation. There can be a common misconception that paying a premium for luxury items directly translates into better wages and working conditions for workers. However, the luxury goods sector, like many others, is not immune to the challenges and risks associated with human rights violations, such as forced labour, child labour, unsafe working conditions, and inadequate wages, which are prevalent in industries and supply chains worldwide.

Achieved: During the quarter, LAPFF engaged with five luxury goods companies, several of which were new engagements for the Forum. Meetings were held with key industry players: Richemont SA, Kering SA, and Louis Vuitton Moet Hennessy. Prior to these meetings, it was recognised that LAPFF's requests would need to be varied due to the differing levels of disclosure and transparency regarding human rights programmes, risk management, and supply chain due diligence among the companies. These engagements provided LAPFF with valuable opportunities to initiate dialogues, aiming to establish good relationships and gain a deeper understanding of the companies' current practices. Moreover, these discussions allowed LAPFF to present an investor's perspective on why enhanced disclosures are critical, demonstrating a company's commitment to mitigating legal and reputational risks associated with human rights issues.

In Progress: LAPFF has calls scheduled with Moncler and Burberry for Q2 of

Louis Vuitton Shop in Paris France

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2024 and will also aim to build upon the initial engagements held with companies in Q1 in the upcoming months to ensure robust human rights risk management is viewed as a company responsibility, but also a key factor in safeguarding the companies' long-term value and reputation. LAPFF will continue to monitor these companies' practices and disclosures, providing feedback and recommendations as necessary to ensure that human rights considerations are being adequately addressed and integrated into their business models and supply chain operations.

MINING & HUMAN RIGHTS

Objective: The financial materiality of human rights impacts and mining cannot be overstated. Continuing its work with mining companies and affected communities, one of the main objectives of LAPFF's work on mining and human rights is to make other investors and stakeholders aware of these financial risks.

Achieved: To this end, LAPFF had its report on its visit to Brazilian communities affected by tailings dams translated into Portuguese. This translation took place on calls from Brazilian investor and community partners who explained that it would help to mobilise Brazilian investors on this issue. A press release of the report was issued during the quarter.

LAPFF also attended the 2024 African Mining Indaba in Cape Town, South Africa this quarter. The Indaba takes place annually in South Africa and brings together the international mining community to discuss mining as it relates to the African context. While it was heartening to hear the attention paid to issues such as health and safety, there were two areas of concern from LAPFF's perspective. First, there were almost no mine workers and no affected community members included in the conference panels. Generally, these voices are heard at an alternative Indaba that takes place alongside the main Indaba. LAPFF pointed conference participants to its reports on mining and human rights to highlight the financial materiality of human rights for investors. Second, the main line in relation to climate change was renewables plus coal, rather than a discussion about how to move away from coal and a timeline for doing so. Although LAPFF accepts that there must be a managed decline of coal, the emphasis on use of coal and 'clean uses' for coal were a worry. LAPFF also would have expected a clear timeline to transition away from coal. There were discussions about a just energy transition (JET) at the Indaba, but LAPFF would have liked to hear more concrete plans for this transition and more evidence that it is being taken seriously.

In Progress: LAPFF submitted a response to the UN Working Group's consultation on investors and ESG, which included the submission of its reports and work with affected community members. This focus appears to be of interest at the international level, and LAPFF will continue to work with the UN Working Group and other stakeholders to inform best practice on mining and human rights, while linking the work to financial materiality for investors.

Israeli Armored CAT Caterpillar D9 armored bulldozer in Gaza border Israel

COMPANY PRODUCT USE IN CONFLICT ZONES

Caterpillar, RTX Corp, BAE Systems, Lockheed Martin, Thales

Objective: LAPFF sought engagement with several defense and manufacturing companies regarding humanitarian and human rights impacts in high-risk and conflict-affected areas such as Gaza. These engagements are important for companies operating in or providing products and services involved in conflicts have heightened risks and responsibilities when it comes to upholding human rights standards.

LAPFF aims to ensure companies are implementing robust human rights due diligence practices and are adhering to international standards. Failure to do so could leave a company open to reputational damage, erosion of public trust, and legal liabilities.

Achieved: In letters sent to Caterpillar, RTX Corp, BAE Systems, Lockheed Martin and Thales, LAPFF sought to better understand how these companies manage human rights risks associated

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with use of their products, particularly in the context of conflict zones.

LAPFF received responses to these letters RTX Corp, Lockheed Martin, and Caterpillar, who provided links to their respective human rights policies but did not provide substantive responses on the issue. LAPFF will be discussing the issues at an upcoming meeting with BAE, but at the time of writing, Thales has failed to respond to LAPFF's request for engagement.

In Progress: LAPFF is continuing to engage and develop its approach to sectors that operate in conflict-affected and high-risk areas. Through these engagements LAPFF seeks greater transparency around companies' human rights policies, encourages companies to prevent or mitigate human rights violations, and urges compliance with international humanitarian laws and the UN Guiding Principles on Business and Human Rights (UNGPs). Companies have a responsibility to undertake heightened human rights due diligence in high-risk conflict areas.

WORKERS' RIGHTS

Starbucks update headline

Last year, LAPFF recommended a vote in favour of a shareholder proposal at Starbucks, which sought a review of workforce practices at Starbucks and was co-filed by LAPFF member Merseyside Pension Fund. This resolution passed with 52% voting in favour.

Over the past year, LAPFF has witnessed significant improvement in employment relations at the company. Starbucks and the Workers United Union have begun work on a "foundational framework" which they say will deliver collective bargaining agreements, and a fair process for organising. After a period of friction within the company, LAPFF welcomes a more collaborative approach.

Apple voting alert

LAPFF has been engaging technology companies on their governance and human rights practices for a number of years. LAPFF policy is to encourage companies to adopt human rights policies and management practices in line with the UNGPs, and it believes these policies and practices should be disclosed to shareholders. Technology companies have a great potential impact on human rights, including the rights to privacy and freedom of expression. Their reach is wide, and they are well-known and used globally, so any mis-steps raise operational, reputational, legal, and consequently financial concerns for investors. Given the financial materiality of their human rights practices, LAPFF routinely issues voting alerts for some of these companies, including Apple.

At the company's 28 February 2024 AGM, LAPFF recommended a vote in favour of two shareholder resolutions that received significant shareholder support. These were resolution 6 requesting racial and gender pay gaps reporting which received 30.85% support, and resolution 7 calling for a report on the use of AI, which received 36.49% support. Whilst these resolutions did not pass, the significant investor support for these resolutions provides a clear signal from shareholders.

COLLABORATIVE ENGAGEMENTS

30% Club Investor Group Global Workstream – KKR & Co

LAPFF remains an active member of the 30% Club Investor Group, taking the lead with companies through the Group's Global Workstream, which aims to increase gender diversity on corporate boards and in senior leadership positions at companies outside of the EU and UK.

Through this workstream, LAPFF met with KKR & Co in January, an American global investment company. LAPFF asked the company questions regarding potential targets on gender diversity, as well as what it might be setting for its portfolio companies. Across the US, it is clear that the ESG backlash and the Fair Admissions v. Harvard case at the US Supreme Court, is causing mounting pressure on companies to stop or reduce DE&I programmes and activities. LAPFF will seek to navigate this environment when engaging with US companies on this issue, and can continue to seek for disclosures such as pay gap reports where companies may be currently cautious to set targets on diversity.

WBA: Calls with Occidental and Equinor over Climate

Objective: The transition to net zero may have a range of positive and negative impacts for workers, communities, supply chains and consumers. The negative impacts, such as loss of employment or loss of a large employer from a local economy, pose risks to company reputations, could lead to operational disruption, and could delay the transition to net zero. Indeed, the decarbonisation of business will require retraining and redeployment of existing skills.

As such, if a climate transition plan is to be credible it will need to consider the social implications of the transition. However, to date, many of the companies that will need to decarbonise have not clearly set out just transition plans or integrated these into climate transition plans. The World Benchmarking Alliance's study of the oil and gas sector found companies falling short on just transition expectations, such as their engagement with stakeholders on the issue, retraining and reskilling workers, and outlining just transition plans. On the back of the study, collaborative engagements have been undertaken seeking to ensure progress in these areas.

Achieved: In the quarter, LAPFF joined calls with Occidental and Equinor.
In the meeting with Occidental, the

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company outlined its approach to the just transition. The company has made a commitment to a just transition and has identified four groups its pathway will support: energy workers, energy-producing communities, communities susceptible to climate impacts and low-income consumers. The company's commitment to a just transition was positive to hear, whilst the meeting also provided investors the opportunity to outline where they wanted to see further progress. Occidental's transition to net zero is reliant on CCS and direct air capture technologies. These are technologies that LAPFF and a growing number of investors have questions about. This approach therefore raises questions not only about the feasibility of net zero plans, but the impact on workers and communities if these technologies are not scalable.

In another meeting as part of the same WBA initiative, LAPFF joined a collaborative call with Norwegian energy company, Equinor. This followed on from a meeting with the company in October last year which explored how Equinor's just transition policy commitment was being implemented. This meeting involved the company's people and organisation team and focused on the workforce dimension to the transition. The details about their approach to the just transition were more granular than provided in some just transition meetings. As Equinor still has progress to make, it was encouraging that they mapped out how the company was developing its just transition plans further. The discussion touched on social dialogue in Norway and its approach in other countries, the consultation process when decommissioning operations, skills training, and its just transition strategy and metrics.

In progress: LAPFF will be closely following oil and gas companies' progress on just transition planning, including engagement with the workforce, metrics and targets, and overarching plans.

Rathbones Votes Against Slavery

The Votes Against Slavery (VAS) initiative, spearheaded by Rathbones, focuses on addressing and reducing modern slavery practices by targeting non-compliant

Cry for help, sewn into a piece of clothing, made in Bangladesh

companies within the UK's FTSE 350 and, starting from 2024, the FTSE AIM markets. This expansion reflects an effort to encompass a broader range of companies, especially considering the significant impact FTSE AIM companies can have through a variety of supply chains.

LAPFF has endorsed this initiative by signing all letters and has committed to further engagements with companies where LAPFF may have larger holdings. This collaborative approach has proved successful in the past, with good success rates across target companies.

Taskforce on Social Factors – Final Guidance

This quarter saw the launch of the final report of the DWP-backed Taskforce on Social Factors at an event with the pensions minister, Paul Maynard MP. The taskforce was chaired by Luba Nikulina, Chief Strategy Officer at IFM Investors, and LAPFF's chair, Cllr Doug McMurdo, was a member of the groundbreaking initiative.

While the focus on social factors in the pensions industry is not as advanced as on climate change, for LAPFF this has been a core area of work since it was founded over 30 years ago. Indeed, LAPFF's response to a DWP consultation that led to the formation of the taskforce highlighted the extensive work LAPFF has undertaken to address social risks. It is therefore a sign of good progress and a notable outcome for LAPFF that after pushing over the decades for companies and investors to pay due attention to social factors that the taskforce was established and that the guidance has been produced.

The final report highlights why social factors matter to pension funds, fiduciary duties and social factors, data and materiality assessments, and how funds can address social risks. The report makes recommendations to pension fund trustees but also the government on an area that can often pose systemic and market-wide risks. Alongside the main report, DWP published on its website a series of guides, including a quick start for trustees. As the pensions minister emphasised at the launch, social factors are of real importance for pension funds. He also noted that the guide provides practical assistance to the industry in considering and integrating social factors into investment strategies.

CONSULTATION RESPONSES

MEDIA COVERAGE

Water management

Insurance Journal: Rio Tinto Faces Pressure From Investors Over Water Contamination Claims (insurancejournal.com)

Sahm: Mining Giant Rio Tinto Caught Into Water Nightmare At Two Mines: Report (alsahm.com)

Social factors

Pensions Expert: Start work on social and nature risks now, TPR urges - Law & Regulation - Pensions Expert (pensions-expert.com)

Bloomberg Law: Corporate Investors Target Labor, Political Spending in 2024 (bloomberglaw.com)

Climate

Yahoo: UK banks may be holding too little capital for climate risks, investors tell BoE (yahoo.com)

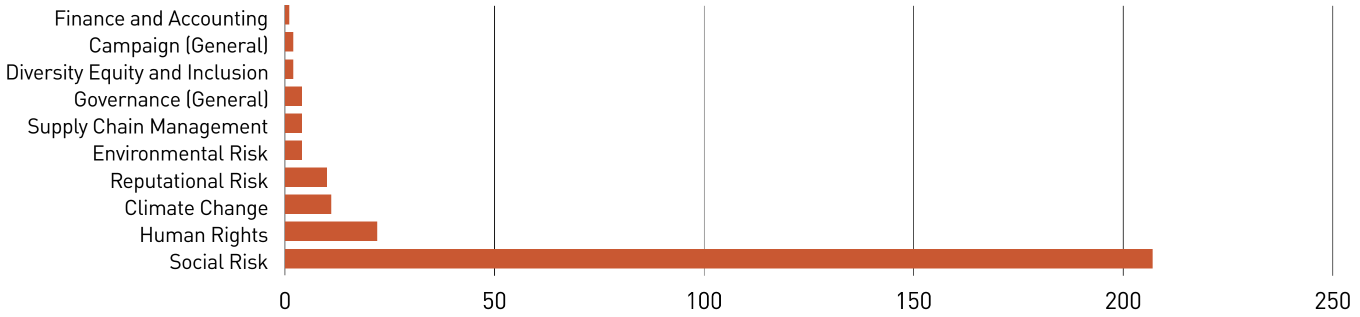
COMPANY PROGRESS REPORT

148 companies were engaged over the quarter. This includes letters signed by LAPFF and sent by Rathbones to companies in the FTSE350 and AIM indexes regarding compliance with s54 of the Modern Slavery Act. Excluding this engagement, 42 were Companies engaged over the quarter. The table below reflects those 42 companies engaged and does not include correspondence related to the Rathbones' Votes Against Slavery engagement.

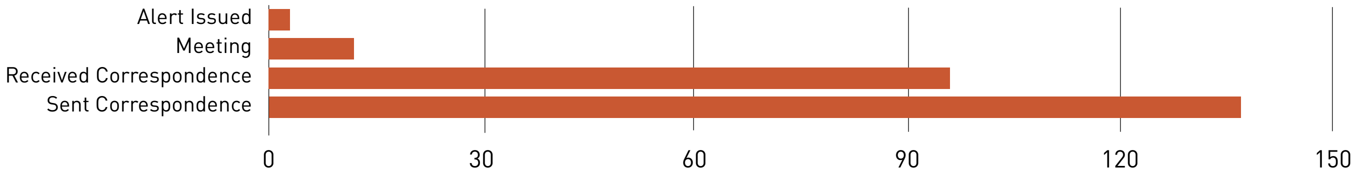
Company/Index	Activity	Topic	Outcome
ABB LTD	Meeting	Campaign (General)	Dialogue
ABBVIE INC	Sent Correspondence	Environmental Risk	Awaiting Response
AP MOLLER - MAERSK AS	Sent Correspondence	Human Rights	Dialogue
APPLE INC	Alert Issued	Human Rights	No Improvement
BAE SYSTEMS PLC	Sent Correspondence	Human Rights	Awaiting Response
BANK OF MONTREAL	Sent Correspondence	Climate Change	Awaiting Response
BANK OF NOVA SCOTIA	Sent Correspondence	Climate Change	Awaiting Response
BURBERRY GROUP PLC	Sent Correspondence	Human Rights	Awaiting Response
CANADIAN IMPERIAL BANK OF COMMERCE	Sent Correspondence	Climate Change	Awaiting Response
CATERPILLAR INC.	Received Correspondence	Human Rights	No Improvement
COMPAGNIE FINANCIERE RICHEMONT SA	Meeting	Human Rights	Change in Process
EQUINOR ASA	Meeting	Climate Change	Small Improvement
FUJITSU LTD	Sent Correspondence	Governance (General)	Awaiting Response
HERMES INTERNATIONAL	Sent Correspondence	Human Rights	Awaiting Response
HSBC HOLDINGS PLC	Meeting	Climate Change	Dialogue
J SAINSBURY PLC	Meeting	Campaign (General)	Dialogue
KERING SA	Sent Correspondence	Human Rights	Awaiting Response
KKR & CO INC	Meeting	Diversity Equity and Inclusion	Dialogue
LENNAR CORPORATION	Alert Issued	Climate Change	No Improvement
LOCKHEED MARTIN CORPORATION	Received Correspondence	Human Rights	No Improvement
LVMH (MOET HENNESSY - LOUIS VUITTON) SE	Meeting	Human Rights	Dialogue
MONCLER SPA	Sent Correspondence	Human Rights	Awaiting Response
NATIONAL GRID PLC	Meeting	Climate Change	Dialogue
NESTLE SA	Meeting	Environmental Risk	Dialogue
OCCIDENTAL PETROLEUM CORPORATION	Meeting	Climate Change	Dialogue
RIO TINTO PLC	Meeting	Environmental Risk	Dialogue
ROYAL BANK OF CANADA	Sent Correspondence	Climate Change	Awaiting Response
RTX CORP	Received Correspondence	Human Rights	No Improvement
SHINHAN FINANCIAL GROUP LTD	Sent Correspondence	Diversity Equity and Inclusion	Awaiting Response
STARBUCKS CORPORATION	Sent Correspondence	Human Rights	Awaiting Response
THALES	Sent Correspondence	Human Rights	Awaiting Response
THE BOEING COMPANY	Sent Correspondence	Governance (General)	Dialogue
THE TORONTO-DOMINION BANK	Sent Correspondence	Climate Change	Awaiting Response
TYSON FOODS INC	Sent Correspondence	Human Rights	Awaiting Response
UNITED UTILITIES GROUP PLC	Meeting	Finance and Accounting	Dialogue

ENGAGEMENT DATA

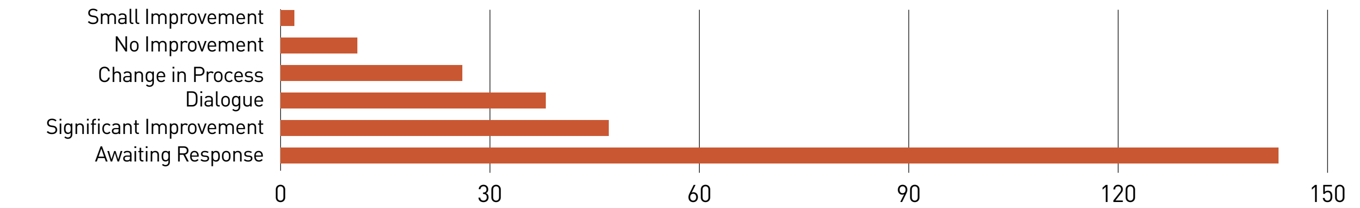
ENGAGEMENT TOPICS



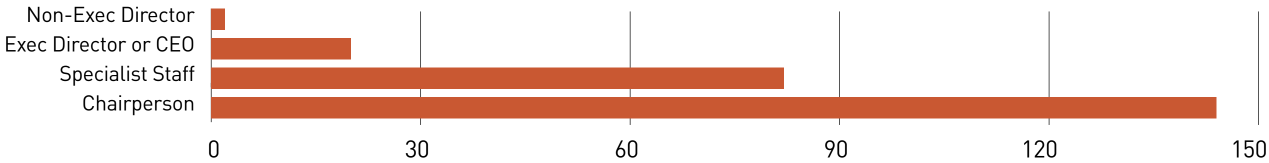
ACTIVITY



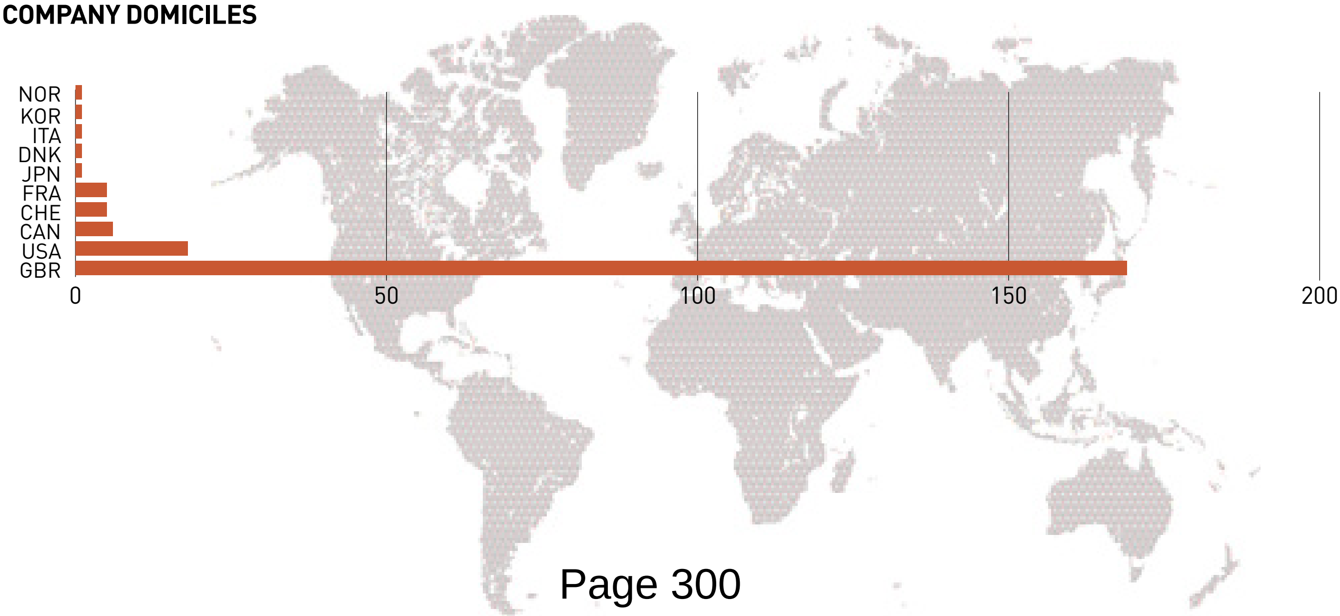
MEETING ENGAGEMENT OUTCOMES



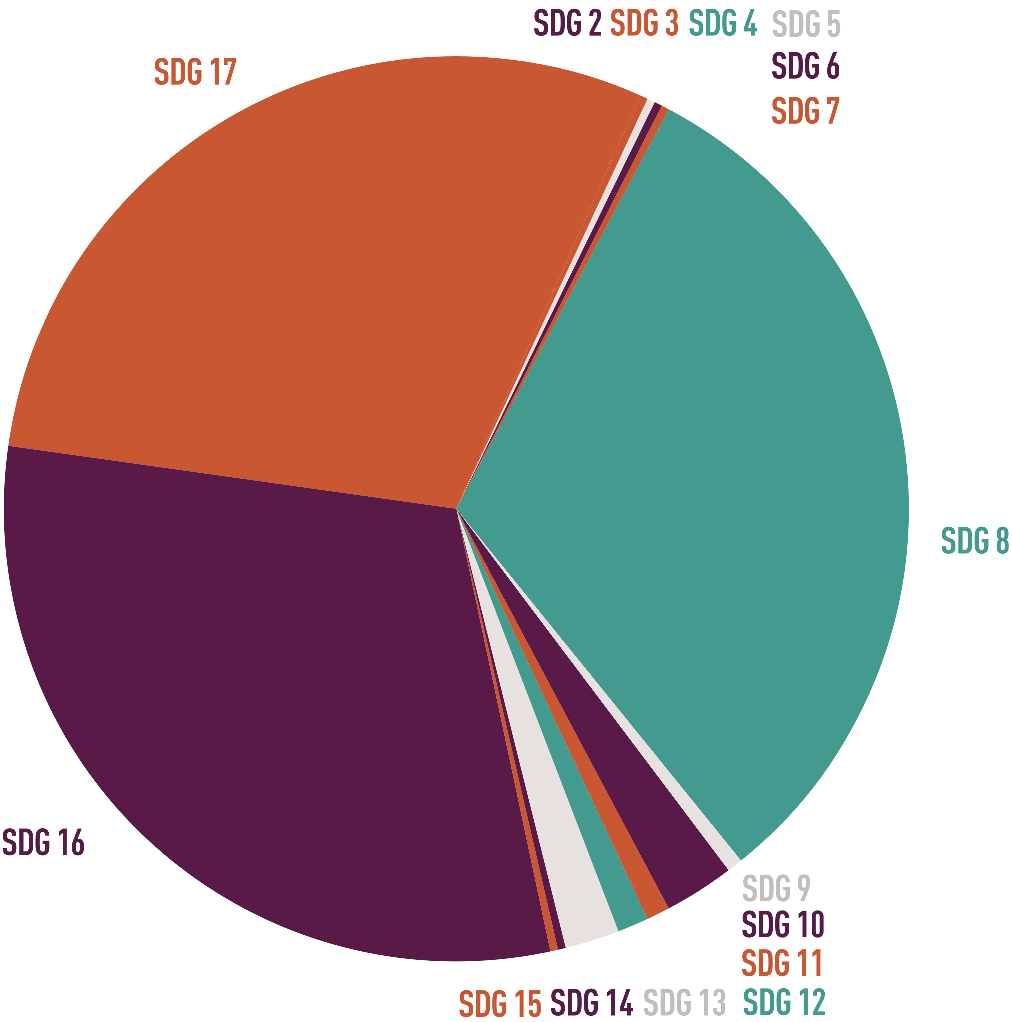
POSITION ENGAGED



COMPANY DOMICILES



ENGAGEMENT DATA



LAPFF SDG ENGAGEMENTS	
SDG 1: No Poverty	0
SDG 2: Zero Hunger	1
SDG 3: Good Health and Well-Being	2
SDG 4: Quality Education	0
SDG 5: Gender Equality	2
SDG 6: Clean Water and Sanitation	1
SDG 7: Affordable and Clean Energy	2
SDG 8: Decent Work and Economic Growth	220
SDG 9: Industry, Innovation, and Infrastructure	5
SDG 10: Reduced Inequalities	18
SDG 11: Sustainable Cities and Communities	6
SDG12: Responsible Production and Consumption	7
SDG 13: Climate Action	13
SDG 14: Life Below Water	2
SDG 15: Life on Land	3
SDG 16: Peace, Justice, and Strong Institutions	213
SDG 17: Strengthen the Means of Implementation and Revitalise the Global Partnership for Sustainable Development	206

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)
Brent (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
Hillingdon Pension Fund
Hounslow Pension Fund
Isle of Wight Pension Fund
Islington Pension Fund
Kensington and Chelsea (Royal Borough of)
Kent 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
Scottish Borders 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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