OXFORDSHIRE COUNTY COUNCIL

To: Members of the Pension Fund Committee

Notice of a Meeting of the Pension Fund Committee

Friday, 6 September 2024 at 10.15 am

Please Note – There will be a training session on Affordable Housing delivered by M&G Investments 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

August 2024

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

Membership

Chairman – Councillor Donna Ford
Deputy Chairman - Michael O'Connor
Imade Edosomwan

County Councillors

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

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: 13 December 2024***

- ***The Committee meeting will be preceded by a training session starting at 9.30 am in the meeting room as detailed above.***

OXFORDSHIRE COUNTY COUNCIL

AGENDA

1. Apologies for Absence and Temporary Appointments

2. Declarations of Interest - see guidance note

3. 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 2 September 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. 4 September 2024. Written submissions should be no longer than 1 A4 sheet.

4. Minutes of the Pension Fund Committee (Pages 1 - 12)

To approve the minutes of the meeting held on 7 June 2024 and to receive information arising from them.

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

10:20am

A copy of the unconfirmed Minutes of the Local Pension Board, which met on 5 July 2024 is attached for information only.

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

10:25am

The report sets out the items the Local Pension Board wishes to draw to the attention of this Committee following their last meeting on 5 July 2024.

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

7. **Review of the Annual Business Plan 2024/25** (Pages 21 - 28)

10.30am

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

The Committee is RECOMMENDED to:

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

8. **Risk Register Report** (Pages 29 - 38)

10.45am

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.

9. **Governance and Communications Report** (Pages 39 - 46)

11.00am

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

The Committee is RECOMMENDED to:

i. **Note the Fund's update on the Pension Regulator's General Code of Practice.**
ii. **Note the Knowledge & Skills update.**
iii. **Review and note the latest quarter's breaches for the fund.**
iv. **Note the communications update.**

10. **Governance and Communication Policy Reviews** (Pages 47 - 94)

11.10am

1. **The Committee is RECOMMENDED to approve the following:**

   i) **Firefighters' Pension Scheme policy documents:**
   (1) Fire Pension Board Terms of Reference;
   (2) Administration Strategy;
   (3) Conflict of Interest Policy;
   ii) **Oxfordshire Pension Fund:**
   (1) Conflict of Interest Policy.

11. Annual Report and Accounts including Taskforce for Climate-related Financial Disclosures (TCFD) Report (Pages 95 - 208)

11.15am

This report presents the draft Annual Report and Accounts for the Pension Fund, including the latest TCFD report, and progress against the targets set out in the Fund's Climate Change Policy.

12. Administration Report (Pages 209 - 222)

11.30am

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 consider the write-off of a historical outstanding overpayment resulting from the death of scheme members.

13. Report of the Independent Investment Advisor (Pages 223 - 236)

11.45am

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.

14. Corporate Governance and Socially Responsible Investment

12.00pm

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.

15. Responsible Investment Policy - Monitoring and Reporting
(Pages 237 - 242)

12.10pm

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

The Committee is RECOMMENDED to:

a) **agree the proposed set of Responsible Investment metrics and targets included at Annex 1; and**
b) **agree the inclusion of the wording in paragraphs 20 and 21 in the Fund's Responsible Investment Policy regarding the exclusion of tobacco holdings.**

16. EXEMPT ITEMS

The Committee is RECOMMENDED that the public be excluded for the duration of item 17 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.

17. Cessation of a Scheme Employer

The Committee will receive a verbal update from the Head of Pensions regarding the report as published at the previous Pension Fund Committee meeting held on 7 June 2024.

Councillors declaring interests

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

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

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

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

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

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

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

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

Members Code – Non-registrable interests

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

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

In order to determine whether you can remain in the meeting after disclosing your interest the following test should be applied:
Where a matter affects the financial interest or well-being:
a) to a greater extent than it affects the financial interests of the majority of inhabitants of the ward affected by the decision and;
b) a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest.

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

PENSION FUND COMMITTEE

MINUTES of the meeting held on Friday, 7 June 2024 commencing at 10.15 am and finishing at 1.25 pm

Present:

Voting Members:	Councillor Donna Ford – in the Chair Councillor Bob Johnston Councillor Imade Edosomwan Councillor Nick Field-Johnson Councillor John Howson Councillor Ian Middleton Councillor Michael O'Connor Councillor Donna Ford
Non-Voting Members:	Alistair Fitt, Oxford Brookes University District Councillor Jo Robb, District Councils Steve Moran, Pension Scheme Member
By Invitation:	John Arthur, Independent Financial Advisor Robert McInroy, Partner and Fund Actuary, Hymans Tom Hoare, Fund Actuary, Hymans
Local Pension Board Members:	Alistair Bastin Angela Priestley-Gibbins
Officers:	Sean Collins (Service Manager, Insurance and Money Management), Vicki Green, (Pension Services Administration Manager), Mukhtar Master (Governance & Communications Manager), Gregory Ley (Financial Manager – Pension Fund Investment), Josh Brewer (Responsible Investment Officer), Anna Lloyd (Governance & Communications Officer) Lucy Brown (Senior Democratic Services Officer)

The Committee considered the matters, reports and recommendations contained or referred to in the agenda for the meeting [, together with a schedule of addenda tabled at the meeting/the following additional documents:] and agreed as set out below. Copies of the agenda and reports [agenda, reports and schedule/additional documents] are attached to the signed Minutes.

81/24 ELECTION OF THE CHAIR FOR THE COUNCIL YEAR 2024/25
(Agenda No. 1)

The Committee Officer received two nominations for Chair for the Council Year 2024/25. Councillor John Howson nominated Councillor Bob Johnston which was seconded by Councillor Ian Middleton. Councillor Nick Field-Johnson nominated Councillor Donna Ford, which was seconded by Councillor Imade Edosomwan. On being put to the vote, there was a tie. The Committee adjourned to seek a resolution.

During the adjournment, Councillor Michael O'Connor arrived.

The Committee reconvened with all seven members present.

The Committee voted again on the same nominations. Councillor Donna Ford was elected Chair for the Council Year 2024/25.

Councillor Bob Johnston left the meeting and did not return.

82/24 ELECTION OF THE DEPUTY CHAIR FOR THE COUNCIL YEAR 2024/25
(Agenda No. 2)

On being nominated by Councillor Imade Edosomwan, seconded by Councillor Nick Field-Johnson and put to the vote, Councillor Michael O'Connor was elected Deputy Chair for the Council Year 2024/25.

83/24 APPOINTMENT OF BRUNEL OVERSIGHT BOARD REPRESENTATIVE
(Agenda No. 3)

Councillor Michael O'Connor agreed to be the representative for the Brunel Oversight Board, and on being put to the vote (Agreed: 4, Not agreed: 2), it was agreed.

84/24 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS
(Agenda No. 4)

There were none received.

85/24 DECLARATIONS OF INTEREST - SEE GUIDANCE NOTE
(Agenda No. 5)

There were none received.

86/24 PETITIONS AND PUBLIC ADDRESS
(Agenda No. 6)

Dr Spragg addressed the meeting on Item 19, Responsible Investment Policy, a copy of which is attached to these minutes.

87/24 MINUTES OF THE PREVIOUS MEETING
(Agenda No. 7)

The minutes of the meeting held on 1 March 2024 were agreed as a correct record of the meeting.

88/24 MINUTES OF THE LOCAL PENSION BOARD
(Agenda No. 8)

The Committee **RESOLVED** to note the unconfirmed minutes of the Local Pension Board which had met on 3 May 2024.

89/24 REPORT OF THE LOCAL PENSION BOARD
(Agenda No. 9)

Alistair Bastin, Local Pension Board Scheme Representative introduced the report which set out the items the Local Pension Board wished to draw to the attention of the Committee following their last meeting. He highlighted that in addition the standard agenda items, the Board specifically discussed 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. This would be reported via the Governance and Communication report presented to both the Committee and the Board at each of its meetings.

In response to a question regarding how confident the Board was regarding the transition of new posts and the capacity of current staff with the current vacancies outstanding, Alistair Bastin advised that workforce planning had been identified as a risk and including on the risk register, and the Board had worked with the Section 151 Officer to monitor these risks and were confident in the mitigation of them. Lorna Baxter, Executive Director of Resources and Section 151 Officer advised that the appointments made to the two key roles had been made and reassured the Committee of the level of experience coming into the team to ensure the continuation of excellent service delivery.

The Committee **RESOLVED** to note the report.

90/24 RESPONSE FOR LETTER FROM THE MINISTER FOR LOCAL GOVERNMENT
(Agenda No. 10)

Sean Collins, Service Manager for Pensions, Insurance and Money Management introduced the report of the Executive Director of Resources and Section 151 Officer which asked the Committee to consider the draft response to the letter received from the Minister for Local Government on 15 May 2024 regarding efficiencies on the management of the LGPS.

In response to a query on what had precipitated this request, Lorna Baxter, Executive Director of Resources and Section 151 Officer advised that this was part of a larger piece of work for local authorities to produce a productivity plan and a response to the letter was required by 19 July 2024. The letter had to be approved by the Chief Executive, however was been presented to the Committee for comment and approval. Sean Collins, Service Manager Pensions Insurance and Money Management provided further context following his meetings with the Minister for Local Government as part of a round table exercise. He raised the frustrations expressed by the Government of local authorities not taking full advantage of the benefits of pooling and part of this consultation sought to address that.

Following discussions regarding the lack of governance over large-scale pooling of pension funds, the Committee requested that their discussion be incorporated in the response to highlight their concerns and strengthen the emphasis on the governance challenges associated with pooling. It was agreed that a copy of the response would be circulated to the Committee prior to submission. (**ACTION**)

The Committee RESOLVED:

a) ~~provide any comments on the draft that they would wish to see incorporated into the final version, and~~ having reviewed the draft response contained at Annex 1, to ask for a stronger emphasis on the governance challenges associated with increasing scale;

b) 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.

91/24 REVIEW OF THE ANNUAL BUSINESS PLAN

(Agenda No. 11)

Sean Collins, Service Manager for Pensions Insurance and Money Management presented the report of the Executive Director of Resources and Section 151 Officer which set 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. He outlined the three key service objectives and provided an update on the latest position on each against their assessment criteria for each measure of success.

In response to a query regarding the measure of success in respect of Committee and Board members National Knowledge Assessments, especially in light of the recent resignation and new members of the Committee yet to fully undertake the mandatory training, Sean Collins, advised that new members of the Committee had not yet been tested to ascertain their level of knowledge. However, all members of the Committee should undertake that commitment to complete all of the mandatory training and that monitoring reports would enable the Committee to make the assessment themselves.

It was noted that only three members of the Committee had attended the mandatory induction training provided by the Service Manager earlier that week, and that all members were reminded of the importance of fulfilling their obligations to the Committee. It was agreed that an update would be reported to the Committee on a quarterly basis. (**ACTION**)

In response to a question regarding the progress made for collecting data to ensure that all estimates/benefits calculations were in line with the McCloud requirements, Sean Collins advised that an approach was being determined where historic data was not available, utilising data that was held and erring on the side of the scheme member. Officers would also be happy to accept information received from members if details were found to be incorrect. Vicki Green, Pension Services Manager advised that following the circulation of yearly statements to all members, it was common to receive an influx of queries, so many would be picked up at this time. An update on numbers would be reported to the Committee as part of the Annual Business Plan update and would include progress made as part of the metrics reported. (**ACTION**)

The Committee were RESOLVED 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.**~~

b) Agree no further actions other than those identified in the report were necessary to be taken to address those areas not currently on target to deliver the required objectives.

92/24 RISK REGISTER REPORT

(Agenda No. 12)

Mukhtar Master, Governance and Communications Manager presented the report of the Executive Director of Resources and Section 151 Officer 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 not currently at their target score. The risk register was attached at Appendix 1. He advised the Committee that the risk register had been presented to the Board at their meeting on 3 May 2024 and no comments had been received. There were no new or emerging risks to report and outlined the reducing and reduced risks highlighted within the report.

In response to Risk 23: Impact of Pension Scams, Mukhtar Master advised that there was a robust policy in place which had lowered this risk and Vicki Green, Pension Services Manager advised that vigilant due diligence checks were in place on the transfer of pensions, and no pension scams had been alerted to the team. The Committee were advised that scams would be reported through the Administration Report, and it was agreed that a nil report would be provided to the Committee to provide further assurance and transparency.

In response to the query from the Board, it was noted that Risk 13: Insufficient Skills and Knowledge on Committee, would remain a priority for the Committee and reported back at future meetings.

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

93/24 GOVERNANCE AND COMMUNICATIONS REPORT

(Agenda No. 13)

Mukhtar Master, Governance and Communications Manager presented the report of the Executive Director of Resources and Section 151 Officer which outlined the recently published final General Code of Practice which replaced the Code of Practice 14 for the Local Government Pension Scheme (LGPS) and highlighted a plan that had been developed and agreed by the Local Pension Board, which ensures compliance against the 51 modules outlined in the report. This was shown at Appendix 1. He also provided an update on training for the Pension Fund Committee and the Local Pension Board and advised that thus far only one member of the Committee and two members of the Local Pension Board had completed all 8 modules of the online LOLA training.

In response to a query from the Committee regarding the significant rise in data breaches recorded since Q1 April-June 2023, Mukhtar Master advised that this could be due to more robust policies and systems in place.

Sean Collins, Service Manager for Pensions, Insurance and Money Management provided further information on a case for the Committee to note regarding an employer that had failed to provide complete i-Connect data.

The Committee RESOLVED 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.

94/24 GOVERNANCE AND COMMUNICATIONS POLICY REVIEWS

(Agenda No. 14)

Mukhtar Master, Governance and Communications Manager presented the report of the Executive Director of Resources and Section 151 Officer which presented the following policies: Communications, Governance, Governance Compliance Statement and Breaches, in compliance with the Local Government Pension Scheme Regulations 2013 and were all included within the Appendices attached to the report.

In response to a query from the Committee regarding the telephone helpline to Scheme Members, Vicki Green, Pension Services Manager advised that the helpline was regularly used by scheme members as a form of contact and would look to obtain numbers of its usage rate for future reports.

The Committee RESOLVED 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.

95/24 ADMINISTRATION REPORT

(Agenda No. 15)

Vicki Green, Pension Services Manager presented the report of the Executive Director of Resources and Section 151 Officer which updated the Committee on the key administration issues including the service performance measurement, the debt recovery process and any write offs agreed in the last quarter. She provided an update on the current level of staffing and recruitment to those posts that were vacant, and also an update on the technological development that would also address those shortfalls by streamline processes and automate tasks, therefore reducing manual intervention.

In response to a query regarding the percentage of data gathering that had taken place for the McCloud recalculation, Sean Collins, Service Manager for Pensions, Investment and Money Management advised that although 32% of employers still had to confirm their data, all data from the larger organisations, including Oxfordshire County Council had been received. He advised that a further breakdown by employer could be provided to the Committee. (**ACTION**)

In response to a query regarding which costs required approval should a full address trace be undertaken for members of the On-Call Fire Service, Sean Collins advised that this would be provided to the Committee. (**ACTION**)

In response to a query regarding the lack the transferring numbers from smaller schools when moving into larger academy trusts, Vicki Green agreed that early intervention work should take place with the Finance Directors of those trusts to ensure that all information is completed for the monthly returns.

In response to a query regarding new technology to address staffing shortfalls, Mukhtar Master advised that the implementation of a chat bot would be a first point of contact and would pass onto a member of the team to deal with more in-depth enquiries.

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

96/24 CYBER SECURITY POLICY REVIEW

(Agenda No. 16)

Sean Collins, Service Manager for Pensions, Investments and Money Management presented the report of the Executive Director of Resources and Section 151 Officer which covered the annual review of cyber security for the fund, deferred from the previous Committee meeting. Lorna Baxter, Executive Director of Resources and Section 151 Officer advised that as part of an LGA Peer Review, the Council had received favourable feedback on its cyber security controls as an organisation.

The Committee RESOLVED to review this report and ~~determine any further actions to be taken.~~ determined no further actions were required at this time.

97/24 SCHEME OF DELEGATION POLICY REVIEW

(Agenda No. 17)

Sean Collins, Service Manager for Pensions, Investment and Money Management presented the report of the Executive Director of Resources and Section 151 Officer which was the first of the renewed cycle of annual reviews for the Fund's Scheme of Delegation which was last reviewed in June 2021. He highlighted the amendments made to the Scheme of Delegation, two of which were substantial with some additional minor adjustments to job titles.

Councillor Ian Middleton left the meeting.

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

98/24 REPORT OF THE INDEPENDENT INVESTMENT ADVISOR

(Agenda No. 18)

John Arthur, Independent Financial Advisor presented his report which provided an overview of the financial markets, the overall performance of the Fund's investments against the Investment Strategy Statement and commentary on any issues relating to the specific investment portfolios. The report also included the quarterly investment performance monitoring report from Brunel.

He further highlighted that longer term the Fund was slightly below its benchmark over 3 and 5 years, which was mostly due to the performance of the Brunel portfolio and its underperformance due to its underweight in the more carbon intensive equity markets. He emphasised that the drive to be more environmentally aware could lead to divergence from the general benchmarks that reflected overall equity market performance. He added that whilst he supported the Committee's responsible investment approach, the Committee needed to accept it had led to a short-term negative performance impact which should be reversed in the longer term.

Councillor Ian Middleton returned to the meeting.

The Committee discussed the impact of the performance of 'high growth technology companies', which made up 7 of the top 10 equity holdings of the pension fund. It was noted that most gains in the equity market had come from those stocks. The Committee noted the concerns of a tightly focussed market which could not last.

In response to a query raised by the Committee regarding the performance of the Brunel Fund in comparison to other pooling funds, John Arthur advised that comparison figures were not readily available, however PIRC had produced reports for approximately 69 funds, which showed Brunel at the lower end of performance returns. However, he believed that whilst Brunel were not outperforming other funds, they were more committed towards more responsible investment and climate change and had suffered more in the current financial environment.

In response to a query regarding the level of funding in UK equities, John Arthur advised that level of investment in UK equities was benchmarked against FTSE All Share Index, with the largest of those companies being global companies with an overweight to the oil and gas industries, and therefore did not fit the mandate of long-term attractive investment. Therefore, he supported the intention of Brunel to move into a smaller medium term company bias, which would have a greater focus for the UK economy.

He advised the Committee of the importance of ensuring due diligence had taken place and recommended that all training be completed by all members of the Committee, including an audit thereof, to demonstrate full governance procedures were in place.

The Committee thanked the Independent Financial Advisor for his report.

99/24 RESPONSIBLE INVESTMENT POLICY
(Agenda No. 19)

Josh Brewer, Responsible Investment Officer presented the report of the Executive Director of Resources and Section 151 Officer which requested that the Committee agree the final version of the Responsible Investment Policy included at Annex 1 to the report. The report set out the amendments to the draft Policy agreed at the March 2024 meeting.

In response to concerns raised regarding the number of responses to a consultation of Fund members, Josh Brewer explained the process for carrying out the consultation had been the same as previous consultations that had received more responses and could not provide an explanation as to why the responses were so much lower. It was agreed that further metrics would provide more information on how people had engaged with the survey.

In response to queries raised by the Committee to explore wording detailing a rationale for an activity-based exclusion of tobacco products, Josh Brewer advised that this had proved problematic as no suitable wording for investment principles had been identified that would support the exclusion of tobacco without opening up a significant number of additional exclusions. He noted that the additions in respect of activity-based exclusions had been added post the consultation period, and therefore had not been subject to member comment. Sean Collins, Service Manager for Pensions, Insurance and Money Management explained the issues with including any wording that excluded tobacco products as they were legal products, and advised as a Committee Policy it would be reasonable for the Committee to advise on any wording, they felt appropriate.

It was noted by the Committee that any future updates to the Policy could be provided for future revisions, and the Committee agreed that the Chair and Deputy Chair would review the Policy wording surrounding health standards and outcomes and bring back to the Committee for agreement in three/six months' time. (**ACTION**)

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

100/24 FUND CASHFLOWS
(Agenda No. 20)

Sean Collins, Service Manager for Pensions, Insurance and Money Management presented the report of the Executive Director of Resources and Section 151 Officer which provided the context of the work of the Funding Strategy and Investment Strategy Statements, and the agreed approach for the 2025 Valuation, with an update on the funding position of the Oxfordshire County Council Pension Fund as at 31 March 2024.

Greg Ley, Financial Manager, Pension Fund Investment outlined the cashflow projections and next steps taken from the report. He drew the Committee's attention to the baseline scenarios produced by Hymans, the Funds Actuary which provided cashflow modelling to show that the fund become cashflow negative from 2028. The two options for meeting a cashflow shortfall for the Fund; generating and utilising investment income, and /or periodic sales of investment assets were detailed in the report. He advised that income yield from those detailed in the report could generate income of approximately 1% which 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.

In response to a query regarding the negative cashflow previously projected to affect the fund earlier in 2025, rather than the now reported date of 2028 in the report, Sean Collins advised that assumptions used in the previous projections had not been born out in reality, which highlighted the need for constant monitoring against the latest assumptions and the cash flow position.

The Committee RESOLVED 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.

101/24 CORPORATE GOVERNANCE AND SOCIALLY RESPONSIBLE INVESTMENT

(Agenda No. 21)

Greg Ley, Financial Manager, Pension Fund Investment presented the Local Authority Pension Fund Forum Quarterly Engagement Report for January – March 2024, which detailed the stewardship work they had undertaken for the Committee's attention.

Lorna Baxter, Executive Director of Resources and Section 151 Officer wished to convey her thanks on behalf of the Council and the Committee to Sean Collins for his huge amount of expertise and knowledge to not only the Committee but also the Council as a whole. The Committee thanked Sean Collins for his support and help on the Committee over the years.

John Arthur, Independent Financial Advisor left the meeting and did not return.

102/24 EXEMPT ITEMS

(Agenda No. 22)

The Committee **RESOLVED** that the public be excluded for the duration of Item 23 in the Agenda since it was likely that if they were present during those items there would be disclosure of exempt information as defined in Part 1 of Schedule 12A of the Local Government Act 1972 (as amended) and specified in relation to the respective items in the Agenda and since it was considered that, in all circumstances of each case, the public interest in maintaining the exemption outweighed the public interest in disclosing that information.

103/24 CESSATION OF A SCHEME EMPLOYER
(Agenda No. 23)

The Committee received a report from the Executive Director of Resources and Section 151 Officer which provided details of a proposed closure of a scheme employer including detailed financial information.

The Committee discussed the report in private session.

The Committee RESOLVED to ~~agree the recommendation contained within the report.~~ ask the Officers to discuss further the financial position with the relevant scheme employer.

.... in the Chair

Date of signing 2024

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LOCAL PENSION BOARD

MINUTES of the meeting held on Friday, 5 July 2024 commencing at 10.30 am and finishing at 12.25 pm

Present:

Voting Members:	Matthew Trebilcock – in the Chair Alistair Bastin Stephen Davis Liz Hayden Angela Priestley-Gibbins
Other Members in Attendance:	Councillor Donna Ford
By Invitation:	Mark Smith (Pension Services Manager from 1 August 2024)
Officers:	
Whole of meeting	Sean Collins (Pension Services Manager), Vicki Green (Pension Services Administration Manager), Mukhtar Master (Governance & Communications Manager), Anna Lloyd (Governance & Communications Officer) and Lucy Brown (Senior Democratic Services Officer)

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

32/24 WELCOME BY CHAIRMAN
(Agenda No. 1)

The Chair welcomed everyone to the meeting. Mark Smith, Pension Services Manager (starting in August 2024) joined the meeting and the Board and Committee members provided introductions and an overview of their role and experience.

33/24 APOLOGIES FOR ABSENCE
(Agenda No. 2)

Apologies for absence were received from Susan Blunsden, Scheme Employer Representative (Cherwell District Council), Greg Ley, Financial Manager – Pension Fund Investments and Rob McDougall, Chief Fire Officer and Director of Community Safety.

34/24 DECLARATIONS OF INTEREST - SEE GUIDANCE NOTE BELOW
(Agenda No. 3)

No declarations of interest were received.

35/24 MINUTES
(Agenda No. 4)

The minutes of the meeting held on 3 May 2024 were agreed as a correct record.

36/24 UNCONFIRMED MINUTES OF THE LAST PENSION FUND COMMITTEE
(Agenda No. 5)

The Board had before it the draft minutes of the Pension Fund Committee meeting of 7 June 2024.

The Board noted the minutes.

37/24 ANNUAL REPORT OF THE PENSION BOARD
(Agenda No. 6)

The Board had before it the Annual Report of the Pension Board which presented the work of the Board for the 2023/24 financial year.

Sean Collins, Pension Services Manager presented the report, and highlighted the issues regarding the long-standing vacancy of a scheme employer member of the Board, with no interest received from scheme employers. He identified the risks to the quorum of the Board meetings with such a low number of Board members, and succession planning was noted following updates from the Board members present. Following queries raised by the Board, Sean Collins advised that to provide full representation across the Board, it would be advisable for the vacancy to be filled by the academy sector, as they form 30% of the fund, and would return to that sector to seek representation. The Board were **agreed** that the Pension Services Manager would continue to advertise the post via the employer's newsletter and on the Fund Website.

Sean Collins also updated the Board on the positive response to the responsible investment survey, which resulted in over 4,000 responses from scheme members, which was significantly above previous consultation exercises. He also highlighted the key pieces of work for the Board as detailed in the Future Work Programme section of the report.

He advised that the training programme would be updated and included within the report which would then be published later this year and reported to Full Council.

The Board **approved** the report for inclusion with the Fund's Annual Report and Accounts to be published later this year.

38/24 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 2024/25, as considered by the Pension Fund Committee at its meeting on 7 June 2024.

Sean Collins, Pension Services Manager presented the report, outlined a review of the Service Priorities for 2024/25, and answered any questions raised.

In response to a question regarding whether the issues highlighted led to the possibility that the McCloud data would not be completed in line with the Government's priority guidance, Sean Collins advised that this would be addressed prior to the August 2025 deadline if required, however at this stage it would be difficult to answer. He confirmed there were no breaches on individual calculations at this stage of the work, however these would need to be completed prior to the 2025 annual statements being issued and advised the Board monitor this closely through the quarterly reports issued by the team.

In response to a question regarding if any recalculations have been done on individual pensions, Vicki Green, Pension Services Administration Manager advised that the McCloud recalculations were undertaken in line with priorities advised by the Scheme Advisory Board, focussing on pensions already in payment and new leavers, with work on active and deferred members undertaken as and when resources allowed.

The Board noted the report.

39/24 RISK REGISTER REPORT
(Agenda No. 8)

The Board were presented with the latest risk register which had been considered by the Committee on 7 June 2024.

The Governance and Communications Manager presented the report and highlighted that there were no new emerging risks identified in the quarter and none of the risks on the risk register were deemed as increasing in their respective risk ratio.

In response to a query regarding risk 21: insufficient resource and/or data to comply with consequence of McCloud Judgement & Sargeant, the Governance and Communications Manager advised that the risk would be reassessed with the Pension Service Administration Manager, and it would be likely that the risk rating would increase.

The Board noted the report.

40/24 GOVERNANCE AND COMMUNICATIONS REPORT
(Agenda No. 9)

The Board had before it the Governance and Communications Report which had been presented to the Committee on 7 June 2024.

The Governance and Communications Manager presented the report which included updates on the General Code of Practice which consisted of 51 modules, of which 5 relate to main areas as identified within the report with further detail included at Appendix 1. Further updates would be presented to the next meeting.

In response to a question regarding the number of Committee and Board members who have completed the mandatory training highlighted in the report, the Governance and Communications Officer advised that all Committee members apart from two of the three new members had completed the mandatory training. The Board were advised that these should be completed within the next couple of months. She advised that future reports would include information on training that had been completed and also any that is outstanding to the Board.

The Chair advised all Board members to inform the Governance and Communications Team of any other training undertaken.

In response to a question regarding the number of Code of Practice Breaches that had been escalated, the Board were advised that these would have been Contribution – COP Breaches, however further detail regarding escalated breaches would be made available in future reports.

The Board noted the report.

41/24 GOVERNANCE AND COMMUNICATION POLICY REVIEWS

(Agenda No. 10)

The Board had before it the report presented to the Committee on 7 June 2024 which brought the following reviewed policies for the Committee's approval:

- Communication Policy
- Governance Policy
- Governance Compliance Statement
- Regulatory Breaches Policy

The Governance and Communications Manager presented the report which provided further detail on each policy presented for review.

It was noted that these were standard policies within the standardised framework, however with some differences in its localised operating practices.

The Board noted the report.

42/24 ADMINISTRATION REPORT

(Agenda No. 11)

The Board considered the latest Administration Report as presented to the Committee on 7 June 2024. Vicki Green, Pension Services Administration Manager presented the report which included the latest performance statistics for the service.

Stephen Davis, Scheme Member Representative arrived at the meeting.

Vicki Green provided an update on the current staffing within the team in terms of arrangements for filling the short-term gap created by the promotion of her post and also advised that all future reports would include up to date data of the performance statistics.

The Board noted the report.

43/24 FUND CASHFLOWS AND 2025 TRIENNIAL VALUATION
(Agenda No. 12)

The Board had before it the report which set out the context for the 2025 Fund Valuation, the Valuation timetable, key questions which needed to be addressed and the projected cash flow for the Fund and the inter-relationships with the various decisions to be made through the Valuation process.

Sean Collins, Pension Services Manager advised that this report had been presented to the Committee on 7 June 2024 by the Fund Actuary who had also delivered training to the Committee members. The report provided information on the current funding position, which showed the Oxfordshire County Council Pension Fund to be at 146%. He also provided an overview of the cash flow projections and the next steps as detailed in the report.

In response to a query raised regarding reducing the level of funding provided to Fund Managers to meet the cashflow shortfall predicted for 2028, Sean Collins advised this would be a question for the Committee. The Board therefore requested that the Committee review the investment management fees when balancing against the cashflow requirements required of the Fund. It was also agreed that, whilst this information was reviewed at Committee level, this would also be shared with the Board for their information.

The Board held a general discussion regarding the risks associated with changing legislation, in light of a differing political climate, and were advised that this would always be monitored by the team and reported to the Board as necessary.

The Board noted the report.

44/24 ITEMS TO INCLUDE IN THE REPORT TO THE PENSION FUND COMMITTEE
(Agenda No. 13)

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

- Review level of risk registered on the risk registers with regard to McCloud.

- Review the level of investment management fees when considering the cashflow requirements of the Fund.

45/24 ITEMS TO BE INCLUDED IN THE AGENDA FOR THE NEXT BOARD MEETING
(Agenda No. 14)

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

- Rationale to aid understanding of managements fees.

The Board took this opportunity to thank Sean Collins for his support and commitment to the Fund over the years and wished him well in his retirement.

.... in the Chair

Date of signing ....

PENSION FUND COMMITTEE – 6 September 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 5 July 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 Donna Ford also attended the meeting to maintain the link to the work of the Pension Fund Committee. Mark Smith the new Head of Pensions starting on 1 August 2024, also joined the meeting by invitation.

3. Fund Officers, Sean Collins - Head of Pensions, Vicki Green – Pension Services Administration Manager, Mukhtar Master – Governance and Communications Manager and Anna Lloyd – Governance and Communications Officer joined the meeting. Lucy Brown – Senior Democratic Services Officer also joined the meeting.

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

4. The Board considered several of reports as presented to the last meeting of the Pension Committee. These included the standard items being the review of the Annual Business Plan, the Governance and Communications report, the Risk Register and the Administration report. The Board also reviewed the reports on Governance and Communication Policy Reviews and Fund Cashflows and 2025 Triennial Valuation.

5. The Board members had a good discussion on all items as noted in the draft minutes as included elsewhere on today's agenda. The Board agreed we would continue to advertise the vacant post for an employer representative to Pensions Board via the employer's newsletter and on the Fund website.

6. As part of the discussions on the Risk Register Report, the matter of insufficient resource and/or data (risk 21) was raised and noted that it would be likely the risk rating would increase in this area and this should be included in the report to Pension Fund Committee.

7. As part of their discussions on the Governance and Communications Report, the Board noted that new Committee members would be completing their mandatory training in the coming months and that future reports would be updated to reflect the training undertaken.

8. The Board requested that further information be provided to aid understanding on the rationale of management fees, specifically active verse passive.

Matthew Trebilcock
Independent Chairman of the Pension Board

Contact Officer: Mark Smith – Head of Pensions
Email: mark.smith@oxfordshire.gov.uk

August 2024

Division(s): n/a

ITEM 7

PENSION FUND COMMITTEE – 6 SEPTEMBER 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:

i) Review progress against each of the key service priorities as set out in the report; and
ii) Agree any further actions to be taken to address those areas not currently on target to deliver the required objectives.

Introduction

1. The 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 June 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 Pensions Regulator
    - To achieve a 100% funding level
    - To ensure there are sufficient liquid resources to meet the liabilities of the Fund as they fall due, and
    - To maintain as near stable and affordable employer contribution rates as possible

3. The service priorities for the year do not include the business as usual activity which will continue alongside the activities included in the service priorities. Business as usual activities are monitored as part of the Administration Report, 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. <u>Deliver further improvements to the governance arrangements of the Fund.</u> 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	New Head of Pensions started on 1 August 2024. Changes to mitigate the team leader vacancy with senior administrators taking additional responsibility are in place.	Succession arrangements to fill vacancy created by promotion to Pension Services Administration Manager to be reviewed as part of the Workforce Strategy.
Workforce Strategy in place. AMBER	The approach has been reviewed by Head of Pensions and initial working session held in August 2024 between Head of Pensions and Pension Services Administration Manager, developing the Workforce Strategy with the aim of bringing a paper to December 2024 Pensions Committee.	Workforce Strategy to be reviewed by December 2024 Pensions Committee.
End of year compliance with General Code of Practice in line with targets set. GREEN	Progress continues in line with project plan.	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	Reporting software providing additional functionality has been delivered, work with Heywood continues on ways to best utilise and develop the 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 in place and preparation for National Knowledge Assessment in the autumn is underway.	All members of the Committee and Board to complete National Knowledge Assessment in autumn 2024.

6. We are 5 months into 2024/25 at the time of writing this report, steady progress has been made against the measures of success however with a number of external dependencies and the holiday period it is too early to confirm if we are on target to deliver across all of the agreed measures of success in this area. We expect to provide a more detailed update in the December Committee meeting, with the National Knowledge Assessment and 2025 valuation pre-work commencing in the autumn.

7. A review of work to date and initial internal discussions have taken place on the Workforce Strategy. Progress has been made on recruitment helping to address the immediate vacancies (as detailed in the Pension Administration Report elsewhere on today's agenda) while the Workforce Strategy can be developed over the coming months. A plan setting required actions to support the sustainable development of the workforce for the longer term will be created as part of the Workforce Strategy. Workforce Strategy remains as Amber and will continue to be a key area of focus 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 continues to make progress (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 reviews have been completed to timetable. 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 2024/25 scheme year.

9. In terms of Committee reporting, we are on target to provide improved reporting in the Pension Administration Report for December 2024 Pensions Committee. Fund Officers will continue to develop our reporting to Pensions Committee and Local Pensions Board and we welcome feedback on additional reports that might be useful to aid in the good governance of the scheme.

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, The

National Knowledge Assessment commences in September and this will demonstrate the current level of skills, knowledge and experience and benchmark against other Funds.

11. <u>Deliver further operational effectiveness of the administration function, including delivery of regulatory changes.</u> 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 the McCloud requirements. AMBER	Further engagement has taken place with employers where returns are outstanding or there are gaps in the data. Key focus remains the Active and Deferred members in order to comply with Statutory date for Annual Benefits Statements by 31 August 2025.	Complete collection and loading of missing data. 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. Continued regular reminders through employer communications and the employer forum.	Provide further training and support to Scheme Employers in areas of significant regulatory breaches.
Reduction in number of formal complaints. GREEN	Options for website improvements are currently being reviewed, exploring a microsite option to permit more functionality and accessibility. Using internal OCC support to maximum value.	Website improvements to improve processes and management of member expectations.
Increased customer satisfaction scores. AMBER	Customer satisfaction survey results are being analysed.	Review trends in member survey scores and develop action plans as necessary
Reduction in scheme costs associated with technology improvements. AMBER	A range of options are being worked through to continue to develop the system. Fund officers continue to engage with	Complete work plan items carried over from 2023/24. Continue to work with Heywood to develop further

	Heywoods to maximise our use of technological solutions.	functionality within the System software.

12. Delivery against the McCloud Project Plan remains challenging, although progress is being made to ensure Active and Deferred members records reflect the necessary information to enable the production of Annual Benefit Statements before the 31 August 2025 Statutory deadline.

13. 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	Pre-valuation focus on data quality at employer forum and initial pre-valuation planning has commenced, with employer meetings in the process of being set up for the autumn.	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	Ongoing monitoring of the cashflow position is in place.	Cashflow model to be reviewed in light of decisions made throughout 2025 Valuation process.
Plans in place to deliver Government Policy requirements. AMBER	Some engagement by Central Government with the Pools has taken place, further engagement due mid September 2024.	Engage where possible and await Government proposals and determine approach accordingly.
Publish Fund's first Responsible Investment Policy and Strategy Documents. GREEN		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.

14. Work across this service priority will be a key issue for this Committee across the forthcoming year. Cash management, preparing for the 2025 Valuation and Responsible Investment will add additional layers of complexity to be carefully

considered by Committee to ensure a consistent, coherent and fair outcome for both scheme members and employers.

15. The largest area of uncertainty is any new proposals or guidance from Central Government on the various areas of pensions, such as taxation, LGPS Pooling, and the National Wealth Fund.

Budget 2024/25

16. The budget for 2024/25 was agreed as Part C of the Business Plan at £20,741,000.

2024/25 Pension Fund Budget - Q1 Update

	Budget	**YTD**	**%**	**Forecast Outturn**	**Variance**
	2024/25	**2024/25**		**2024/25**	**2024/25**
	£'000	**£'000**		**£'000**	**£'000**
Administrative Expenses					
Administrative Employee Costs	1,861	356	19%	1,861	0
Support Services Including ICT	1,338	977	73%	1338	0
Printing & Stationary	82	27	33%	82	0
Advisory & Consultancy Fees	165	0	0%	165	0
Other	60	-4	-7%	60	0
Total Administrative Expenses	**3,506**	**1,357**	**39%**	**3,506**	**0**
Investment Management Expenses					
Management Fees	14,800	3,000	20%	13,500	-1,300
Custody Fees	30	9	30%	30	0
Brunel Contract Costs	1,453	743	51%	1,453	0
Total Investment Management Expenses	**16,283**	**3,752**	**23%**	**14,983**	**-1,300**
Oversight & Governance					

Investment & Governance Employee Costs	444	91	20%	440	-4
Support Services Including ICT	13	0	0%	13	0
Actuarial Fees	292	134	46%	190	-102
External Audit Fees	50	21	42%	50	0
Internal Audit Fees	9	0	0%	9	0
Advisory & Consultancy Fees	101	0	0%	101	0
Committee and Board Costs	24	0	0%	24	0
Subscriptions and Memberships	20	13	64%	20	0
Total Oversight & Governance Expenses	**953**	**258**	**27%**	**847**	**-106**
Total Pension Fund Budget	**20,742**	**5,367**	**26%**	**19,336**	**-1,406**

17. The major variation in management fees is due to the variation in market conditions, as the fees will reflect the overall Fund value making it particularly difficult to accurately reflect investment management fees until year end, the above reflects the actual fee levels paid during Q1.

18. Other minor variations such as on actuarial fees will reflect the 3 year cycle, as such there will be occasional variations. For noting, is the support services this includes the licence extension and other annual or one-off costs.

Training Plan

19. 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. A session covering affordable housing will be held before this Committee.

20. 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.

Lorna Baxter
Executive Director of Resources & Section 151 Officer

Contact Officer: Mark Smith, Head of Pensions

August 2024

Division(s): n/a

ITEM 8

PENSION FUND COMMITTEE – 6 SEPTEMBER 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 5 July, 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. However, mention does need to be made of the government's new National Wealth Fund. The government has announced the commencement of work to align the British Business Bank and UK Infrastructure Bank under a new National Wealth Fund that will invest in industries of the future. The stated intention is to create a compelling investment proposition, drawing in capital from institutional investors. At this stage the implications for the Fund are unclear but there is the potential to affect the way the Fund invests in private markets. This is an emergent issue which may pose a risk to the fund, which could potentially be

factored into Risk 18 – 'Failure to Meet Government Requirements on Pooling' or could require a separate risk altogether.

Increasing Risk

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

Reducing Risk

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

Risks removed from the Risk Register

7. None of the risks were removed from the Risk Register.

Same Risk Rating

8. Risk 13 – 'Insufficient Skills and Knowledge on Committee' – this has remained at an amber rating. There are a number of new committee members, and as such, some have yet to complete their mandatory training. The fund is scheduled to take part in the LGPS National Knowledge Assessment in September, which should give a good indication as to the level of skills and knowledge on the Committee.

9. Risk 14 – 'Insufficient Skills and Knowledge amongst Board Members' – this has remained at an amber rating. There is still one employer representative vacancy for the Board and another member is approaching retirement. Moves are afoot to try and fill the current Board vacancy.

10. Risk 15 – 'Insufficient Skills and Knowledge amongst officers' – recruitment for the Head of Service and the Pensions Administration Manager posts had reduced this risk previously. However, there are recruitment difficulties in filling lower level management posts. As such, this risk has been assessed as remaining at an amber rating.

11. Risk 21 – 'Insufficient Resource and/or Data to comply with consequences of McCloud Judgement & Sergeant.' – work on the project continues in earnest, however there have been delays in data submissions from employers. There is a plan in place to bring the project up to date, hence the risk rating for this risk has been assessed as remaining at an amber rating.

12. All other risks have been assessed as remaining the same as last quarter and are at the target risk rating.

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 August 2024

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Risk Register

Identification of Risks:

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

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

Key to Scoring

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

Likelihood

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

RAG Status/Direction of Travel

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

APPENDIX 1

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.	Head of Fund	Triennial Asset Allocation Review after Valuation.	4	1	4	↔			4	1	4	Aug 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.	Head of Fund	Monthly cash flow monitoring and retention of cash reserves.	4	1	4	↔			4	1	4	Aug 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.	Head of Fund	Monthly cash flow monitoring and retention of cash reserves.	3	1	3	↔			3	1	3	Aug 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	Aug 2024	At Target
5	Actual results vary to key financial assumptions in Valuation	LGPS	Funding	Market Forces	Long Term - Pension deficit not closed.	Head of Fund	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	Aug 2024	At Target

APPENDIX 1

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	The Fund has an RI Policy requiring ESG factors to be considered in all investment decisions. The Fund have a Climate Change Policy and implementation plan.	4	1	4	↔			4	1	4	Aug 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	Aug 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	Aug 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	Aug 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	Aug 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	Aug 2024	At Target
12	Insufficient resources from Committee to deliver responsibilities-	LGPS	Operational	Budget Reductions	Breach of Regulation	Head of Fund	Annual Budget Review as part of Business Plan.	4	1	4	↔			4	1	4	Aug 2024	At Target

APPENDIX 1

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. New Committee Members.	Breach of Regulation. Loss of Professional Investor Status under MIFID II	Head of Fund	Training Review	4	2	8	↔	Implement new training plan 24/25. Outcomes of the National Knowledge Assessment from Hymans	2024/25	4	1	4	Aug 2024	Above target
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	Head of Fund	Training Policy	4	2	8	↔	Implement new training plan 24/25 Currently recruiting to 1 scheme employer representatives.	Oct 2024	4	1	4	Aug 2024	Above target
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.	Head of Fund	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. Recruitment of Seniors currently happening.	Dec 2024 Dec 2024	3	1	3	Aug 2024	Above target 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	↔	Quarterly Meetings with ICT Cybersecurity Lead have been established. Business Continuity Plan is being reviewed	Dec 2024	4	1	4	Aug 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	Aug 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	Head of Fund	Full engagement within Brunel Partnership	5	1	5	↔	Awaiting any new guidance or proposals from the new Labour government.	TBC	5	1	5	Aug 2024	At Target

APPENDIX 1

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	Head of Fund	Full engagement within Brunel Partnership	4	1	4	↔			4	1	4	Aug 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	Head of Fund	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	Aug 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	Re-organising this work between the whole team based on existing skill sets.	4	2	8	↔	Still awaiting data from some employers. A plan is in place to bring the project up to date.	On-Going	4	1	4	Aug 2024	Above target
22	Loss of strategic direction	LGPS / FPS	Governance	Loss of key person	Short term lack of direction on key strategic issues	Head of Fund	Establishment of a Governance & Communications Team provides the resilience that the fund requires.	2	1	2	↔			2	1	2	Aug 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	Aug 2024	At target

Division(s): n/a

ITEM 9

PENSION FUND COMMITTEE – 6 SEPTEMBER 2024

GOVERNANCE & COMMUNICATIONS REPORT

Report by the Executive Director of Resources & Section 151 Officer

RECOMMENDATION

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

   i) Note the Fund's update on the Pension Regulator's General Code of Practice.
   ii) Note the Knowledge & Skills update.
   iii) Review and note the latest quarter's breaches for the fund.
   iv) Note the communications update.

General Code of Practice

2. 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).

3. 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.

4. 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**.

5. Summary of the progress this quarter regarding the General Code of Practice:

   i) The fund has re-prioritised the action plan to ensure that modules are reviewed based on the following criteria:

      (1) Regulatory requirements;

(2) TPR expectations;
(3) Best practice.

ii) A further review of the following modules has been undertaken:

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

Both modules will be complete and green after the completion of a couple of minor actions.

iii) Review meeting for modules scheduled for September and October have been setup and the relevant staff members have been invited.

Knowledge and Skills – Pension Fund Committee & Local Pension Board

6. The fund is once again participating in the LGPS National Knowledge Assessment 2024. The assessment scheduled for mid-September will be similar to what was undertaken in 2022 and will provide a benchmark assessment of the knowledge and skills of our Committee and Board members. The assessment will help identify future training needs. It will also provide a benchmark of current knowledge levels against other LGPS funds' Committee and Boards – together with a comparator against our 2022 National Knowledge Assessment results.

7. A request was made at the last committee meeting to set out all the training that has been undertaken by committee and the board. **APPENDIX 2** sets out whether the mandatory training has been carried out, together with any other training during 2024/25. Note that it does not include the online training done through the Hyman's LOLA (LGPS Online Learning Academy) system.

Breaches for the period January to March 2024

8. 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.

9. The following table shows the number of breaches in the last quarter – April to June 2024.

	2023/4			2024/5	
Breach Type	**Jul-Sep (Q2)**	**Oct-Dec (Q3)**	**Jan-Mar (Q4)**	**Apr-Jun (Q1)**	**Total**
Contribution - GCOP	17	16	8	18	59
Data - GCOP	15	42	30	32	119
Other - GCOP	0	1	0	0	1
Data - GDPR	9	1	2	1	13
Total	41	60	40	51	

10. The following table shows the number of escalations by category for the first quarter of 2024/5.

Escalations in Q1					
Type of Breach	**Contribution (GCOP)**	**Data (GCOP)**	**Other (GCOP)**	**Data (GDPR)**	**Total**
Number escalated	1	5	0	0	**6**
Number resolved	1	5	0	0	**6**
Number carried over to next quarter	0	0	0	0	**0**

Code of Practice Breaches

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.

In Q1, four cases were escalated to a Team Leader and two cases was escalated to the Pensions Manager. All Code of Practice breaches, including those escalated, have been resolved.

Data Breaches

One minor data breach occurred in Q1, which was assessed and closed by the Information Management Team.

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

11. As well as business as usual, the Communications Team is working on the following activities:

a) Preparation for the Employer meeting in September – the agenda will focus on data quality;

b) Ongoing review of the website;

c) Recruitment of a new member of the Local Pension Board;

d) Preparation for a series of member talks in the autumn;

e) Revamp and relaunch of the Introduction to the LGPS training for employers.

Please note, the Communications Manager will be on a planned period of absence during autumn 2024, for health reasons. Contingency plans are being put in place to ensure minimum communications requirements continue to be met.

Lorna Baxter
Executive Director of Resources & Section 151 Officer

Contact Officer: Mukhtar Master Tel: 07732 826419 August 2024

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

Project Stage	of	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.													
Project Initialisation	**2**	Research how other funds are tackling the their implementation of the GCOP													
Project Initialisation	**3**	Purchase compliance checker													
Project Initialisation	**4**	Determine which of the 51 modules apply to the fund													
Project Maintenance	**5**	Review other LGPS fund committee/board reports for updates on their GCOP compliance													
Project Maintenance	**6**	Prioritise modules based on levels of requirement													
Module Review 1	**7**	Managing advisers and service providers (Contract monitoring)		Amber rated	Amber rated			Review actions			Review actions				
Module Review 1	**8**	Assurance of governance and internal controls (audit)		Amber rated	Amber rated			Review actions			Review actions				
Module Review 2	**9**	Recruiting to governing body				Amber rated	Amber rated	Review actions							
Module Review 2	**10**	Knowledge and understanding													
Module Review 2	**11**	Governance of knowledge and understanding				Amber rated	Amber rated	Review actions							
Module Review 3	**12**	Publishing information about public service pension schemes													
Module Review 3	**13**	Notification of right to cash transfer sum or contribution refund													
Module Review 3	**14**	Financial transactions													
Module Review 3	**15**	Receiving contributions }													
Module Review 3	**16**	Monitoring contributions }													
Module Review 3	**17**	Resolving overdue contributions }													
Module Review 4	**18**	Planning and maintaining administration													
Module Review 4	**19**	General principles for member communications													
Module Review 4	**20**	Reporting payment failures													
Module Review 5	**21**	Cyber controls													
Module Review 5	**22**	Scheme records													
Module Review 5	**23**	Data monitoring													
Module Review 6	**24**	Maintenance of IT systems													
Module Review 6	**25**	Climate change													
Module Review 6	**26**	Continuity Planning													

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

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APPENDIX 2

			2024/25				1st Year Mandatory Training		
Name	Role	Date of first meeting *date is for the most recent term	Other training or professional development undertaken (min. 2 days per year)	Pre-Committee Training December 2024 Triennial Valuation (Hymans)	Pre-Committee Training September 2024 Affordable Housing (M&G)	Pre-Committee Training 07/06/2024 Triennial Valuation (Hymans)	Induction	LGA Fundamentals/ TPR Toolkit	Date completed
Councillor Imade Edosomwan	PFC	Jun-21				Jun-24	Jun-24	TPR Toolkit	
Councillor Nick Field-Johnson	PFC	May-17	June 2024 - PLSA LA Conference			Jun-24	Jun-24	TPR Toolkit	May-20
Councillor John Howson	PFC	Oct-22				Jun-24		LGA Fundamentals	Dec-22
Councillor Ian Middleton	PFC	Mar-24				Jun-24			
Councillor Michael O'Connor	PFC	Mar-24							
Councillor Donna Ford	PFC	Jun-24				Jun-24	Jun-24	TPR Toolkit	Jul-24
District Councillor Jo Robb District Councils (non-voting)	PFC	Sep-19						LGA Fundamentals	Oct-20
Alistair Fitt Oxford Brookes University (non-voting)	PFC	Jun-21				Jun-24		LGA Fundamentals	Dec-21
Steve Moran Pension Scheme Member (non-voting)	PFC	Jun-21						LGA Fundamentals	Dec-21
Matthew Trebilcock (Chair)	LPB	Jan-21							
Susan Blunsden	LPB	Oct-23					Oct-23	LGA Fundamentals	Dec-23
Alistair Bastin	LPB	Nov-15				Jun-24		LGA Fundamentals	Dec-19
Stephen Davis	LPB	Nov-15						LGA Fundamentals	Dec-18
Liz Hayden	LPB	May-23						LGA Fundamentals	Dec-23
Angela Priestley-Gibbins	LPB	Oct-19	Oct-Dec 2024 - LGA Fundamentals			Jun-24		LGA Fundamentals	Oct-20
Vacancy	LPB								

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Agenda Item 10

Division(s): n/a

PENSION FUND COMMITTEE – 6 SEPTEMBER 2024

FIREFIGHTERS' PENSION SCHEME & OXFORDSHIRE PENSION FUND POLICY REVIEWS

Report by the Executive Director of Resources & Section 151 Officer

RECOMMENDATION

1. The Committee is RECOMMENDED to approve the following:

i) Firefighters' Pension Scheme policy documents:

(1) Fire Pension Board Terms of Reference;
(2) Administration Strategy;
(3) Conflict of Interest Policy;

ii) Oxfordshire Pension Fund:

(1) Conflict of Interest Policy.

Firefighters' Pension Scheme

2. One of the functions of the Fire Pension Board is to assist the Scheme Manager (Oxfordshire County Council) in administering the various firefighter pension schemes. This is achieved by providing governance and by scrutiny of policies, pension documentation, decisions and outcomes. As part of this function, the Fire Pension Board periodically provide the Oxfordshire Pension Fund Committee a number of policy documents for approval.

Firefighters' Pension Scheme Policy Documents

3. Fire Pension Board Terms of Reference:

i) This document sets out the purpose of the Fire Pension Board through defining various aspects such as its function, duties, membership, objectives and so on.
ii) The draft document is comprehensive and covers all the necessary requirements of the Board.
iii) The draft Fire Pension Board Terms of Reference can be seen at **APPENDIX 1**.

4. Administration Strategy:

i) It is best practice for funds to ensure the implementation of a locally developed pension administration strategy to formalise standards and expectations of the Fire and Rescue Authority (FRA) and their administrator.
ii) The draft document produced by the Fire Pension Board can be seen at **APPENDIX 2**.
iii) It is recommended that the document is approved based on two minor amendments:

(1) Page 4 - Scheme Manager is named as Matt Cook, who has now left and has been replaced by Michael Adcock.

(2) Page 7 - Code Of Practice 14 should be updated to reference the General Code Of Practice.

5. Conflict of Interest Policy:

i) This Policy addresses the need to identify and manage Conflict of Interests of Pension Board members as outlined in the Public Services Pensions Act 2013.
ii) The draft document produced by the Fire Pension Board can be seen at **APPENDIX 3**.

Oxfordshire Pension Fund

6. Conflict of Interest Policy:

i) Policy addresses the need to identify and manage Conflict of Interests as outlined in the Public Services Pensions Act 2013.
ii) A fund specific conflict of interest policy was adopted by the Pension Fund Committee in September 2021 for a number of reasons:
(1) To better manage any potential conflicts of interest between the County Council's role as the Administering Authority and its role as a scheme employer;
(2) To manage potential conflict of interest for County Council officers, in particular the Section 151 Officer;
(3) the potential conflict of interest between the role of the County Council as a Shareholder of Brunel and its client role.

iii) The policy has been slightly updated to reflect the fact that all completed declaration of interests forms are uploaded onto the Modern.gov system which is publicly accessible.
iv) The draft conflict of interest policy can be seen at **APPENDIX 4**.

7. 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 August 2024

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Oxfordshire County Council

Fire Pension Board Terms of Reference

Function and Responsibilities

The function of the Local Pension Board is to assist the Scheme Manager (Oxfordshire County Council) in administering the various firefighter pension schemes. This will be achieved by providing governance and by scrutiny of policies, pension documentation, decisions and outcomes.

The Local Pension Board will also assist the Scheme Manager to:

• secure compliance with the Regulations, any other legislation relating to the governance and administration of the Schemes, and requirements imposed by the Pensions Regulator in relation to the Schemes

• ensure the effective and efficient governance and administration of the Schemes

Duties of the Board

The Board should always act in a reasonable manner in the conduct of its purpose. In support of these duties Board members:

• should act always in the interests of the Scheme and not seek to promote the interests of any stakeholder group above another
• should be subject to and abide by the Local Pension Board approved code of conduct

Frequency of meetings

The Pension Board will meet quarterly, to review / report on previous actions, standing items and determine work streams and priorities for the future.

The Chair of the Board, with the consent of the Board membership, may call additional meetings. Urgent business of the Board between meetings may, in exceptional circumstances, be conducted via communications between members of the Board including online conferencing and e-mails.

Local Pension Board membership

To comply with the regulations the Board must have a **minimum** of four members (two Scheme Member representatives and two Scheme Manager representatives. A Local Pension Board membership of four is the most straight forward and cost-effective way of providing the Local Pension Board and complying with the Regulations.

Membership of the Oxfordshire County Council Local Pension Board will be:

- 3 X Scheme Member representatives (including 1 x FBU representative)

- 3 X Scheme Manager representatives (2 x elected Members, 1 x Officer representative)
- Non-voting Officer Advisor(s) as appropriate

The Scheme Manager (elected Member) representation on the Board will be determined by the Pensions Committee at its Annual Meeting (or as otherwise required).

The Officer representative will be nominated by the Chief Fire Officer.

The Officer Advisor will be a specific officer who is to assist the Board in gathering/analysing information and writing reports. The Board will also be able to request assistance from any officer who has specific knowledge of a subject matter they are investigating.

Scheme Member representatives

2 x Scheme Member representatives will be active, deferred or retired members of one of the firefighter pension schemes administered by Oxfordshire County Council.

1 x Scheme Member representative will be nominated by the Fire Brigades' Union.

Scheme Member representatives should be able to demonstrate;
- their capacity to represent pension scheme members
- capacity to attend and complete the necessary preparation for meetings, and
- capacity to participate in training as required

Scheme Manager representatives

At least 1 x elected Member Scheme Manager representatives shall be at the Annual Meeting of the Cabinet (or as otherwise required)

1 x Officer Scheme Manager representative shall be appointed.

Scheme Manager representatives should be able to demonstrate;
- their capacity to represent the Scheme Manager
- capacity to attend and complete the necessary preparation for meetings, and
- capacity to participate in training as required

Appointment of Chair and Vice chair

The Deputy Chief Fire Officer will assume the role of Chair of the Fire Pension Board and a Vice- chair appointed on an annual, rotational basis.

Objectives:

The Fire Pension Board should consider the following:
- Are pension statements timely and accurate?

- How long does it take between retirement and receipt of pension?
- The number of errors made by the pension administrator.
- Are relevant policies in place and of a sufficient standard?
- Are pension estimates accurate and timely?
- Is the pension information on the Oxfordshire County Council website accurate and user friendly?
- Ensure that annual CARE scheme calculations are being carried out.
- Scrutinise data quality.
- Ensure pension rules and regulations are being complied with when officers are making decisions on pension matters.
- If complaints/appeals are being dealt with correctly and the correct procedures being followed.
- Review internal audit reports

This list is not exhaustive. The Local Pension Board will have the power to investigate anything it wishes in relation to the firefighters' pension schemes within Oxfordshire County Council.

Conduct and Conflict of interest

Members of the Board are responsible for ensuring that their board membership does not result in any conflict of interest with any other posts they hold. A separate conflict of interest policy is available.

All members of the Board must declare, on appointment and at any such time as their circumstances change any potential conflict of interest arising as a result of their position on the Board. On appointment to the Board and following any subsequent declaration of potential conflict shall ensure that any potential conflict is effectively managed in line with both Conflict of Interest Policy and the requirements of the Pensions Regulator's codes of practice on conflict of interest for Board members.

Members of the Board must not use their membership for personal gain.

Members of the Fire Pension Board should maintain confidentiality when discharging their duties.

Knowledge and understanding (including Training)

Knowledge and understanding must be considered in light of the role of the Board to assist Oxfordshire County Council as detailed above. The Board should establish and maintain a policy and framework to address the knowledge and understanding requirements that apply to Board members. That policy and framework shall set out the degree of knowledge and understanding required as well as how knowledge and understanding is acquired, reviewed and updated.

Board members shall attend and participate in training arranged to meet and maintain the requirements set out in the Board's knowledge and understanding. Board members shall participate in such personal training needs analysis or other processes that are put in place to ensure that they maintain the required level of knowledge and understanding to carry out their role on the Board.

Reporting
The Board will review the quarterly which will highlight areas of concern and identify good practice.

The report will also contain information on the number of retirements (natural and ill health), new starters, membership and opt-out numbers.

The Board will report to the Pensions Committee.

Resourcing and funding

The Board will not have a dedicated budget. Requests for finance to purchase technical assistance, Board member training and anything else the Board may require to effectively discharge its duties will be made through the Pension Services Manager.

Quorum

A meeting is only quorate when three Board members are present (including either the Chair or Vice chair). This must be a minimum of one Officer and one FBU Rep (two FBU Reps preferred).

Voting

The Chair shall determine when consensus has been reached. There will be no casting vote.

Where consensus is not achieved this should be recorded by the Chair.

Definitions

The undernoted terms shall have the following meaning when used in this document:

"Pension Board" or "Board" Means the local Pension Board for Oxfordshire County Council as administering authority for the Firefighters' Pension Scheme.

"Scheme Manager" Means Oxfordshire County Council as administering authority of the Firefighters Pension Scheme

"Scheme" Means the Firefighters' Pension Scheme

Firefighters' Pensions England Scheme Advisory Board

Local Government Association

Compliance

FPS Administration, Management, and Governance Strategy

Contents

1 Background

In 2018, Aon were commissioned by the Firefighters' Pensions (England) Scheme Advisory Board (SAB) to undertake a benchmarking review of the administration and management of the Firefighters' Pension Scheme (FPS).

One of the recommendations made within the report was the implementation of a locally developed pension administration strategy to formalise standards and expectations of the Fire and Rescue Authority (FRA) and their administrator:

"We suggest that the Board considers recommending regulatory changes to encourage best practice among all scheme managers/FRAs and administrators across the Scheme. This could be achieved by setting out requirements for each Scheme Manager to have a locally developed pensions administration strategy in place. This could be mandated but as a minimum it could set out the need to have one to demonstrate best practice (as is the case in other schemes such as the LGPS). An administration strategy should set out the scheme manager's aims and objectives and how those are going to be achieved in conjunction with the administrator. Performance against those aims, and objectives, must then be appropriately measured and monitored and where administration levels are not to the required standard, plans should be in place to address those areas of concern. An administration strategy should be determined locally (with support in doing so made available from centrally prepared guidance).

A range of target timescales should be determined by each FRA and it is good practice for them to be included in an administration strategy. Scheme managers may wish to set shorter timescales or other targets for specific processes rather than relying on legal timescales in all cases. The administration strategy should be publicly available for all stakeholders (including members). It could also set out the consequences of what not achieving those targets would be."

While there is no legislative requirement for FRAs to have such a strategy in place, the SAB secretariat have provided this template for authorities to adopt to demonstrate best practice in the administration and management of the FPS. With each of the 45 FRAs in England responsible for managing the scheme and making decisions in their own right, this document also seeks to ensure a level of consistency in the service offered to scheme members, with FRAs working in conjunction with their administrator. There are currently 18 different administrators providing administration services across the 45 FRAs.

As the FRA as scheme manager has responsibility for both administering and managing the scheme, it was determined by the SAB Administration and Benchmarking committee ("the Committee") that the scope of the document be extended to include each of these roles, and that the expectations of Local Pension Boards in their role of assisting the scheme manager should also be included.

This document has been prepared by the SAB secretariat in conjunction with the Committee and the Fire Communications Working Group. Our thanks go to the following organisations for assistance with the project: Shropshire Pension Fund, West Yorkshire Pension Fund, and Leicestershire County Council.

2 Introduction

Oxfordshire Fire and Rescue Authority (“the Employer”) is defined in law as the scheme manager1 and is therefore responsible for the management and administration of the Firefighters’ Pensions Schemes for scheme members employed by Oxfordshire Fire and Rescue Service.

Administration of the scheme has been outsourced to Oxfordshire Pension Fund.

This document is the FPS Administration, Management, and Governance Strategy statement which outlines formal standards and expectations of the Fire and Rescue Authority (FRA) and their administrator, along with expectations of the Local Pension Board[2] in their role of assisting the scheme manager.

The aim of the document is to ensure that a consistent, cost-effective, and high-quality pension service is provided to members, recognising that full and transparent collaboration between stakeholders is key to achieving this aim.

3 Compliance

The following stakeholders have been consulted in the development of this statement: the Fire Pension Board (all members); administrator of fire pensions (OCC Pension Services).

The scheme manager is the owner of the document.

This strategy does not override any provision contained with the scheme regulations or any administration guidance provided by the Local Government Association (LGA).

The document has been presented, considered, and ratified by the Local Pension Board on 13th March 2024 and applies to all interested parties from this date.

4 Review

The strategy will be reviewed following any changes to scheme rules, processes, or procedures which affect this strategy, including a change of administrator, or every three years if this is sooner.

Changes will be made following consultation with the above-named bodies and a copy of the updated strategy will be made available online. Full consultation will not take place when there has been a change of contacts details only in 5.1 or 5.2 below.

Suggestions for improvement to this strategy are welcome from stakeholders at any time.

[1] http://www.legislation.gov.uk/uksi/2014/2848/regulation/4/made
[2] http://www.legislation.gov.uk/uksi/2015/465/regulation/4/made

5 Liaison and communication

5.1 Employer contacts

The employer will nominate contacts in the following areas to allow correspondence to be directed to the most relevant individual. These contacts will be provided to the administrator and the LGA.

Scheme manager (strategic) contact for valuation, scheme consultations, surveys, discretions, and Internal Dispute Resolution Procedure (IDRP) Assistant Chief Fire Officer Matt Cook - matt.cook@oxfordshire.gov.uk
Pension liaison contact for day to day administrative duties such as completion of forms, responding to queries, and HR functions Rachael Salsbury - rachael.salsbury@oxfordshire.gov.uk
Payroll contact for queries relating to pay, year-end postings, or pensioner payroll Penny Martin – penny.martin@hants.gov.uk for pay, year end postings Rachael Salsbury – rachael.salsbury@oxfordshire.gov.uk for Pensioner payroll
Finance contact for submission of monthly/ annual returns, SAB levy payment requests Richard Quayle – Richard.quayle@oxfordshire.gov.uk for IAS19 report Senior Finance Business Partner - Stephen Rowles - Stephen.Rowles@Oxfordshire.gov.uk Fire Pension Administrator - Melloney Webster - Melloney.Webster@Oxfordshire.gov.uk

The delegated scheme manager is responsible for keeping the nominated contacts up to date and providing prompt notification of changes.

5.2 Administrator contacts

The administrator will provide the following contact information for employers and their members:

Pension Fund representative for regulatory or administration queries, training, advice and guidance Rachael Salsbury – rachael.salsbury@oxfordshire.gov.uk
Finance contact to assist with the monthly returns process/ year end Penny Martin – penny.martin@hants.gov.uk – for payroll queries

Systems contact to assist with the monthly returns process/ year end Rachael Salsbury – rachael.salsbury@oxfordshire.gov.uk	
Member helpline for queries – 03300 241359 – option 6	

6 Employer duties and responsibilities

6.1 Discretions

As a matter of best practice, **the scheme manager shall prepare and publish a written statement on the exercise of discretions** which are available to them under each set of FPS regulations. The discretions policy will be kept under review and the revised version published within one month of the effective date.

A full list of scheme manager discretions is available from CSS People Services and contained with Fire and Rescue Service SharePoint Site - Reemployment of Firefighters following their Voluntary Retirement - Abatement POL.pdf - All Documents

6.2 Internal Dispute Resolution Procedure (IDRP)

If a scheme member, prospective member, dependent, or other person with an interest in the scheme, is dissatisfied with a decision made by the FRA (or the failure to make a decision) there are rights of appeal available. Each set of scheme rules contains arrangements for Internal Dispute Resolution Procedures (IDRP) based on the requirements of the Pensions Act 1995 and the Occupational Pension Schemes (Internal Dispute Resolution Procedures Consequential and Miscellaneous Amendments) Regulations 2008.

Firefighters' Pension Scheme 1992 (FPS 1992)	Rule H3(as amended by SI 2013/1392)
Firefighters' Pension Scheme 2006 (FPS 2006)	Part 8, paragraph 5
Firefighters' Pension Scheme 2015 (FPS 2015)	Regulation 163
Firefighters' Compensation Scheme (FCS)	Part 6 rule 3

The scheme manager will nominate appropriate persons to hear each stage of the appeal and respond to the individual within the specified timescales.

The nominated contacts for Oxfordshire County Council are

Stage 1	Deputy Chief Fire Officer or Chief Fire Officer where there is an identified potential Conflict of Interest.

Stage 2	A Nominated Panel agreed via Scheme Manager.

Guidance on IDRPs can be found here:

- IDRP factsheet
- Guidance for decision makers [pending review]
- Guidance for individuals [to follow]

6.3 The Pensions Regulator (TPR)

TPR is a public body established by the Pensions Act 2004 to make sure that pension schemes within the UK are run properly and can provide secure benefits for their members upon retirement. TPR has powers to "educate, enable, and enforce", and is responsible for promoting good scheme administration. The Regulator is sponsored by the Department for Work and Pensions (DWP).

TPR's oversight of public service pension schemes, including the Firefighters' Pension Schemes, was introduced by schedule 4 of the Public Service Pensions Act 2013.

The scheme manager will ensure that they are familiar with TPR's Code of Practice 14: Governance and administration of public service pension schemes.[AL1]

Each year TPR issue two requests for information which the scheme manager and Local Pension Board (LPB) shall ensure are completed:

Scheme return – the scheme return is a statutory return which allows TPR to keep their register of workplace pension schemes up to date.

The return asks for information about what type of scheme the FPS is and how many members each employer has, as well as requesting up to date contact details.

The return also asks schemes to provide their common and scheme specific data scores, which enables TPR to monitor continuous data improvement. Information on data scoring for the FPS is available below

Advice on TPR data scoring 2019

Data score weighting template 2019

TPR can and will take enforcement action if the scheme return is not completed.

Governance and Administration survey – scheme managers are invited to complete the annual governance and administration survey in conjunction with their LPB. Although the survey is not mandatory, participation is strongly encouraged by both TPR and the Scheme Advisory Board, so that improvements in running the FPS can be monitored and evidenced.

TPR do not take any regulatory action based on survey responses, but overall trends may inform their engagement activity with schemes.

Familiarity with TPR's six key processes will assist schemes with understanding and compliance.

One of TPR's key areas of focus is record keeping and data quality. **Scheme managers shall ensure that data is reviewed annually and that a data improvement plan is in place.**

Non-completion of either of the above requests for information may indicate wider governance failings to TPR.

6.4 Data transfer

The scheme manager will ensure that processes are in place for timely and accurate transfer of data.

Data will be transferred to the administrator electronically on a monthly basis in line with the deadlines set out in 8. Service standards[FS-PS2].

6.5 Contribution bands

Banded contribution rates apply to the FPS based on a member's pensionable pay.

The scheme manager will ensure that there are processes in place to allocate members to the correct contribution band at the start of each scheme year.

Contributions are laid in legislation for each scheme and can be found on the annual updates page of the Regulations and Guidance website.

Until remedy in the transitional protections case is implemented, the scheme manager will have a process in place to manage members tapering from FPS 1992 or 2006 to FPS 2015. The process should confirm how the taper date is notified to payroll and what kind of monitoring is in place to ensure contributions are changed on the correct day.

6.6 Reporting breaches

Scheme managers and pension board members have a statutory obligation to report breaches of the law.

When a potential breach has been identified, the breach assessment template should be completed to assess the breach for materiality to determine whether it needs to be reported to TPR. This can also be stored as documentary evidence if the decision is later challenged.

Although a breach may not seem material in terms of numbers of members affected, if the same members are consistently affected, this should be considered, along with likely timescales for rectification and what action may be taken to ensure that the breach does not reoccur.

Further information about breach recording and reporting can be found in the TPR six key processes factsheet and from TPR at https://www.thepensionsregulator.gov.uk/en/public-service-pension-schemes/scheme-management/reporting-breaches-of-the-law.

6.7 Top-up grant

Each year the Home Office commissions FRAs to submit pension forecasts for the following seven financial years in line with the following timescales.

The pension forecasts for the financial year following the collection are used to make an initial assessment on each fire authority's annual top up grant entitlement for that year.

The collection of accurate annual pension forecast data is critical for ensuring sufficient budget cover is secured to make pension top up grant payments to FRAs each year.

The scheme manager is responsible for ensuring this information is submitted accurately and on time.

Full details are available in the guide for fire authorities (in England) when calculating pension forecasts for the Firefighters' Pension Top Up Grant.

6.8 HMRC reporting

HMRC reporting may be delegated to the administrator under the terms of the service level agreement.

Event Reporting – the scheme administrator of a registered pension scheme must tell HMRC when certain reportable events occur no later than 31 January following the end of the tax year. This is done by submitting the Event Report for a tax year.

These reportable events are split into two categories:

- reportable changes, and
- reportable fund movements.

There are 23 reportable events. HMRC guidance on sending pension scheme reports provides more information on all events that you must report.

Full details on Event Reporting can be found in HMRC Pensions Tax Manual 161100.

Accounting for tax (AFT) – the scheme administrator[3] is liable for payment of certain tax charges in connection with the scheme. When a scheme administrator does have a tax liability, the return that the scheme administrator must complete to account for that liability is called the Accounting for Tax return.

The scheme administrator is responsible for making the AFT return and for ensuring it is correct and complete.

A third-party administration provider can file the AFT on behalf of the scheme administrator but the scheme administrator remains responsible for ensuring that it is submitted on time and the contents are correct. Where a provider submits the AFT the scheme administrator should have seen and approved its content before it is submitted to HMRC. The provider must make a declaration that the scheme administrator has approved the contents before they can submit it to HMRC

Full details on AFT can be found in HMRC Pensions Tax Manual 162100.

6.9 General Data Protection Regulation (GDPR)

Each FRA is a Data Controller for pension scheme data under GDPR and must determine how, and for what purposes, data is to be processed.

Resources to assist authorities in complying with their duties under the regulations are available have been made available on the following dedicated GDPR webpage.

Oxfordshire County Council is a Data Controller as part of the Data Protection Act 2018 which incorporates the General Data Protection Regulation (GDPR). This means we store, hold and manage personal data in line with statutory requirements to enable us to provide pension administration services. To enable us to carry out our statutory duty, we are required to share information with certain bodies, but will only do so in limited circumstances. More information about how we hold data and who we share it can be found in the Authority's Privacy Notice on Administration and performance | Oxfordshire County Council

6.10 Disclosure

Under the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations, **the scheme manager must provide certain information to scheme members within certain timescales.**

Please refer to the guide to disclosure of information requirements for more information.

[3] Please note this is not a reference to the pension administration provider. This refers to the duties of the Fire and Rescue Authority as stated in paragraph 3, sub paragraph 2 of 2006/569 which confirms that references to 'scheme administrator' as set out in schedule 3 should be read as a reference to the sub-scheme administrator as per schedule 2, in which the FRAs are listed.

7 Administrator duties and responsibilities

7.1 Performance reporting

Ensuring compliance is the responsibility of both the administrator and the FRA. Parties should work closely together to ensure compliance with all statutory requirements, whether they are specifically referenced in the regulations, in overriding legislation, or in this administration strategy.

Both employer and administrator targets will be measured on a quarterly basis against specific tasks set out in the service level agreement and these will be reported to the FRA. The FRA may choose to provide the information to their Local Pension Board.

The Penson Services Manager will ensure that they are appropriately resourced to meet the service level agreement in place. The service level agreement timeframes can be viewed below Appendix 1.

Minimum standards for completing tasks in line with industry good practice and regulations, where applicable, are included at Appendix 1. These are provided as a guide to the minimum requirements. As a matter of best practice, administrators may want to implement shorter local timescales.

A key factor in calculating the time taken to complete as process is the point at which the ‘time clock’ is started. This may be from the date of the relevant event or when the administrator is informed or receives all necessary information. The clock may also need to be ‘paused’ during the process, for example to await instruction or documentation from the member or employer, and these waiting days can reasonably be excluded from the total time taken.

Pension administration software typically contains task-management/ work-flow modules which allow timescales to be built in.

7.2 Improving performance

Where areas of poor performance on either side are identified, the Pension Services Manager will work closely with the FRA to provide the opportunity for necessary training and development and put in place appropriate processes to improve the level of service delivery.

- Initially Pension Services will liaise with the FRA setting out the area(s) of poor performance and how they can be addressed.
- Where no improvement is demonstrated or there has been a failure to take agreed action, Pension Services will write to the scheme manager setting out the area(s) of poor performance that has been identified and the steps taken to resolve those area(s).
- If lack of improvement continues or there has been ongoing failure to take agreed action, Pension Services will

write to the Local Pension Board setting out the area(s) of poor performance that has been identified and the steps taken to resolve those area(s).

Administrators rely on timely and accurate data from the FRA. Where persistent and ongoing failure occurs and no improvement is demonstrated, the Pension Services Manager will escalate this to the scheme manager and Local Pension Board.

Where an employer fails to operate in accordance with the standards described in this Strategy, which leads to extra costs being incurred by the administrator, the administrator may issue a written notice requiring that these be met by the employer.

Any third-party costs or regulatory fines incurred by the administrator as a result of poor performance by the employer will also be recovered. Such costs may include fines imposed by the Pensions Ombudsman or Pensions Regulator, and additional charges in respect of actuarial or software fees, and additional printing and distribution costs.

7.3 Overriding legislation

In addition to the scheme regulations, the administrator and FRA will comply with any overriding legislation, including:

- the Occupational Pensions Schemes (Disclosure of Information) Regulations 2015;
- the Pensions Act 1995, 2004 and 2014;
- any Transitional Regulations currently in place;
- the Data Protection Act 1998;
- the Freedom of Information Act 2000;
- the Disability Discrimination Act 1995;
- the Age Discrimination Act 2006;
- the Finance Act 2004;
- Health and Safety legislation;
- Employment Rights Act 2010;
- HMRC Legislation and Current GAD Guidance;
- Public Service Pensions Act 2013;
- The Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014
- The Occupational and Personal Pension Schemes (Automatic Enrolment) Regulations 2010

and any future amendments to the above legislation.

7.4 Data standards

The administrator will ensure that suitable and secure methods of data transfer are available for the FRA to use.

Personal data will only be transferred from one party to the other via an acceptable method specified by the administrator which may include any of the following:

a. Data transfer service (Internet based application)
b. Secure email
c. Paper forms signed by an authorised officer from the employer
d. Password protected excel spreadsheet

7.5 Audit

Pension Services are subject to an annual audit of its processes and internal controls. **Oxfordshire County Council's Internal audit will provide assurance to the Local Pension Board by auditing the pension administration service provided to the FRA**.

FRAs are expected to fully comply with any requests for information from both internal and approved external auditors.

Any subsequent recommendations will be considered and where appropriate implemented (following any necessary discussions with the FRA).

7.6 Benchmarking

The administrator will periodically monitor its costs and service performance against the initial Aon report and any other benchmarking tool which may become available, to ensure that FRAs continue to receive value for money.

8 Service standards

The FRA and administrator responsibilities expected in relation to member events are outlined in the table below. Minimum standards for completing each task in line with industry good practice and regulations, where applicable, are included at Appendix 1.

Function/ task: New starters	
Employer responsibility	**Administrator responsibility**
Ensure pension information is included in new starter documentation e.g. appointment letter, contract of employment. Ensure eligible new starters are put into the scheme from their start date. Provide accurate member data to the administrator on the appropriate form/via electronic interface. (within 4 weeks).	Create accurate member records on the pensions administration system following notification of a new entrant to the scheme. Provide new members with confirmation of joining (within 10 days of notification). Record and update member data on the pension administration system following the receipt of a completed new member form.

Provide starters with a new member form and access to a scheme guide with their contract of employment. Determine the correct contribution band and rate for the member. Inform the administrator of any eligible employees subject to automatic entry, who opt out of the scheme within three months of joining. Process payroll refunds for these members. Where there is more than one contract of employment with the same employer, each membership shall be treated separately for the purposes of the above.	

Function/ task: Change in circumstances (active members)	
Employer responsibility	**Administrator responsibility**
Inform the administrator of all material changes in circumstance on the appropriate form/via electronic interface (within 4 weeks). Changes may include **Personal information:** - Change of name or address - Marital status - National insurance number **Conditions of employment affecting pension such as:** - Contractual hours - Changes in pay - Contribution rate - Periods of reduced pay or unpaid absence During periods of reduced or nil pay as a result of sickness, injury or relevant child related leave (i.e. ordinary maternity, paternity or adoption leave or paid shared parental leave and any paid additional maternity or adoption leave) assumed	Accurately update member records on the pensions administration system.

pensionable pay should be applied for pension purposes. **N.B.** As an increase in pay may cause a member to exceed their Annual Allowance, the administrator must be informed of: • Promotions • Additional allowances	

Function/ task: Annual return, Valuation, Annual Benefit Statements (ABS)	
Employer responsibility	**Administrator responsibility**
Ensure the administrator receives accurate year to date information to 31 March by 30th April Provide the administrator with details of all CPD, temporary payments deemed pensionable and details of any temporary promotions from 1 July previous year to 30 June current year by 31st July to enable the appropriate APB to be calculated and awarded. Provide any additional information that may be requested to produce ABS for service up until the 31 March in each particular year, within 10 days of the request Provide the administrator with up to date and correct information as and when requested in accordance with agreed timescales and the regulations. Ensure that all errors highlighted from the annual contribution and pensionable pay posting exercise are responded to and corrective action taken promptly.	Process employer year end returns by the 30th June Produce ABS for all active members by 31 August. Highlight if an individual has exceeded their annual allowance and issue a pension saving statement by 6 October. Produce ABS for all deferred members by 30th June (no information from employers is required). Provide data to the scheme actuary to carry out the 4-year valuation of the scheme

Function/ task: Estimates (Retirements/ Transfers)	
Employer responsibility	**Administrator responsibility**
Determine reason for estimate and provide fully completed request including pay and other relevant information to the administrator.	Issue individual quotations/information after all information required to process a quotation has been received.

Direct members to any available online self-service facility.	Provide information to the scheme member on any potential transfer in of benefits once all information required to process the quotation has been received (transfer estimate from other pension provider, contracting out, salary details etc). Maintain and promote any available self-service facility which allows members to view their pension information online.
Function/ task: Estimates (Divorce)	
Employer responsibility	**Administrator responsibility**
Provide fully completed request including pay and other relevant information to the administrator, within 10 working days of the request.	Issue divorce information including the CETV within 3 months of receipt of the request from the member or the Court.

Function/ task: Retirements	
Employer responsibility	**Administrator responsibility**
Submit the relevant, fully completed retirement form to the administrator as soon as the information is available. On request, provide the calculation of final pensionable pay so that the accuracy of the pay figure can be checked.	Return any form appearing to be incorrect to the FRA for amendment as soon as reasonably possible. Issue an initial offer letter and benefit information to the member within 10 working days of receiving the correct completed form. Issue a letter confirming actual retirement benefits within 10 working days of receiving completed documentation from the member. Make payment of any lump sum within 10 working days of receiving all relevant completed forms and proof of identity from the member, or on the retirement date if this is later. Make monthly pension payments on the relevant payment date of each month following retirement, including any arrears due. Payment dates may be adjusted to weekends and bank holidays.
Function/ task: Retirements – ill-health	
Employer responsibility	**Administrator responsibility**
Determine whether the member is entitled an ill-health award after obtaining a medical	Calculate and pay the required benefit in line with the above timescales.

opinion from an Independent Qualified Medical Practitioner (IQMP) on the relevant scheme certificate and if so, which tier – upper or lower.

Submit the relevant, fully completed retirement form to the administrator as soon as the information is available, including a copy of the IQMP certificate and confirmation of the relevant tier.

On request, (IBC) to provide the breakdown of final pensionable pay so that the accuracy of the pay figure can be checked.

Make the appropriate payment into the notional pension fund:

2 x final pay for lower tier
4 x final pay for upper tier

Conduct ill-health reviews at the appropriate intervals as specified in the scheme regulations and notify the administrator of any changes.

Review Injury Award pensions on an annual basis to ensure the correct DWP deductible benefits have been taken into account.

Function/ task: Leaving before retirement – deferred benefits	
Employer responsibility	**Administrator responsibility**
Notify the administrator using the relevant leaver form, ensuring all information is accurately provided, within 4 weeks of the member's date of leaving. **N.B.** This includes members opting out with more than three months' service.	Accurately update member records on the pensions administration system. Notify the member of their deferred benefit entitlement and options within 2 months of receiving the correctly completed leaver form. Calculate and pay a refund to an eligible member within 10 working days of receiving all relevant documentation. Issue one transfer-out quotation, guaranteed for 3 months, within 10 days of receiving all the information required. Pay any transfer payment due within 10 working days of notification from the receiving body

Function/ task: Members with deferred benefits	
Employer responsibility	**Administrator responsibility**
Keep adequate HR records for deferred members in case of a request for early payment. Following an application from a former member to have their deferred benefits paid early in ill-health grounds, obtain a medical opinion from an IQMP on the relevant certificate, and determine whether the member is eligible. Submit the relevant, fully completed form to the administrator, including a copy of the IQMP certificate.	Accurately update member records on the pensions administration system. Provide each deferred member with an annual statement of benefits, updated by the pensions increase award when applicable. Calculate and pay required benefits in line with the above timescales for retirement.

Function/ task: Death in service

Employer responsibility	Administrator responsibility
Inform the administrator immediately following the death of a member using the appropriate means, providing details of the next of kin if known.	Send an acknowledgement letter to the next of kin within 5 working days of notification of death. Provide a letter to dependents confirming the benefits payable within 10 working days of receiving all certificates, proof of identity, and relevant completed forms. Assist the FRA and the next of kin by ensuring that benefit options and payments are expedited in an appropriate and compassionate manner. Pay any death grant due within 10 working days of all relevant information being received. Review children's pensions at age 18 or annually if continue in full time education to age 23.
Function/ task: Death on pension	
Employer responsibility	**Administrator responsibility**
Where the FRA is made aware of the death of retired member, ensure that the administrator has been notified of the death to avoid overpayment of pension.	Send an acknowledgement letter to the next of kin within 5 working days of notification of death.

	Provide a letter to dependents confirming the benefits payable within 10 working days of receiving all certificates, proof of identity, and relevant completed forms. Assist the FRA and the next of kin by ensuring that benefit options and payments are expedited in an appropriate and compassionate manner.

Function/ task: Purchase of added pension	
Employer responsibility	**Administrator responsibility**
Provide member with factsheet and quotation form on request. Form to be returned to the administrator. IBC: Arrange payroll deductions as advised by Pensions Services	Provide quote and election form to member within 10 working days of receipt of completed request. Advise employer of start date of contract and deductions from pay. Maintain a record of additional pension contracts. Pay the relevant benefits alongside main scheme benefits at retirement/ transfer-out.

9 Local Pension Board responsibilities

Local Pension Boards were required to be established by the 1 April 2015 under the provisions of Section 5 of the Public Service Pensions Act 2013 and regulation 4A of The Firefighters' Pension Scheme (Amendment) (Governance) Regulations 2015.

The regulations state that each FRA must have an equal number of employer and member representatives, with a minimum of four members in total. Members are expected to have a sufficient degree of knowledge and understanding of the pension scheme to allow them to fulfil their role, which is to assist the scheme manager in complying with the pension scheme rules.

The LGA Bluelight pensions team can provide annual training for boards at a local or regional level. TPR also offers a series of courses on the Public Service toolkit, to help those involved in scheme governance to improve their knowledge.

The Firefighter's Pensions (England) Scheme Advisory Board (SAB) website holds a range of resources that have been developed to facilitate the effective running of Local Pension Boards.

Appendix 1. Standard timescales

Please see 7.1 Performance reporting for more information.

Work-flow/ task	**Standard** (working days)
Respond to member queries	10 days
New starters processed	10 days
Changes in details processed	10 days
Active ABS issued	31 August – where year-end on time
Deferred ABS issued	30 June
Year-end queries to FRA	2 months
Pension saving statements	6 October
Divorce estimates	3 months
Transfers in	10 days
Transfer out estimates	10 days
Transfers out	10 days
Refunds paid	10 days
Deferred benefits calculated	2 months
Retirement options sent	10 days
Retirement benefits processed for payment	5 days (or by retirement date if sooner)
Deferred benefits paid	5 days
Death notification processed	5 days
Dependants benefits paid	5 days
Death grant paid	5 days
Retirement commutation paid	5 days
Payments recalled due to death	11am day before payroll
Changes to bank details	Payroll cut off

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Oxfordshire County Council Fire Pension Board

Conflict of Interests Policy

Introduction

1.1 The Public Service Pensions Act 2013 introduced a framework for governance and administration of public service pension schemes and provides an extended regulatory oversight by the Pensions Regulator.

1.2 The Act requires that the Scheme Manager:

- Be satisfied that a person to be appointed as a member of the Pension Board does not have a conflict of interest; and

- Be satisfied from time to time that none of the members of the Pension Board has a conflict of interest.

1.3 A conflict of interest is a financial or other interest likely to prejudice the way in which someone carries out their role as a member of the Pension Board. It does not include, however, a financial or other interest arising from being a member of the Firefighter Pension Scheme or any connected scheme for which the Board is established.

Policy

2.1 The Scheme Manager must be satisfied that:

- A person to be appointed as a member of the Pension Board does not have a conflict of interest
- On an ongoing basis that none of the members of the Pension Board have a conflict of interest

2.2 The Pension Board members will be required to provide the Scheme Manager with such information as the Scheme Manager requires for the purposes of meeting the requirements referred to above.

2.3 Actual conflicts of interest are prohibited under the pension regulations and therefore cannot be managed. Only potential conflicts of interest can be managed.

Application

2.4 A conflict of interest may arise in the following circumstance:

Pension Board members fulfil their statutory role of assisting the Scheme Manager in securing compliance with the Scheme Regulations, other legislation relating to the governance and administration of the scheme and any *requirements imposed by the regulator or with any other matter for which they are responsible whilst having a separate personal interest (financial or otherwise) the nature of which gives rise to a possible conflict with their statutory role*.

2.5 Members of the Pension Board will be expected to comply with both the requirements of the Public Services Pensions Act 2013 and the seven principles of public life (formerly known as the Nolan principles) which are set out below:

i) Selflessness – holders of public office should act in terms of the public interest.

ii) Integrity – holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

iii) Objectivity – holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

iv) Accountability – holders of public office are accountable for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

v) Openness – holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

vi) Honesty – holders of public office should be truthful.

vii) Leadership – holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

2.6 If a Pension Board Member has a dual interest which may include other responsibilities, the Scheme Manager and Pension Board Members will need to consider all other interests, financial or otherwise when considering interests which may give rise to a potential or actual conflict.

2.7 Conflicts of interest will be considered in line with a three-stage process:

- Identification of the potential conflict.

- Monitoring of the potential conflict.

- Managing the potential conflict.

Identifying Potential Conflicts

2.8 Pension Board members will be expected to be open and transparent in disclosure of potential conflicts.

2.9 Disclosure of interests which have the potential to become conflicts of interest should be declared to the Pension Scheme Manager.

2.10 Pension Board members will have a clear understanding of their role and the circumstances in which they may find themselves in a position of conflict of interest.

2.12 Pension Board members will be required to formally declare any interests including other responsibilities, which could become a conflict of interest, and which may adversely affect their suitability for the role, to the Scheme Manager, before they are appointed to the Pensions Board.

2.13 Pension Board members will be required to provide the Scheme Manager with any information that they reasonably require to be satisfied that Pension Board members do not have a conflict of interest.

2.14 The Scheme Manager will consider what issues or important matters, or decisions are likely to be considered in the following year ahead and identify and consider any potential or actual conflicts of interests that may arise in the future.

2.15 Where potential conflicts exist Pension Board members should be notified as soon as is practically possible to enable risk controls to be put in place to mitigate the impact of the conflict.

Monitoring Potential Conflicts

2.17 The Scheme Manager will be responsible for evaluating and managing dual interest risks which have the potential to become conflicts of interest and pose a risk to the scheme if they are not mitigated.

2.18 On appointment, a Pension Board Member will be expected to complete a Pension Board Register of Interests for recording and monitoring dual interest and responsibilities. (Attached at Appendix A).

2.19 Where decisions are taken to manage potential conflicts of interests this should be recorded on a risk register by the Scheme Manager.

2.20 The Pension Board register of interests and other relevant documents will be circulated to the Pension Board for ongoing review and be published on the Service intranet.

2.21 Conflicts of interest should be included as an opening agenda item at all Pension Board meetings and revisited during the meeting, where necessary. Those present will be required to declare any conflict of interest, including other responsibilities, which have the potential to become conflict of interests. Any discussion about how the conflict of interest is to be managed should be recorded in the meeting minutes.

Managing Potential Conflicts of Interest

2.22 The Pension Board should not be compromised at any stage by potentially conflicted members. The roles and responsibilities of Pension Board members should be carefully considered to ensure that any potential conflicts do not arise or are not perceived to have arisen.

2.23 Appropriate risk controls should be implemented where a potential conflict of interest has been identified.

APPENDIX 3

Appendix A

PENSION BOARD MEMBER REGISTER OF INTERESTS

As a general principle, members of the Pension Board should err on the side of caution and declare any interests that they think may be a potential conflict of interest.

Name	Nature of Role on pension Board i.e., employer of NFRS, elected member, Representative Body Member	Date

Interest	Detail	Scheme Manager's Control Measures
1. **Companies and Securities** e.g., where you or a close relative or friend has a significant shareholding of a company (£25k or 1% of total shareholding) or is actively involved in running a company which might impact on the running of the Firefighter pension Scheme		
2. **Contracts** e.g., where you or a close relative of friend intends to bid for a contract that may have an impact on the administration of the **Firefighter Pension Scheme**		
3. **Employment or Business** Any employment or business carried on by the pension Board member.		
4. **Directorship**		

Interest	Detail	Scheme Manager's Control Measures
Any contract for goods, services or works made between the Authority and the employee or a firm in which the employee is a partner or a company director.		
5. Outside bodies Any outside body to which you have been appointed by the Fire Authority.		
6. Other Outside Bodies of which I am a member or in a position of general control or management. Anybody which provides functions of a public nature or is directed towards charitable purposes.		
7. Other interests **Other interests which may in any way conflict with membership of the Fire fighter pension Board.** This may include membership of any organisation not open to public without formal membership and with a commitment of allegiance which has secrecy about rules of membership or conduct and where there is potential for questions to be raised in relation to the award of contracts or employment between members.		

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Oxfordshire Pension Fund

Conflicts of Interest Policy

1. Background

This policy sets out how Oxfordshire County Council (the "Council") will identify, manage and mitigate potential conflicts of interest that may arise in carrying out its role as the administering authority for the Oxfordshire Pension Fund (the "Fund").

The Council recognises that its dual role as both an employer participating in the Fund and the body legally tasked with its management can produce the potential for conflicts of interest. Furthermore, those individuals involved in managing, overseeing or advising the Fund may, from time to time, find that they face competing incentives, financial or otherwise, as a result of their professional or personal circumstances.

It is important, therefore, that these potential conflicts are managed in order to ensure that no actual or perceived conflict of interest arises and that all the Fund's employers and scheme members are treated fairly and equitably.

2. Objectives

- To ensure that those involved in the operation of the Fund fulfil their duties under public law to act solely in the interests of The Fund's employers and scheme members.

- To provide confidence to scheme members, employers, regulators or any other interested parties that those responsible for the Fund are fully committed to identifying, managing and monitoring conflicts of interest.

- To minimise the risk to the Fund that conflicts of interest arise that prejudice good decision making or any other aspect of the good management of the Fund.

- To promote openness, transparency and a commitment to the Seven Principles of Public Life in all aspects of the Fund's business.

3. Application of this policy

This policy applies to all members of the Oxfordshire COUNTY COUNCIL pension committee, local pension board, Section 151 officer, officers who carry out functions on behalf of the Pension Committee and any third parties providing advice or services to the Fund.

Every individual covered by this policy must take individual responsibility for the management of potential conflicts of interest.

The Head of Pensions will be responsible for ensuring that this policy is adhered to and that any processes for managing conflicts of interest are followed.

In any situation where the Head of Pensions may have a potential or actual conflict of interest, the responsibility for ensuring that this policy is adhered to and that any relevant processes are followed shall lie with the monitoring officer for Oxfordshire County Council.

4. Defining Conflicts of Interest

The Fund has adopted the definition of conflict of interest defined in The Public Service Pensions Act 2013[1]:

> *"conflict of interest", in relation to a person, means a financial or other interest which is likely to prejudice the person's exercise of functions as a member of the board (but does not include a financial or other interest arising merely by virtue of membership of the scheme or any connected scheme).*

In addition to this policy there are other legal requirements which are also relevant to the Fund's management of conflicts of interest, these include;

- Regulation 108 of The LGPS Regulations 2013, which places duties on The Council, as the administering authority to the Fund, to be satisfied that Local Pension Board members do not have conflicts of interest on appointment to, or whilst a member of, the Board.

- The Localism Act 2011[2] requires elected members to comply with their own authority's code of conduct and to declare pecuniary interest and interests other than pecuniary interests.

- The 'Seven Principles of Public Life', also known as the 'Nolan Principles', with which any holder of public office is also expected to comply. These are;

Selflessness	Holders of public office should act solely in terms of the public interest.
Integrity	Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or

[1] Section 5(5)
[2] Chapter 7

	their friends. They must declare and resolve any interests and relationships.
Objectivity	Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.
Accountability	Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.
Openness	Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.
Honesty	Holders of public office should be truthful.
Leadership	Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

5. Managing conflicts of interest

The Council recognises that its dual role as both an employer participating in the Fund and the body legally tasked with its management can produce the potential for conflicts of interest to arise in certain areas. It is important that these potential conflicts are managed in order to ensure that no actual or perceived conflict of interest arises and that all the Fund's employers and scheme members are treated fairly and equitably.

These areas are considered in more detail below.

Contribution setting for employers

The setting of employer contribution rates must be done in a way that is fair and transparent. No employer or individual should be in the position to unduly influence the contribution setting process.

The Fund achieves this in the following ways:

- The Funding Strategy Statement sets out the Fund's approach to all funding related matters including the setting of contribution rates. This policy is set with regard to the advice of the Fund Actuary and is opened to consultation with all Fund employers before being formally adopted by the Pension Committee.

- The approach to contribution setting is based on specific employer characteristics such as its time horizon, strength of covenant and risk profile. This approach ensures consistency across all employers and removes the possibility of any employer receiving more, or less, favourable treatment.

Delivering the LGPS function for all employers

All employers within the Fund are entitled to receive the same high-quality service and support from the Fund. Equally, the expectation on employers in respect of their obligations under the LGPS are the same for all employers. There should no perception that the Council receives more favourable terms with regards to the service received from, or the obligations expected to, the Fund.

- The Fund’s administration strategy sets out the way in which the Fund works with its employers and the mutual service standards expected. The policy details how the Fund will assist employers to ensure that they are best placed to meet their statutory LGPS obligations. On occasions where an employer’s failure to comply with required processes and standards has led to the Fund incurring additional cost, the policy also provides for that cost to be recovered from the employer in question. This policy has been opened to consultation with all the Fund’s employers and is operated in a consistent fashion across all the employer base.

- The pension fund is run for the benefit of its members and on behalf of all its employers. It is important therefore that the Fund’s budget is set and managed separately from the expenditure of the Council. Decisions regarding pension fund resource are approved by the Pension Committee on recommendation from the S151 officer.

Investment decisions

The primary investment objective of the Fund is to ensure that over the long term there will be sufficient assets to meet all pension liabilities as they fall due. Investment decision have an impact on all employers within the Fund and so should reflect the long-term requirements of the Fund.

- The Investment Strategy Statement sets out how the Fund’s money will be invested in order to meet future liabilities and contains the Fund’s investment objectives and the asset classes in which it will invest. It also contains the Fund’s approach to assessing environmental, social and governance risks and how it will act as a responsible asset owner with regard to engagement and voting shares for companies in which it is invested. The Statement also explains the Fund’s approach to investments which deliver a social impact as well as a purely financial return.

- The Investment Strategy Statement is a statement of the beliefs, objectives and strategies pertaining to pension fund investments and is separate to and distinct from any policies that apply to the Council. For example, the Council may have particular strategies regarding tobacco investment as a consequence of its public health duties. This should remain distinct from the Fund's investment strategy, as set by the Pension Committee and which is operated on behalf of all Fund employers. A similar situation arises in respect of the Council's policy regarding matters such as investment in local housing or other infrastructure within the county, which remain distinct from the policies and strategies of the Pension Fund.

- From time to time the Council may pursue certain climate related goals, for example a commitment to being carbon neutral by a certain date. Actions taken in pursuit of these goals may impact on members and employees of the Council in certain ways, for example members and staff may be required to pursue low carbon travel options when travelling on Council business. Where this is the case, members and employees carrying out work related to the management of the Fund will be subject to the same polices as all other Council members or staff, insofar as they reflect operational matters. However, decisions in respect of Fund investments are made by the Pension Fund Committee on behalf of all employers in the Fund and as such will be made independently of any such Oxfordshire County Council policies and strategies, though the Committee could independently reach the same outcomes.

- All investment decisions are taken in accordance with the Investment Strategy Statement, following appropriate professional advice. No person with a conflict of interest relating to a particular investment decision may take part in that decision.

Standards and behaviours

It is important that those managing the Fund adhere to the highest standards of public office.

- The Oxfordshire County Council Code of Conduct for Members applies to all members or voting co-opted members of the Council.

- In addition, the code has been adopted to apply to all members of the Pension Committee and Local Pension Board. The policy sets out the Council's approach to:

    - Standards of behaviour
    - Registration of members' interests
    - Disclosable pecuniary interests
    - Sensitive interests
    - Gifts and hospitality

Pooling

The Council is one of 10 equal shareholders in the Brunel Pension Partnership ("BPP"). The shareholders, as LGPS administering authorities, also purchase investment management services from BPP. The nature of this relationship has the potential to lead to conflicts of interest that must be managed. The following mechanisms are in place.

- The interests of the shareholders of BPP and those of any specific administering authority may not always be aligned. In order to ensure that the interests of the shareholders and of those procuring services from BPP are both protected it is important that there is appropriate separation between the two functions. To achieve this separation of responsibilities, the Section 151 officer for the Council acts in a shareholding capacity while the Head of Pensions acting for the Pension Committee undertakes the client role.

- BPP has its own conflicts of interest policy, contained within the Service Agreement (specifically Schedule 7 (Manager's Conflicts of Interest Policy)) signed by all 10 client funds. This document is reviewed every 12 to 24 months and contains the key principle that "Brunel should not provide services in a manner that will advance one client's interest over another's". The policy sets out how BPP manages potential conflicts of interest though the various mechanism, which are summarised below;

    - Training staff on the types of conflicts which may arise, including providing examples of such potential conflicts

    - Adopting specific policies on potential conflict situations that may arise through the possession of inside information, such as its Market Abuse & Insider Information Policy, Personal Account Dealing Policy and Gifts & Entertainment Policy

    - Requiring all staff to disclose conflicts immediately upon becoming aware of them

    - Setting out clear roles and responsibilities, both in relation to the Policy and the processes described within it

    - Maintaining a register of staff external interests to allow potential conflicts to be identified and avoided before they arise

    - Maintaining a register of instances of conflicts as they arise

    - Carrying out a rigorous assessment of any potential conflicts that are identified and adopting appropriate measures, including escalation where required, to avoid or minimise any actual conflicts, always putting clients' interests first

- It is important that no administering authority has undue influence on decisions made by Brunel. In order ensure this is the case the service agreement requires that BPP must act in the interest of the Pool as a whole and may not favour any individual or group of funds over the rest. The Shareholders Agreement requires that certain key decision must be carried with agreement from eight of the ten constituent funds. Some decisions must be carried unanimously.

- There is a provision within the Service Agreement for individual client funds to contract separately for service from BPP. This might occur where a funds wishes to access an asset class that no other funds require. In reaching such agreements BPP must recognise its obligation to act in the interest of all Pool members and so may not enter into such an arrangement where there may be a conflict of interest with other constituent funds or where doing so may lead to a detrimental service being provided to the Pool as a whole.

- Given the nature of the LGPS the likelihood exists that individuals with particular skills may move from employment with an administering authority to BPP or the other way around. This is perfectly appropriate, and the transfer of knowledge can be beneficial to all parties. However, it is important that there is no suggestion that any individual is in a position to influence unduly the recruitment or remuneration setting processes. This is managed by ensuring that all recruitment to BPP and to the constituent funds is carried out through a robust, open, competitive recruitment process involving HR professionals. Furthermore, key shareholder decisions such as those relating to remuneration policy must be carried unanimously by the ten funds. This ensures that no one individual has the ability to influence policy in those areas unduly.

Third parties

- The Fund requires its professional advisors, suppliers and any other third-party providing advice or services to have in place conflict management plans which set out how those firms will;
    - declare any potential conflict of interest that exists on appointment;
    - communicate with the Administering Authority on any conflicts of interest that arise during the course of the contract;
    - put in place processes that will manage those conflicts.

6. How conflicts of interest will be managed

In addition to the framework of polices set out in section 5, Oxfordshire County Council will manage conflicts of interest in the following way;

Declarations of interest on appointment

On appointment to the pension committee, local pension board or to a role on the Pension Management Team, or at the date of commencement of this policy if later, all individuals will be provided with a copy of this policy and be required to complete a declaration of interest form. This information is entered onto the Council's database system, Modern.Gov, which is directly uploaded to the Council's website and can be found here: Find Councillor | Oxfordshire County Council.

Advisers and service providers will be provided with a copy of this policy on appointment, or at the date of commencement of this policy if later. Advisers and service providers must declare any commercial or personal relationships which may result in conflicts of interest arising or which may give the perception that a conflict of interest exists or may do so in future.

Continued monitoring of potential conflicts of interest

Any individual covered by this policy must declare, at the earliest opportunity, if their circumstances change in such a way that a new potential or actual conflict of interest arises, or if a former conflict ceases to apply. The register of interests will be updated accordingly.

If any individual covered by this policy becomes aware that a pension committee meeting, local pension board meeting or any other meeting concerning matters relating to the Oxfordshire Pension Fund will contain an item that places them in a conflicted position they must advise the Chair of the meeting and Head of Pensions. The Head of Pensions, taking such advice as they consider appropriate will be responsible for determining the action to be taken.

From time to time a conflict of interest may arise during a meeting which was not anticipated prior to the meeting. In such cases the individual to whom the conflict pertains should advise the clerk and make an immediate declaration. Any other person may make the clerk aware if they believe an individual participating in the meeting has a conflict of interest. The clerk of the meeting and the chair, taking such advice as they consider appropriate will be responsible for determining the action to be taken.

Managing conflicts of interest

The options for managing a conflict are as follows;

- The individual is excluded from the meeting for the period during which the item pertaining to the potential or actual conflict of interest is discussed. If the item is one in which papers are not made public under Part I of Schedule 12A of the Local Government Act 1972 then the member will not have access to those papers, or minutes relating to that item.

- If the item is one at which members of the public are allowed to speak, the individual may also speak having first declared their interest. The individual must not take any further part in that agenda item including the decision-making process.

- If the Head of Pensions, having taken advice that they consider appropriate, believes that an individual has a significant or persistent conflict of interest, such that it is impossible or impractical to manage and undermines their ability to carry out their role, the individual may be removed from their position.

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OXFORDSHIRE PENSION FUND
REPORT AND ACCOUNTS 2023/24

Registered Number: PS049/20

CONTENTS

FOREWORD TO THE 2023/24 PENSION FUND REPORT AND ACCOUNTS BY THE EXECUTIVE DIRECTOR FOR RESOURCES AND SECTION 151 OFFICER

Introduction

Much like the previous year, 2023/24 was a year of steady development whilst waiting for the publication of a number of expected Government proposals. The expected consultations on the future pooling arrangements, investments to support the levelling up agenda, the introduction of improved climate change reporting in line with the requirements of the Taskforce for Climate-related Financial Disclosures (TCFD), and good governance all again failed to see the light of day during 2023/24. We wait with interest whether the change in national Government will lead to a change in the pace of development within the Local Government Pension Scheme (LGPS).

Progress was made on a number of fronts during the last year. We continued to strengthen the governance arrangements of the Fund as we developed the new Governance and Communications Team, and they began the work to ensure compliance with the new General Code of Practice issued by the Pension Fund Regulator. The Investment Team continued to develop our work on responsible investment, with key achievements being our first successful application to the Financial Reporting Council to be recognised as a signatory under the UK Stewardship Code, and the publication of our first Responsible Investment Policy. Within the Administration Service, the key challenge was dealing with all additional work associated with implementing the McCloud remedy. Significant effort was required both within the Administration Team but also across all scheme employers, with a lot more effort required over the forthcoming year.

Key Outcomes during 2023/24

The year began with the announcement of our successful application under the Stewardship Code. This was our first application, and whilst there were a number of areas identified for future improvements, we were delighted with the successful outcome. To be recognised as a signatory to the Code confirms that we have evidenced our commitment to engaging with our investee companies and using our voice and votes to encourage companies to act in a way that delivers long-term sustainable solutions, across the full range of environmental, social and governance issues. We have recently received confirmation from the Financial Reporting Council that they have renewed our position as signatories to the Code for a second year.

Work on the new Responsible Investment Policy began with a survey of scheme members which saw an unprecedented response, with over 4,000 scheme members completing the survey and providing their views on the priorities they wished to see the Fund focus on. The Policy was finalised following a workshop with members of the Committee and Board led by an independent facilitator, and a final consultation exercise which included all stakeholders.

A key delivery against the Climate Change Policy which now forms a key element of the Responsible investment Policy, was the investment alongside 5 other Funds from the Brunel Partnership in Wessex Gardens, a renewable infrastructure portfolio, with investments focussed within the Brunel region.

The Fund

The Fund again saw turnover amongst the scheme employers, largely confined to the admitted bodies, with 8 new admitted bodies, and the cessation of 3 others. This largely reflects movements of schools, either new academies or switches between Trusts, and the results of outsourcing arrangements. There were 190 scheme employers as at 31 March 2024. The Fund had a total of 73,163 members as at 31 March 2024, an increase of 2.7% since last year.

In terms of cash-flow, the Fund saw a significant increase in contributions following the results of the 2022 Valuation, which increased net positive cashflow from dealings with scheme members from £15.1m last year to £26.3m. This will be reviewed as part of the work on the 2025 Valuation, with the option to switch to income classes in a number of the existing investment portfolios (so investment income is paid back to the Fund rather than being re-investing as is the current practice).

Investment Performance

The Fund value increased significantly over the course of the 2023/24 financial year ending the year at £3.527bn (£3.2billion as at 31 March 2023). Total investment return over the year was 11.4%. Whilst this was 1% below the benchmark return, this was well in excess of the rates assumed by the Fund Actuary when setting contribution rates, leading to further improvements in the funding level for the Fund. Latest estimates are the Fund is 147% funded in respect of the pension benefits earned to date, although it should be noted that two thirds of the benefits to be paid out over the next 50 years have not yet been earned or funded.

The Future

The new Labour Government have already made it clear that they share the desire of the previous Government to encourage Pension Funds to invest in the UK economy. They have already moved to establish the National Wealth Fund as the vehicle through which these investments should be made. The extent to which the Government will encourage/require LGPS Funds to invest in the National Wealth Fund, and how this interacts with the Fund's fiduciary duty remains to be seen.

Linked to this discussion, is the question of how many LGPS Funds/Pools should there be in the future. Again, this question was first raised by the previous Conservative Government and appears to have been taken forward by the new Government. Whether the aim is to deliver further economies of scale, and/or improve the professionalism of decision makers (with the expectation that this in turn would lead to greater investments in line with Government policy) is also unclear.

For the Oxfordshire Fund, these future challenges will be taken on with a new strategic leadership team. The Committee changed both its Chair and Vice Chair at it's June meeting, and we have also seen changes on the Officer front, with the retirement of the Head of Pensions and the Pension Services Administration Manager, both after serving the Fund for over 20 years.

The changes in leadership are tied into the first priority area in the 2024/25 Business Plan for the Pension Fund, with the inclusion of the development of a succession plan and a new workforce strategy as part of the further developments of the Fund's governance arrangements. Other key deliverables under this priority are full compliance with the new General Code of Practice issued by the Pension Regulator, improved skills and knowledge scores for members of the Committee and Pension Board, and improved reporting to evidence compliance with Fund policies and that these policies are effective in delivering the expected outcomes.

The second priority area for 2024/25 is to improve the operational effectiveness of the Administration function, as measured by a reduction in complaints and regulatory breaches, and improvements in customer satisfaction and data quality. Delivery against the requirements of the McCloud remedy is another key aspect of this priority. Part of the delivery of this priority will include exploring the benefits of Artificial Intelligence and seeking to automate as much of the administration processes as possible.

The third and final priority area brings together work on the 2025 Valuation, implementation of Government Policy and the Funds own Responsible Investment Policy, and the modelling of the Fund's cashflow, to develop a revised Investment Strategy Statement. A balance will need to be found between meeting the various needs of scheme employers in respect of level and stability of contribution rates, the wishes of Government and the need to ensure sufficient liquidity to meet any cashflow shortfalls when paying pensions.

There should be plenty to do for all involved in the governance of the Pension Fund.

Lorna Baxter
Executive Director of Resources & Section 151 Officer July 2024

The Oxfordshire Local Government Pension Scheme (LGPS) Pension Board

All Public Sector Pension Schemes were required under the Public Service Pensions Act 2013 to set up a Pension Board with effect from 2015/16 to assist the administering authorities of their Pension Scheme in ensuring compliance with LGPS and other pension regulations.

The Oxfordshire Pension Fund Committee, acting as administering authority of the Oxfordshire LGPS, agreed the terms of reference of the Pension Board in March 2015. These terms of reference are available on the Board's website at https://www.oxfordshire.gov.uk/cms/content/lgps-local-pension-board .

Under the constitution of the Board, an annual report on the work of the Board should be produced by the Board for inclusion in the Fund's own annual report; and it should be presented to the Pension Fund Committee within 6 months following the end of the municipal year. This report meets that requirement for the 2023/24 financial year, covering the work from the July 2023 Board meeting to their meeting on 3 May 2024.

Board Membership

The Board started the year with a vacancy for one scheme employer representative following the resignation of Elizabeth Griffiths who had taken on a new employment outside Oxfordshire and was therefore no longer eligible to serve on the Board as an Oxfordshire Scheme Employer representative. Following the July meeting, Marcia Slater also resigned her position on the Board in light of her impending retirement, which meant she too was no longer eligible to serve. The Board thanks both Elizabeth and Marcia for their contributions.

The two employer representative vacancies were advertised via the employer's newsletter and on the Fund Website. This attracted a very limited response, and whilst Susan Blunsden, the HR Manager at Cherwell District Council was appointed to serve on the Board, the other vacancy has remained empty for the rest of the year. Repeat advertisements have been made but no interest attracted. Attendance at Board meetings was as follows:

	Attended 7 July 2023 Meeting	Attended 20 October 2023 Meeting	Attended 26 January 2024 Meeting	Attended 3 May 2024 Meeting
Scheme Employer Representatives				
Angela Priestley-Gibbins (The Thera Trust)	Yes	Yes	Yes	Yes
Marcia Slater (Vale of White Horse/South Oxfordshire District Councils)	Yes	N/A	N/A	N/A
Susan Blunsden (Cherwell District Council)	N/A	Yes	Yes	Yes
Vacant Post	No	No	No	No
Scheme Member Representatives				
Stephen Davis (Oxford Direct Services & Unite)	Yes	Yes	Yes	Yes
Alistair Bastin (Oxfordshire County Council & Unison)	Yes	Yes	Yes	No

Liz Hayden (Retired Member)	No	Yes	No	Yes

All meetings were chaired by the Independent Chairman, Matthew Trebilcock, the Head of Pensions from the Gloucestershire Pension Fund. Cllr Bob Johnston attended all meetings of the Board in his capacity as Chairman of the Pension Fund Committee as part of the arrangements agreed within the Governance Review to improve communications between the Committee and Board.

Angela Priestley-Gibbins, Alistair Bastin and Stephen Davis all regularly attended the Pension Fund Committee as observers, with one of them presenting the report of the Board to the Committee. Board Members were also regular attenders at the training events run through the year, to which all Committee and Board members were invited.

With the agreement of the Independent Chairman and members of the Board, all meetings of the Board during 2023/24 were held virtually. As the Board was set up under separate legal provision from the other County Council Committees, there is no legal requirement for meetings to be held in person.

Members of the Board also attended the Planning Workshop held on 15 January 2024 which discussed the 2024/25 Business Plan, and the workshop held on 26 January 2024 to develop the draft Responsible Investment Policy.

The Board have also been represented throughout the year on the Climate Change Working Group by Alistair Bastin. Alistair has also served as a member of the Brunel Oversight Board as one of two representatives of all scheme members on that Board following an election process across the ten Funds within the Brunel Pension Partnership.

Alistair Bastin also sat as a member of the technical interview panel as part of the selection process for the new Head of Pensions position. The Panel provided advice to the Executive Director of Resources & Section 151 Officer on the LGPS knowledge, skills and experience evidenced by the candidates, who was responsible for making the final decision on the appointment.

Work Programme

The work programme for the Board continued as a mix of a regular review of a set of standard reports as presented to the previous meeting of the Pension Fund Committee, ad-hoc review of reports to the Pension Fund Committee and new items brought direct by the Fund's officers or made at the request of Board members.

The standard reports reviewed at each of the Board meetings in that last year were:

- Review of the Annual Business Plan and Budget
- Governance and Communications Report
- Risk Register
- Administration Report

The main issues identified by the Board in respect of these reports were in respect of the skills, knowledge and experience of those charged with the governance of the Fund. At the start of the year, this was focussed on the turnover of membership on the Board itself. During the year, the Board also expressed concern following the change in Independent Investment Adviser to the Fund and the retirements of the Head of Pensions and the Pension Services Manager.

The Board also raised specific concerns around the resources available to manage the McCloud project and kept a regular review of the status of the project throughout the year.

A major element of the work of the Board during the year focussed on the new General Code of Practice, published by the Pension Regulator early in 2024. The Board reviewed the initial assessment of the Fund's position against the draft Code, as well as the Action Plan to address the identified gaps against the final version of the Code.

Other aspects of governance developed during the year with the support of the new Governance and Communications Team were the development of a register of the Fund's statutory policies and a timetable for their regular review, and the review of the Breaches Policy and the quarterly breaches log. In respect of the latter, the Board noted that improvements in process and reporting initially led to the reporting of an increased number of breaches. This did not reflect a decline in performance, and indeed the increased transparency should lead to earlier identification and resolution of any issues.

During the year, the Board reviewed the following Committee reports:

- October 2023 – the Annual Report and Accounts for the Pension Fund, and the Fund's first application against the Stewardship Code.
- May 2024 – the Board reviewed the annual assessment of the Fund's cyber security arrangements, a report on workforce planning, and the Fund's first Responsible Investment Policy. The Board welcomed the approach to workforce planning including the development of improved succession arrangements through the employment of a training officer, and the development of technology to automate many manual processes and improve the service to scheme members. The Board expressed some reservations about the increase in agile working. Whilst accepting the benefits, including widening the field from which new staff could be recruited, they expressed some concerns about the support for new staff where delivered remotely and the potential loss of team unity.

The new items considered by the Board which had not previously been presented to the Pension Fund Committee were:

- The Boards own Annual Report for the 2022/23 financial year considered at the July 2023 meeting.
- Two reports on investment management fees and portfolio performance. This included the standard annual report presented to the Board at its meeting in July 2023, and an additional report which looked to identify overall savings in investment management fees since the introduction of pooling, which was presented to the meeting in May 2024. The Board again noted the limitations of the reports given the lack of long-term data resulting from the significant transition in investments as a consequence of the Government's pooling agenda.
- A report on Pension Scams presented to the October meeting of the Board following concerns by Board members about the risks to scheme members and the Fund itself. The Board accepted the arrangements put in place by Pension Services mitigated these risks as far as possible.
- A further report on scheme member engagement to the January meeting, which followed up on the work led by the Board in 2022/23. The Board focussed on the process for obtaining the views of both scheme members and employers on service performance. The Board also supported the responsible investment survey which got over 4,000 responses from scheme members, significantly above previous consultation exercises. The Board noted that this consultation was undertaken through email to all members for whom we held an email address on their record, and that we continued to seek to collect email addresses and mobile phone numbers for all members to further improve our future communications.

Future Work Programme

A key work area for the Board during 2024/25 will be the action plan for addressing all areas of non-compliance with the new General Code of Practice issued by the Pension Regulator. This is consistent with one of the primary objectives of the Board to ensure that the Pension Fund Committee is meeting its regulatory duties and ensuring all material breaches are reported to the Pension Regulator.

The Board will also maintain its focus on the standard administration report, review of the annual business plan, governance and communications report and the risk register to ensure that the Committee is able to meet its statutory duties, and performance is delivered to the appropriate standards.

The Board will also maintain its focus on the future governance arrangements for the Fund and in particular the impact of the changes to the leadership of the Fund both on the Committee and at Officer level. Key to this will be reviewing the current training arrangements and the effectiveness of these in ensuring appropriate levels of skills and knowledge on the Committee and the Board itself. Reviewing the development of the Workforce Strategy will also form a key part of the Board's work in this area, including the development of self-service tools for scheme members, the automation of certain process, and a review of the level of checking undertaken within the administration teams.

Other areas of work for the Board in 2024/25 will be to oversight the preparation work undertaken by the Committee for the 2025 Valuation, and the implementation of the new Responsible Investment Policy.

Board Members Training 2023/24 **Appendix**

Local Pension Board Member Training 2023/24	
Alistair Bastin	PLSA Local Authority Conference
	LPB Training - Autumn Series 2023
	LGA LGPS Governance Conference 2024
	LAPFF Annual Conference
	CIPFA Annual Pension Board Conference
	UNISON National LGPS Seminar
	LGA Cost Transparency Workshop
	Pension Regulator's New General Code of Practice
Angela Priestley-Gibbins	CIPFA Annual Pension Board Conference
	LGA LGPS Governance Conference 2024
	Oxfordshire Pension Fund Training Day - Accounts and Audit & Investment Performance
	LPB Training - Autumn Series 2023
	Brunel Investor Day (PM session)
	Employer Forum
	Hymans Robertson - Webinars
	CIPFA Webinar
	PLSA Local Authority Forum

Liz Hayden	LGA Fundamentals training - Day 1 online
	LGA Fundamentals training - Day 2 London
	LGA Fundamentals training - Day 3 London
	LOLA Module 1 - Committee Role and Pensions Legislation
	LOLA Module 2 - Pensions Governance
	LOLA Module 3 - Pensions Administration
	LOLA Module 4 - Pensions Accounting and Audit Standards
	LOLA Module 5 - Procurement and Relationship Management
	LOLA Module 6 - Investment Performance and Risk Management
	LOLA Module 7 - Financial Markets and Product Knowledge
	LOLA Module 8 - Actuarial methods, Standards and Practices
Marcia Slater	Oxfordshire Pension Fund Training Day - Accounts and Audit & Investment Performance
Stephen Davis	PLSA Local Authority Conference
Susan Blunsden	LGA Fundamentals training - Day 1 online
	LGA Fundamentals training - Day 2 online
	LGA Fundamentals training - Day 3 online
	LOLA Module 1 - Committee Role and Pensions Legislation
	LOLA Module 8 - Actuarial methods, Standards and Practices

Statement of Responsibilities for the Pension Fund

The County Council's Responsibilities

The County Council is required to:

- make arrangements for the proper administration of the financial affairs of the Pension Fund and to ensure that one of its officers has the responsibility for the administration of those affairs. For the County Council, that officer is the Executive Director for Resources and Section 151 Officer;

- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

The Pension Fund Committee has examined the Pension Fund accounts and authorised the Chairman to approve them on its behalf.

The Responsibilities of the Executive Director for Resources and Section 151 Officer

The Chief Finance Officer is responsible for the preparation of the Pension Fund's accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 ('the Code of Practice').

In preparing this Statement of Accounts, the Executive Director for Resources and Section 151 Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice.

The Executive Director for Resources and Section 151 Officer has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

LORNA BAXTER
Executive Director for Resources and Section 151 Officer

INDEPENDENT AUDITOR'S STATEMENT TO THE MEMBERS OF OXFORDSHIRE PENSION FUND ON THE PENSION FUND FINANCIAL STATEMENTS

SCHEME MANAGEMENT & ADVISORS

Administering Authority	Oxfordshire County Council County Hall Oxford OX1 1ND
Administrator	Executive Director Resources & Section 151 Officer
Pension Fund Committee County Council Members 2023/24 Membership	Cllr Bob Johnston (Chairman) Cllr Kevin Bulmer(Deputy Chairman) Cllr Nick Field-Johnson Cllr Imade Edosomwan Cllr Ian Middleton Cllr Michael O'Connor Cllr John Howson
Representatives of District Councils	Cllr Jo Robb (SODC)
Representatives of Scheme Employers	Alistair Fitt (Oxford Brookes University)
Scheme Member Representative	Steve Moran
Independent Investment Adviser	John Arthur Apex Investment Advisers
Fund Managers	Adams Street Partners Brunel Pension Partnership Legal & General Investment Management Partners Group Insight Investment Management
Internally Managed Funds	Listed Private Equity
Actuary	Hymans Robertson
Auditor	Ernst & Young LLP
AVC Provider	Legal and General
Custodian	State Street Bank and Trust Company
Legal Advisers	Oxfordshire County Council Legal Services
Bankers	Lloyds Bank Plc

HOW THE SCHEME OPERATES

♦ Legal Framework

The Local Government Pension Scheme is a statutory, funded defined benefit pension scheme. The operation of the Oxfordshire County Council Pension Fund is principally governed by the Local Government Pension Scheme Regulations 2013 [as amended] (effective from April 2014).[1] The scheme covers eligible employees and employees of other bodies eligible to be employers in the Scheme. A list of all those bodies with employees currently participating in the Scheme is shown on pages 15 to 19.

This career average revalued earnings (CARE), defined benefit scheme provides benefits related to actual salary for its members and the benefits are unaffected by the investment return achieved on the Scheme's assets. 'CARE' benefits build up each year with annual revaluation while pensions paid to retired employees, their dependents, and deferred benefits are subject to mandatory increases in accordance with annual pension increase legislation. Since 2011 the amount is based the Consumer Price Index (CPI).

All active LGPS members at 31 March 2014 were transferred to the new LGPS for 1 April 2014. Their final salary benefits linked to the final pay definitions of the previous regulations continue while accrual of membership stopped at 31 March 2014.
Pension Investment and Administration is governed by Her Majesty's Customs and Revenue Office (HMRC) setting out personal maximum values of benefit and reporting structures for schemes.

♦ Contributions

The Oxfordshire County Council Pension Fund is financed by contributions from employees and employers, together with income earned from investments. The surplus of contributions and investment income over benefits being paid is invested.

The contribution from employees is prescribed by statute at rates between 5.5% and 12.5% of pay.

Employers' contribution rates are set following the actuarial valuation, which takes place every three years. The contribution rate reflects an employer experience, the fund deficit or surplus and is the rate at which employers need to contribute to achieve a 100% funding level projected over 22 years.

Contribution rates for 2023 - 2024 were based on the completed valuation of the Scheme's financial position as at 31 March 2022 and are shown on pages 15 to 19.

♦ Benefits

The benefits payable under the Scheme are laid down by the 2013 Regulations. Pension payments are guaranteed and any shortfall is met through the Pension Fund linked to employer contribution rates set by the fund valuation. The Scheme is a 'defined benefit scheme and provides a pension based on 1/49th of pensionable pay each year of membership with annual revaluation, adjusted in line with CPI. A Summary of Benefits is shown on pages 104 to 106.

<u>Overriding legislation</u>

The LGPS exists within rules laid down by HMRC. These provide time limits for benefit payments and also on the member limits to the amount of pension built up within a year and within a lifetime. At retirement a member has to declare any other benefits, not just from the LGPS but all pension provision, to ensure all benefits are within this limit. A tax charge is imposed if this limit is exceeded or if the member fails to make the declaration.

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[1] From 01 April 2014 new LGPS have introduced a new scheme. This is still a defined benefit scheme which is now based on Career Average Revalued Earnings (CARE)

Members can convert a portion of their annual pension to provide a larger tax free lump sum at retirement.

The limits an individual can build up in a year and a lifetime are set by HMRC with additional reporting timetables for fund administration.

♦ Adjudication of Disagreements Procedure

The first stage of a dispute is, generally, looked at by the claimants' employer. The second stage referral is to the County Council and the Appointed Person. For information please contact the Pension Services Manager.

PARTICIPATING EMPLOYERS

Scheduled Bodies	Contribution Rate: Payroll % 2023/24	Contribution Rate: Additional Monetary Amount 2023/24	Scheduled Bodies (cont)	Contribution Rate: Payroll % 2023/24	Contribution Rate: Additional Monetary Amount 2023/24
Abingdon & Witney College	20.0%	-	Chipping Norton Town Council	21.7%	-
Abingdon Learning Trust	21.2%	-	Cholsey Primary School (OPEN)	19.3%	-
Abingdon Town Council	21.7%	-	Cumnor Parish Council	21.7%	-
AcerTrust MAT	20.3%	-	Didcot Town Council	21.7%	-
Activate Learning Education Trust	20.3%	-	Drayton Parish Council	21.7%	-
Activate Learning	19.8%	-	Europa School	19.3%	-
Adderbury Parish Council	21.7%	-	Eynsham Parish Council	21.7%	-
Anthem School Trust	19.1%	-	Eynsham Partnership	20.0%	-
Aspirations Academy Trust	21.8%	-	Faringdon Academy	21.1%	-
Banbury Town Council	21.7%	-	Faringdon Town Council	21.7%	-
Benson Parish Council	21.7%	-	GEMS Didcot Primary Academy	19.3%	-
Berinsfield Parish Council	21.7%	-	Gillots Academy	19.3%	-
Bicester Town Council	21.7%	-	GLF- William Morris	18.1%	-
Blackbird Leys Parish Council	21.7%	-	Goring Parish Council	21.7%	-
Bladon Parish Council	21.7%	-	Gosford & Water Eaton Parish Council	21.7%	-
Bloxham Parish Council	21.7%	-	Henley College	20.0%	-
Burford School	22.4%	-	Henley on Thames Town Council	21.7%	-
Carterton Town Council	21.7%	-	Heyford Park Parish Council	21.7%	-
Chadlington Parish Council	21.7%	-	Kennington Parish Council	21.7%	-
Chalgrove Parish Council	21.7%	-	Kidlington Parish Council	21.7%	-
Cherwell District Council	15.9%	5,780,000	Kingston Bagpuize with Southmoor Parish Council	21.7%	-
Chinnor Parish Council	21.7%	-			

List of Participating Employers continues on next page...

PARTICIPATING EMPLOYERS

Scheduled Bodies (cont)	Contribution Rate Payroll % 2023/24	Contribution Rate Additional Monetary Amount 2023/24
Ladygrove Park Primary School	19.7%	-
Langtree Academy	19.3%	-
Leafield Parish Council	21.7%	-
Littlemore Parish Council	21.7%	-
Long Hanborough Parish Council	21.7%	-
MacIntyre Academy Trust	16.0%	-
Maiden Erlegh Trust	19.3%	-
Marcham Parish Council	21.7%	-
Milton Parish Council	21.7%	-
Nettlebed Parish Council	21.7%	-
North Hinksey Parish Council	21.7%	-
Old Marston Parish Council	21.7%	-
Oxford Brookes University	19.2%	-
Oxford City Council	13.4%	5,000,000
Oxford Diocesan Trust	20.2%	-
Oxford Direct Services	20.6%	-
Oxfordshire County Council	19.9%	-
Propeller Academy Trust	19.4%	-
Radcliffe Academy Trust	18.9%	-
Radley Parish Council	21.7%	-
Ramsden Parish Council	21.7%	-
Ridgeway Education Trust	24.8%	-
Risinghurst & Sandhills Parish Council	21.7%	-

Scheduled Bodies (cont)	Contribution Rate Payroll % 2023/24	Contribution Rate Additional Monetary Amount 2023/24
River Learning Trust	19.2%	-
Rotherfield Greys Parish Council	-	-
Rotherfield Peppard Parish Council	-	-
Sandford St Martin Parish Council	21.7%	-
South Oxfordshire District Council	17.8%	411,000
Spelsbury Parish Council	21.7%	-
St Johns Academy Trust	22.1%	-
Stonesfield Parish Council	21.7%	-
Sutton Courtenay Parish Council	21.7%	-
Thame Partnership Academy Trust	19.8%	-
Thame Town Council	21.7%	-
The Gallery Trust	19.4%	-
The Merchant Taylors Oxfordshire Academy School Trust	19.3%	-
The Mill Academy Trust	21.2%	-
The Pope Francis MAC	20.5%	-
United Learning Trust	16.7%	-
Vale Academy Trust	20.4%	-
Vale of the White Horse District Council	17.8%	767,000
Wallingford Town Council	21.7%	-
Warborough Parish Council	21.7%	-
Warriner MAT	21.6%	-
Watlington Parish Council	21.7%	-

List of Participating Employers continues on next page...

PARTICIPATING EMPLOYERS

Scheduled Bodies (cont)	Contribution Rate Payroll % 2023/24	Additional Monetary Amount 2023/24
West Oxfordshire District Council	17.6%	746,000
Wheatley Parish Council		1,200
Willowcroft Academy Trust	17.5%	-
Witney Town Council	21.7%	-
Woodstock Town Council	21.7%	-
Wootton Parish Council	21.7%	-

Admitted Bodies	Payroll % 2023/24	Additional Monetary Amount 2023/24
AZ Dominion	17.2%	-
Alliance in Partnership Limited – The Cooper School (Bicester Learning Academy) catering	21.2%	-
Aspens Services Limited – Pope Francis Multi Academy Company (St Gregory the Great Secondary School and St Joseph's Primary School ,Thame, (catering contract)	20.5%	-
Atlas Cleaning Limited - EPAT	20.0%	-
Atlas Cleaning Limited – Vale Academy Trust (King Alfred's)	20.4%	-
Banbury Museum Trust	17.2%	-
Barnardos	5.8%	-
Brayborne Facilities Services Ltd - Abingdon Learning Trust (John Mason School)	21.2%	-

Admitted Bodies (cont)	Contribution Rate Payroll % 2023/24	Additional Monetary Amount 2023/24
Calber Facilities Management Limited – Caldecott Primary School, Abingdon (cleaning contract)	19.9%	-
Capita	17.8%	-
Cara Services Limited	21.8%	-
Caterlink Limited – Acer Trust (Botley School, Oxford) (catering contract)	20.3%	-
Caterlink – Faringdon Learning Trust	9.6%	-
Caterlink Ltd – Oxford Diocesan Schools Trust (St Frideswide CofE Primary School) (catering contract)	20.2%	-
Charter Community Housing	37.3%	131,000
Chartwells – GLF (Aureus Secondary School, Didcot) catering contract	-	-
Clarendon Limited – Clanfield Church of England Primary School (cleaning contract)	19.9%	-
Cleantec Services Ltd – Pope Francis MAC (Blessed George Napier School) (cleaning contract)	20.5%	-
Cleantec Services Limited – River Learning Trust (cleaning contract)	19.2%	-
Community Integrated Care (OCC care contract)	19.9%	-
Culinera Ltd – River Learning Trust (The Swan School) (catering contract)	19.2%	-
Dolce Limited at Eynsham Partnership Academy (Eynsham Primary School) (catering contract)	20.0%	-

List of Participating Employers continues on next page…

PARTICIPATING EMPLOYERS

Admitted Bodies (cont)	Contribution Rate	
	Payroll %	Additional Monetary Amount
	2023/24	2023/24
Dolce Limited – River Learning Trust (Bayards Hill School, Oxford) (catering contract)	19.2%	-
Dolce Limited – River Learning Trust (Lots 6 and 7) (catering contract)	19.2%	-
Dolce Limited – River Learning Trust (The Marlborough School, Woodstock) (catering contract)	19.2%	-
Edwards & Ward – River Learning Trust Lot 1 (The Oxford Academy and Wheatley Park School) (catering contract)	19.2%	-
Edwards & Ward – River Learning Trust Lot 2 (Chipping Norton School) (catering contract)	19.2%	-
Edwards and Ward (St Andrews C.E. Primary School)	19.9%	-
Edwards & Ward - Vale Academy Trust	20.4%	-
Edwards and Ward – Vale Academy Trust (Larkmead School) (catering contract)	20.4%	-
Edwards & Ward Ltd – West Oxford Community Primary School (OCC) (catering contract)	19.9%	-
Fresh Start Ltd (Bloxham School contract)	19.9%	-
Fusion Lifestyle	20.6%	-
Greenwich Leisure Limited	23.1%	-
Groundwork South	19.9%	-
HF Trust Limited (Lot 8)	0.0%	-
Hill End Outdoor Education Centre	13.5%	-

Admitted Bodies (cont)	Contribution Rate	
	Payroll %	Additional Monetary Amount
	2023/24	2023/24
KGB Cleaning South West Ltd - Activate Learning Education Trust (Bicester Tech & School)	20.3%	-
Kidz Zone Club Limited – Langford Village Community Primary School (OCC) (before and after school clubs contract)	19.9%	-
Maid Marions Ltd– Faringdon Academy of Schools	18.8%	-
Maid Marions Ltd (02) at Warriner MAT (Warriner School)	21.6%	-
M Group Services	19.9%	-
Order of St John's Care Trust (Oxford)	19.9%	-
Oxford Archaelogical Unit	17.2%	-
Oxford Community Work Agency	17.2%	-
Oxfordshire LEP	19.9%	-
Oxfordshire South & Vale Citizens Advice Bureau	0.0%	710
Publica	17.6%	-
Rapid Clean - Stockham Primary School	19.9%	-
Rapid Commercial Cleaning Ltd	19.9%	-
Regency Cleaning Services Limited – Meadowbrook College (Radcliffe Academy Trust) cleaning contract	0.0%	-
Saba Park Services	26.5%	-
School Lunch Company (Bishop Loveday CE Primary School)	21.6%	-
School Lunch Company – Bure Park Primary School (catering contract)	19.9%	-

List of Participating Employers continues on next page...

PARTICIPATING EMPLOYERS

Admitted Bodies (cont)	Contribution Rate Payroll % 2023/24	Additional Monetary Amount 2023/24
School Lunch Company (North Hinksey CE Primary School)	20.2%	-
School Lunch Company (Orchard Fields)	19.9%	-
School Lunch Company (The Batt CE Primary School, Witney)	20.2%	-
School Lunch Company – The Blake CofE Primary School, Cogges	20.2%	-
School Lunch Company (St Kenelm's C of E Primary School	19.9%	-
School Lunch Company (St Mary's CofE Infant School, Witney (Cleaning) ODST	20.2%	-
School Lunch Company (St Michael's CofE Primary School, Oxford)	19.9%	-
School Lunch Company (Windmill Primary School, Oxford) catering contract	19.9%	-
School Lunch Company (Wroxton CofE Primary School)-ODST	20.2%	-

Admitted Bodies (cont)	Contribution Rate Payroll % 2023/24	Additional Monetary Amount 2023/24
School Lunch Company (Wychwood CE Primary School)	-	-
Stir Food Limited – Mill Academy Trust (Queen Emma's Primary School) (catering contract)	21.2%	-
Swalcliffe Park School Trust	17.2%	-
Taylor Shaw Limited – United Learning Trust (Orchard Meadow and Windale Schools) (catering contract)	16.7%	-
Thames Valley Partnership	17.2%	-
The Camden Society - Lot 1	19.9%	-
The Camden Society - Lot 2	19.9%	-
UBICO Limited	17.6%	-
Vale Capita	17.8%	-
West Oxon Citizens Advice Bureau	-	-
Yorkshires Cleaning Service Ltd – ODST (St Christopher's CofE Primary School, Cowley, Oxford) (cleaning contract)	20.2%	-
Yorkshires Cleaning Services - St Francis CE Primary School, Cowley, Oxford	19.9%	-

Governance

Conflicts of Interest

All councillors and co-opted members are required to register any disclosable pecuniary interests. In preparing the year-end statement of accounts checks are made for any potential related party transactions using the interests declared by Councillors on the Pension Fund Committee.

The Governance Compliance Statement which details the degree of compliance with best practice is available on the Council's public website.

Pension Fund Committee

Committee Membership and Attendance 2023/24

Councillor	09-Jun-23	08-Sept-23	02-Dec-23	01-Mar-24
County Councillors;				
Councillor B Johnston (on committee since June 2021)	✓	✓	✓	✓
Councillor K Bulmer (on committee since May 2017)	✓	✓	✓	✓
Councillor N Field-Johnson (on committee since May 2017)	✓	✓	✓	✓
Councillor I U Edosomwan (on committee since May June 2021)	✓	✓	✓	✓
Councillor J Howson (on committee since October 2022)	✓	✓	✓	✓
Councillor I Middleton (on committee since March 2024)	n/a	n/a	n/a	✓
Councillor M O'Connor (on committee since March 2024)	n/a	n/a	n/a	✓
District Councillors;				
Councillor J Robb (on committee since September 2019)	✗	✓	✓	✓
Scheme Employers;				
Alistair Fitt (Oxford Brookes University) (on committeee since June 2021)	✓	✓	✓	✗
Shelley Cook (Academy Sector) (on committee since September 2021)	✓	✗	✗	✗
Alan Staniforth (Academy Sector) (on committee since September 2021)	✓	✗	✗	✗

Committee Members Training Received 2023/24

Alan Staniforth	Pension Regulator's New General Code of Practice'
Alistair Fitt	Oxfordshire Pension Fund Training Day - Accounts and Audit & Investment Performance
	Brunel Investor Day (AM session)
	Brunel Investor Day (PM session)
Bob Johnston	Oxfordshire Pension Fund Training Day - Accounts and Audit & Investment Performance
	Pension Regulator's New General Code of Practice'
	Brunel Investor Day (AM session)
	Brunel Investor Day (PM session)
	PLSA Local Authority Conference
	Private Equity Training by Adams Street
Ian Middleton	Private Equity Training by Adams Street
Imade Edosomwan	Private Equity Training by Adams Street
	Oxfordshire Pension Fund Training Day - Accounts and Audit & Investment Performance
	Pension Regulator's New General Code of Practice'
Jo Robb	Private Equity Training by Adams Street
	Oxfordshire Pension Fund Training Day - Accounts and Audit & Investment Performance
John Howson	Private Equity Training by Adams Street
	Oxfordshire Pension Fund Training Day - Accounts and Audit & Investment Performance
	Pension Regulator's New General Code of Practice'
	Brunel Investor Day (AM session)
	Brunel Investor Day (PM session)
Kevin Bulmer	Private Equity Training by Adams Street
	Pension Regulator's New General Code of Practice'
	Brunel Investor Day (AM session)
	Brunel Investor Day (PM session)
Michael O'Connor	Private Equity Training by Adams Street
	LOLA Module 1 - Committee Role and Pensions Legislation
	LOLA Module 4 - Pensions Accounting and Audit Standards
Nick Field-Johnson	Private Equity Training by Adams Street
	Oxfordshire Pension Fund Training Day - Accounts and Audit & Investment Performance
	Pension Regulator's New General Code of Practice'
	DB Strategic Investment Summit
	Brunel Investor Day (AM session)
	LOLA Module 1 - Committee Role and Pensions Legislation

	LOLA Module 2 - Pensions Governance
	LOLA Module 3 - Pensions Administration
	LOLA Module 4 - Pensions Accounting and Audit Standards
	LOLA Module 5 - Procurement and Relationship Management
	LOLA Module 6 - Investment Performance and Risk Management
	LOLA Module 7 - Financial Markets and Product Knowledge
	LOLA Module 8 - Actuarial methods, Standards and Practices
Shelley Cook	Pension Regulator’s New General Code of Practice’
Steve Moran	PLSA Local Authority Conference
	Pension Regulator’s New General Code of Practice’
	LGA Investment cost transparency
	Brunel Investor Day (AM session)
	Brunel Investor Day (PM session)
	Private Equity Training by Adams Street

Members that have been on the Pension Fund Committee in previous financial years will have attended training events in those years in addition to the training undertaken in the current financial year.

Communications

During the scheme year 2023/24, Oxfordshire Pension Fund has met all but one of their commitments set out in the Communications Policy. The commitment not me was:

- Running only one Employer User Group during the year instead of two

The policy has been met through a schedule of regular and ad-hoc communications across a variety of media including online, face to face, paper, email and online surveys (please see attached spreadsheet for details) .

Large communication projects in the Scheme Year 2023/4 have included the Responsible Investment survey which was administered and managed by the Communications team, managing L&G communications relating to the switch of AVC providers and meeting the onerous disclosure requirements required as part of the McCloud project.

Promotional activities have included

- participating in Pensions Awareness Week,
- promoting the membership of the Pensions Board,
- establishing a link with unionised members,
- informing in response to current events where appropriate (eg changes to the Lifetime Allowance, cost of living crisis etc)
- running member talks and representing the Fund at employer events.

The Fund is also represented on the LGA's Communications Working Group and its sub groups, as well as the local Communications Group.

Member satisfaction surveys are sent out quarterly and employer satisfaction surveys on an annual basis. In the latest survey results the Fund received a score of 4/5 from members and 4.39/5 from employers.

Risk Management

Internal Risk Management

Officers operate within the financial procedures and control environment of the Administering Authority. These are regularly audited by internal and external audit.

The Council's Internal Audit function undertook a review of the Pension Administration operations in 2023/24 with an overall conclusion of 'G' (There is a strong system of internal control in place and risks are being effectively managed. Some minor action may be required to improve controls.). Internal Audit also undertook a review of Pensions Administration – IT Applications in 2023/24 with an overall conclusion of 'A' (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). All actions resulting from the audits have been addressed by management.

The Pension Fund Committee is responsible for the prudent and effective stewardship of the Oxfordshire County Council Pension Fund. As part of this duty the Committee oversees the monitoring and management of risk. This role includes:

- Determining the risk management policy and reconciling this with wider organisational risk policy
- Setting the risk management strategy in line with the risk policy
- Overseeing the risk management process

The risk management process involves: Risk identification, risk analysis, risk control and monitoring.

A key tool for the management of risk is the risk register. The register incorporates an assessment of the impact and likelihood of identified risks to give a risk score, assigns a target risk score, as well as the actions required to achieve the target score. The risk register is kept under review by the Executive Director for Resources and Section 151 Officer and is presented to the Committee on a quarterly basis. The risk register is also regularly reviewed by the Oxfordshire Local Pension Board.

Risks are identified and assessed using a scoring matrix. The scoring matrix assesses two elements of a risk:

- the chance of it happening
- the impact if it did happen

Risks are analysed between:

- Funding
- Investment

- Governance
- Operational
- Regulatory

Each element is independently assessed on a scale of 1-5 (5 being the highest risk). These scores are then multiplied to give an overall score. The risk register lists the risks identified, the consequence of each risk occurring, the score assigned to each risk, the target score for each risk and the measures in place to address the risk. This process identifies the risks with the highest scores, and those furthest away from their targets, which are then closely monitored.

The table below details the highest scoring risks from the most recent version of the risk register for the Fund (a copy of the full risk register is available in the Pension Fund Committee papers for June 2024 which is on the Council's public website).

Officers are mindful of risk in carrying out their duties on a day to day basis and any significant risks identified are reviewed and managed through processes and controls accordingly. The Pensions teams have regular team meetings through which any operational risks can be discussed and dealt with appropriately.

Summary of Key Risks identified on the Pension Fund Risk Register

Risk	Cause	Impact	Likeli-hood	Risk Score	Actions Required
Operational					
Insufficient Skills and Knowledge on Committee	Poor training programme	4	2	8	Implement new training plan 2023/24. Outcomes of the knowledge progress assessment from Hymans.
Insufficient Skills and Knowledge amongst Board Members	Turnover of Board membership	4	2	8	Implement new training plan 2024/25. Currently recruiting to one scheme employer representatives.
Insufficient Resource and/or Data to Comply with Consequences of McCloud Judgement & Sergeant.	Significant requirement to retrospectively re-calculate member benefits	4	2	8	Still awaiting data from some employers. A plan is in place to bring the project up to date.

Third Party Risk Management

The Pension Fund Committee receive quarterly investment performance reports and receive regular updates from Fund Managers which provide an opportunity to ensure their strategies are in line with expectations and to discuss any risks the Committee is concerned about. Officers also have regular meetings with the Independent Financial Advisor and Fund Managers through which performance is reviewed and key issues are discussed.

The Fund's investment managers and its custodian issue annual internal control reports prepared by their auditors. For fund managers, auditors typically issue a report based on the Statement on Standards for Attestation Engagements (SSAE 16) in North America, or Audit & Assurance Faculty (AAF 01/06) in the UK. The International Auditing & Assurance Standards Board (IAASB) has also developed the International Standard on Assurance Engagements (ISAE 3402) as a global standard of reporting, for use from 2012. These documents identify internal processes and procedures, and details of the audit testing performed on them during the year. The reports are reviewed annually by the pension investments team and are used to gain assurance that the third parties' internal controls are sufficient and are operating effectively. Any concerns are discussed with the third parties to ensure corrective action is being taken where weaknesses are identified.

The following reports were received and reviewed:

Company	Report Type	Reporting Period End	Auditor
Adams Street Partners	SOC 1	30 September 2023	KPMG
Partners Group	ISAE 3402	31 December 2023	PricewaterhouseCoopers
State Street Bank & Trust Company (Custodian)	SOC 1	31 March 2024	Ernst & Young
Legal & General Investment Management	AAF 01/20 / ISAE 3402	31 December 2023	KPMG

The pension investment team analyse and reconcile valuation information provided by the custodian to that of the investment manager and follow up any significant variations. The custodian also undertakes a monthly reconciliation between its records and those of funds managers and is required to investigate and report the reasons for any significant variances.

The fund's Independent Investment Advisor monitors the market and the activities of investment managers and informs officers if there are any concerns, such as changes in key staff.

Scheme Administration and Administration Performance

The Pension Services team is responsible for all scheme member benefit administration. This involves liaising with all scheme employers to receive monthly and end of year data returns, checking this information prior to loading this on to the pension system.

Once data is loaded the team can then calculate and process queries and benefit payments to scheme members.

Data assurance comes from internal checks; process review; and internal and external audit reviews.

Scheme Communications are detailed in the Communication Strategy which details types and methods of communication used to reach all fund's stakeholders. This is underpinned by the Pension Fund pages located on the County Council's website, which contains links for following fund documents:

- Communication Policy Statement
- Annual Report and Accounts
- Triennial Valuation Report
- Investment Strategy Statement
- Funding Strategy Statement
- Governance Policy Statement
- Statements of Policy about Exercise of Discretionary Functions
- Administration Strategy

Complaints are dealt with in line with the Adjudication of Disagreements Procedure which is set out in Regulation. This is a three stage process:

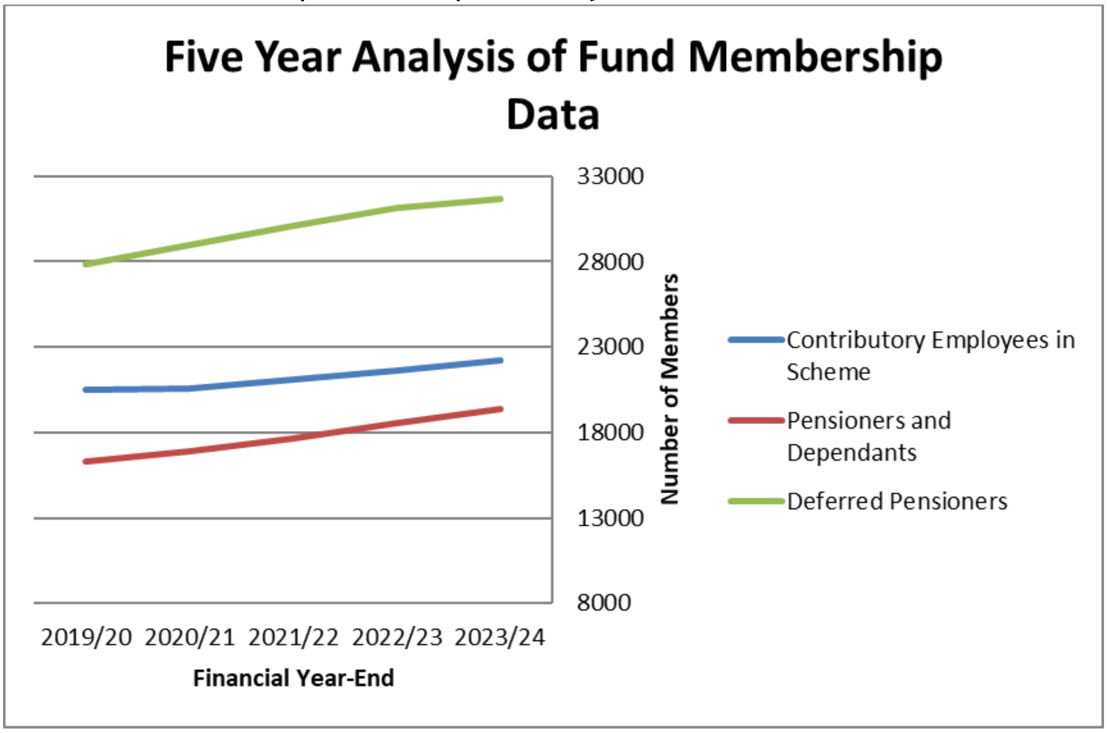
- Stage 1 – depending upon nature of complaint the Appointed Person from either the fund or scheme employer will review and provide a written determination to the points raised.
- Stage 2 – should the member be unhappy with the decision made at age 1 they have the right to ask for the Appointed Person at stage 2 to review their case.
- If, after this second independent review the member remains unhappy with the outcome they can then refer their case to the Pension Ombudsman.

The Regulations – Under the framework of overarching pension regulations The Local Government Pension Scheme is governed by statutory regulations which are the responsibility of the Ministry of Housing, Communities and Local Government.

The LGPS is applicable to staff working in the public sector, although this excludes Fire Officers, Teachers and Police Officers who have their own separate schemes. However, it will include any staff working in those areas but ineligible to join those other public sector schemes.

Members of the scheme will be employed by Oxfordshire County Council; District Councils; Town and Parish Councils; Academies, as well as private sector companies providing services on their behalf.

The fund membership over the past five years is shown below:



Promotion of Scheme Membership

The fund supplies template letters for employers to incorporate within their starter / new joiner process. This information will point to the centrally provided on-line guides (www.lgps2014.org) concerning costs and benefits of the LGPS for members, and also to the scheme guides. Both the brief guide and the full detailed guide are hosted on the fund website pages (www.oxfordshire.gov.uk/lgpsmembersguide). When requested the fund will comment on employer prepared automatic enrolment notices to members, which would be sent to eligible jobholders where the LGPS is the qualifying pension saving scheme.

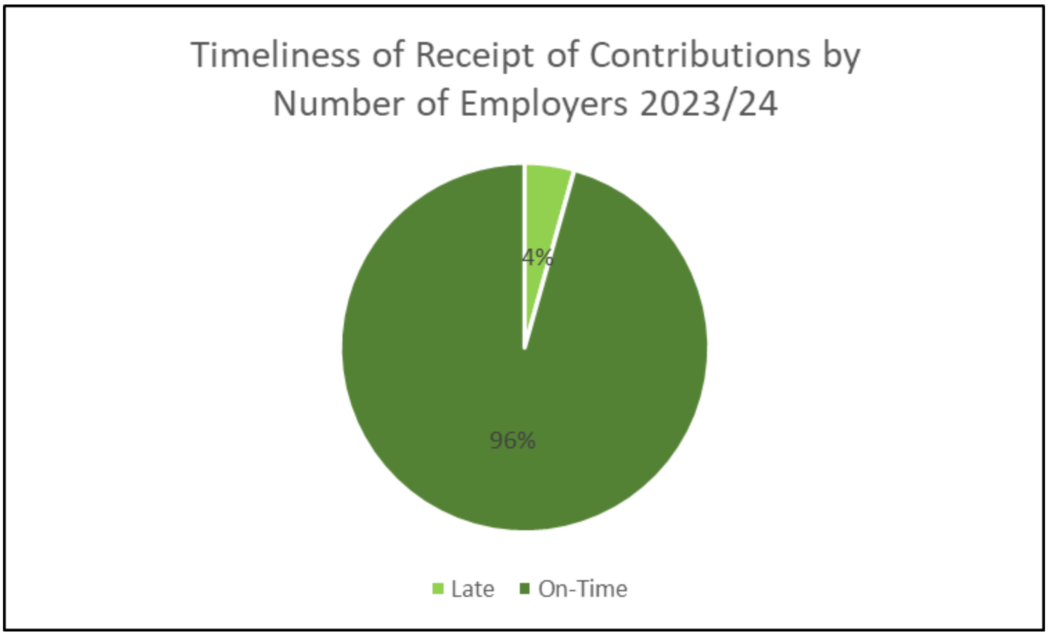
Memberships

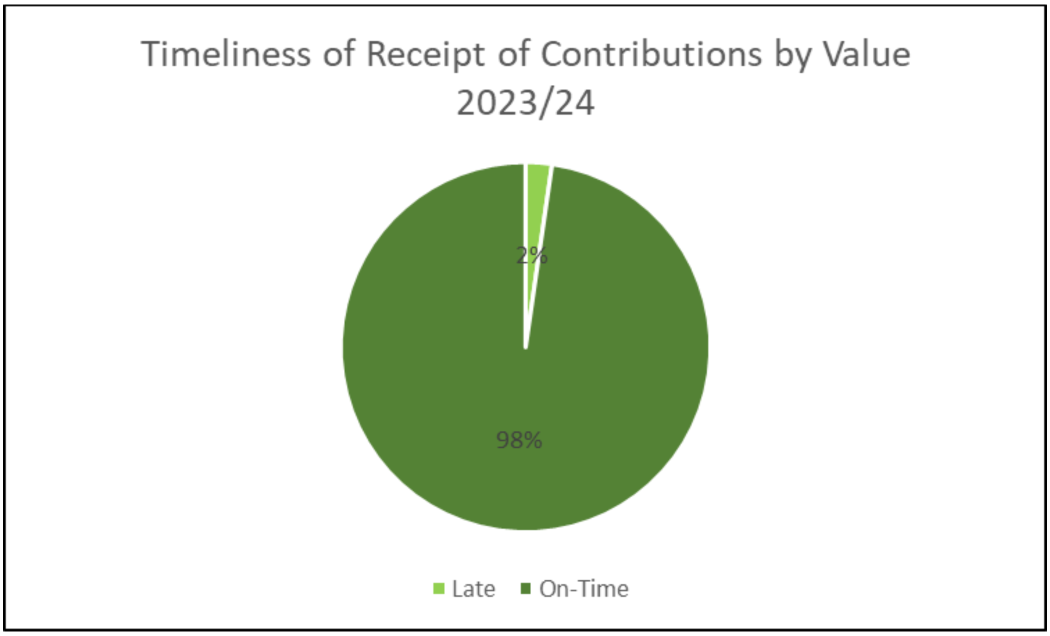
The Fund is a member of the National Association of Pension Funds, Local Authority Pension Fund Forum, Institutional Investors Group on Climate Change, Climate Action 100+, Pensions for Purpose and subscribes to the CIPFA Pensions Network.

Financial Performance

Contributions

Payment of contributions from employers is monitored on a monthly basis as they fall due. Reconciliations are undertaken between contributions received and those expected with any discrepancies followed up with the employer. Late payments are immediately followed up with employers to request payment. If contribution payments are repeatedly late the issue is escalated and a letter is sent to employers. Fines are also issued in accordance with the Administration Strategy. The graphs below illustrate the timeliness of the receipt of contributions from employers during 2023/24.





Budget

The below table shows budget for 2023/24:

	Budget £'000	Actual £'000	Variance £'000
Administrative Expenses			
Administrative Employee Costs	1,607	1,486	-121
Support Services Including ICT	930	870	-60
Printing & Stationary	132	75	-57
Advisory & Consultancy Fees	315	9	-306
Other	59	40	-19
Total Administrative Expenses	**3,043**	**2,480**	**-563**
Investment Management Expenses			
Management Fees	12,450	18,091	5,641
Custody Fees	30	49	19
Brunel Contract Costs	1,258	1,313	55
Total Investment Management Expenses	**13,738**	**19,453**	**5,715**
Oversight & Governance			
Investment & Governance Employee Costs	380	375	-5
Support Services Including ICT	12	8	-4
Actuarial Fees	190	136	-54
External Audit Fees	50	42	-8
Internal Audit Fees	17	16	-1
Advisory & Consultancy Fees	98	81	-17
Committee and Board Costs	64	40	-24
Subscriptions and Memberships	70	45	-25
Total Oversight & Governance Expenses	**881**	**743**	**-138**
Total Pension Fund Budget	**17,662**	**22,676**	**5,014**

Investment Pooling – Brunel Pension Partnership

In 2015 the Department of Communities and Local Government (as it then was) issued LGPS:
Investment Reform Criteria and Guidance which set out how the government expected funds to establish asset pooling arrangements. The objective was to deliver:

- Benefits of scale.
- Strong governance and decision making.
- Reduced costs and excellent value for money, and
- An improved capacity and capability to invest in infrastructure.

This has led to the creation of eight asset pools which have significantly changed the previous approach to investing, although it should be stressed that the responsibility for determining asset allocations and the investment strategy remain with individual pension funds.

As a result of the investment pooling agenda, the Oxfordshire Pension Fund joined with nine other LGPS administering authorities to set up the Brunel Pension Partnership. Oxfordshire County Council approved the business case for Brunel, based on estimated potential fee savings of £550 million over a 20 year period across the ten funds, of which Oxfordshire's share was £18 million with a breakeven year of 2025. The expected costs and savings for the Oxfordshire Pension Fund, as per the original business case approved, and then submitted to Government, are set out in the following table:

	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020	2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025	2025/ 2026	2026 to 2036	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Set up costs	117	1,041										**1,158**
Ongoing Brunel Costs			430	558	577	595	614	634	655	676	8,093	**12,833**
Clients Savings			(114)	(117)	(120)	(124)	(128)	(132)	(136)	(140)	(1,648)	**(2,658)**
Transition costs			1,231	2,315	12							**3,558**
Fee savings			(191)	(504)	(920)	(1,070)	(1,235)	(1,413)	(1,513)	(1,620)	(24,618)	**(33,084)**
Net costs / (realised savings)	**117**	**1,041**	**1,357**	**2,252**	**(452)**	**(599)**	**(748)**	**(910)**	**(994)**	**(1,084)**	**(18,173)**	**(18,194)**

Following approval of the business case, the Brunel Pension Partnership Ltd was established in July 2017, as a company wholly owned by the Administering Authorities (in equal shares) that participate in the pool. The company is authorised by the Financial Conduct Authority (FCA). It is responsible for implementing the detailed Strategic Asset Allocations of the participating funds by investing Funds' assets within defined investment portfolios. In particular, Brunel researches and selects the external managers or pooled funds needed to meet the investment objective of each portfolio.

Now that Brunel is operational, the financial performance of the pool will be monitored to ensure that Brunel is delivering on the key objectives of investment pooling. This includes reporting of the costs associated with the appointment and management of the pool company including set up costs, investment management expenses and the oversight and monitoring of Brunel by the client funds. The set up and transition costs incurred to date are set out in the following table.

	Cumulative £000s
Set up costs:	
Recruitment	18
Legal	133
Consulting, Advisory & Procurement	82
Other support Costs e.g.IT, accommodation	0
Share Purchase / Subscription Costs	840
Other Working Capital Provided e.g. loans	-
Staff Costs	-
TOTAL SET UP COSTS	**1,072**
Transition Costs:	
Transition Fee	240
Tax	833
Other Transition Costs	6,553
TOTAL TRANSITION COSTS	**7,626**

A summary of the costs and savings to date compared to the original business case is provided in the following table.

	2022/23				2023/24			
	Budget		Actual		Budget		Actual	
	In Year £000	Cumulative to date £000	In Year £000	Cumulative to date £000	In Year £000	Cumulative to date £000	In Year £000	Cumulative to date £000
Set up costs	0	1,158	0	1,072	0	1,158	0	1,072
Ongoing Brunel Costs	614	2,775	1,172	5,076	634	3,409	1,301	6,377
Clients Savings	(128)	(603)	0	0	(132)	(734)	0	0
Transition costs	0	3,558	0	7,626	0	3,558	0	7,626
Fee savings	(1,235)	(3,920)	(3,644)	(10,217)	(1,413)	(5,333)	(4,467)	(14,684)
Net costs / (realised savings)	**(749)**	**2,968**	**(2,472)**	**3,557**	**(911)**	**2,058**	**(3,166)**	**(391)**

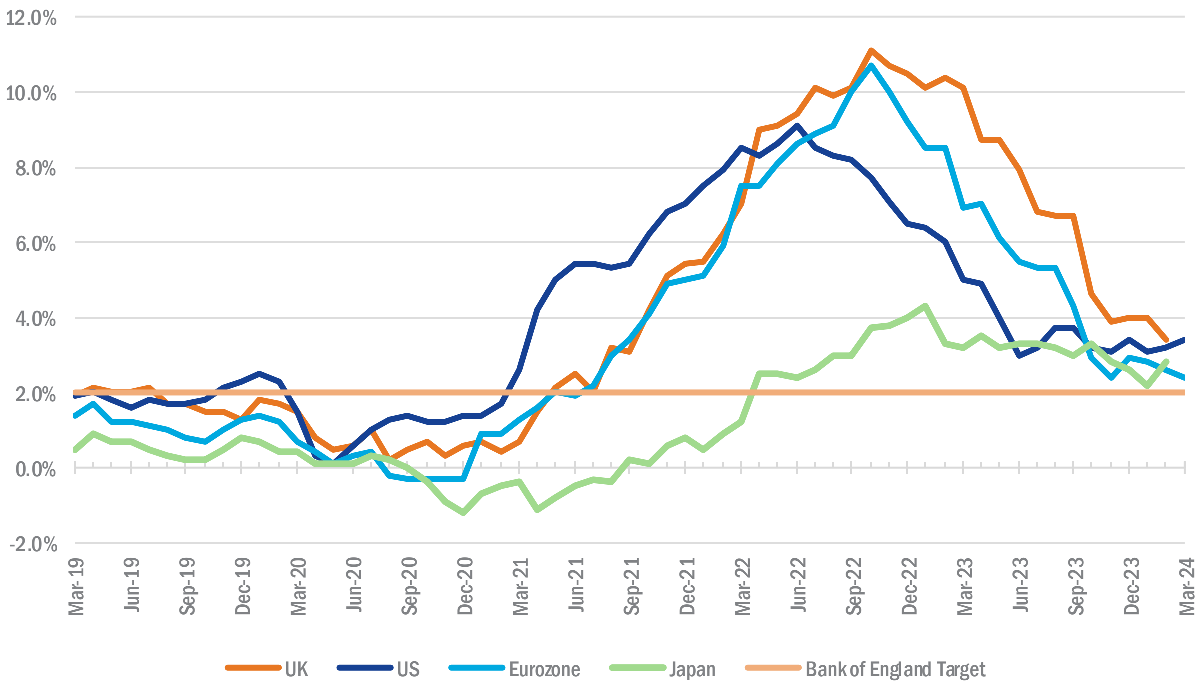
Investment Review

Independent Investment Adviser's Report
Economic Background

The last financial year to March 2024 was a game of two halves, the first six months to September 2023 saw inflation falling across the developed world but at a slower pace than many hoped. In particular, the US Central Bank, the Federal Reserve (US Fed), who set interest rates for the whole US economy, was concerned that the rapid rise in US interest rates seen since late March 2022, would not be enough to slow a vibrant US economy with wage and service sector inflation, in particular, remaining strong. During this period, Global Equity markets made muted gains and most Government Bond Markets saw yields rise and prices fall slightly. This all changed in September 2023 when the US Fed indicated that they believed that inflation was now under control and would fall back to their target level of 2% per annum allowing them to cut interest rates through 2024. The market response was to push bond yields down (prices up) in the expectation of future interest rate cuts across the developed world and push equities higher in the belief that the US and many other countries had avoided a prolonged economic recession.

The chart below shows inflation as measured by the Consumer Price Index (CPI) for the major economic areas. It shows how rapidly inflation has picked up following a prolonged period of very low inflation and therefore low interest rates. Because inflation is measured as the change in prices over the preceding twelve months, the rate will naturally peak at some stage as past price rises drop out of the equation. Nonetheless, inflation has risen higher and lasted longer than most economic analysts and central banks expected.

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).

The rise in inflation was driven by disruption to global supply chains post the Covid pandemic and by the Russian invasion of Ukraine which disrupted the supply of oil and gas as well as other commodity costs, particularly to Europe, with higher gas prices pushing up energy costs for the consumer. However, I do not believe we are about to re-enter a period of stable and subdued inflation because the economic and political background has changed. Until recently the global economy has benefitted from a number of long-term global developments which have helped reduce inflation:

1) Globalisation and the opening up of China which bought more people into the global workforce and reduced the cost of production. This is now slowing if not reversing as the world seems a more unsettled place and companies are more interested in securing their supply lines in countries nearby than in hunting for the lowest cost of production.
2) Demographics and social change which saw more people come of working age in the main developed economies and more women take on employment. However, for almost all of the developed world as well as in China demographics are now negative with falling birth rates and a greater proportion of the population entering old age. This is reducing the percentage of the population of working age.

In addition, we now need to transition to a decarbonized global economy, which is a necessity to prevent further damage to the environment but often comes with an upfront cost which will be passed on to the end consumer. All this is set against a backdrop of high Government spending with the US running the highest budget deficit (spending less revenues from taxation etc) than at anytime outside the two world wars. This has to be financed by high levels of borrowing.

My conclusion to all of this is that the economic and market outlook for the future remains highly uncertain with inflation likely to remain volatile and prone to rise over the medium term.

Fund Returns

The 2023/24 fiscal year was good for most investments, particularly during the second half of the financial year, as markets began to expect interest rates to fall. Global Equities rose 24% in local currency terms over the financial year having been flat over the first six months. This rise was slightly lower in Sterling terms as the UK currency strengthened against both the US Dollar and the Euro over the financial year having been weak previously. UK government bonds (Gilts) returned 3.7% over the year with Index-linked Gilts (UK Government bonds which pay an amount of interest linked to future inflation rates) returning 1%. UK Corporate bonds fared better returning close to 10% for companies rated as Investment Grade as the predicted UK recession proved shallow and short lived.

This beneficial market backdrop and strong investment returns saw your Fund increase in value to £3.527bn having returned 11.4% over the 2023/4 financial year, however, this was below the return of the Fund benchmark at 12.4% over the period. Over the last 10 years the Fund has performed in line with its benchmark returning 7.8% per annum but is behind the benchmark over the last 3 and 5 year periods.

Nonetheless, this return of 7.8% per annum over the last 10 years is above the rate assumed by the actuary which means the Fund's assets have increased by more than the actuary's calculation of the Fund's liabilities (the accrued pension obligations) leaving the Fund in a strong position to meet these obligations into the future. The Fund does still need to earn an investment return over the long-term to cover the cost of future pension accruals.

Brunel Pension Partnership – Pooling

89% of the Fund is now managed by the Brunel Pension Partnership (Brunel). The Fund's assets will remain segregated within Brunel and managed purely in the interest of the members of the Oxfordshire County Council Pension Fund. Brunel now manage over £35bn of assets for 10 Local Government Pension Schemes across the South-West of England. This gives them the ability to negotiate better fees with the asset managers and thereby deliver cost savings to the Fund. Brunel have a strong commitment to the environment and investing responsibly. Any members particularly interested in this area should visit the Brunel website for further information.

During the year your Fund invested £21m into a portfolio of renewable energy assets located in the south west of England. Whilst this was done in conjunction with a number of the other LGPS Funds who are members of Brunel, the transaction and future monitoring will be done directly by your Fund officers as Brunel was unable to take on this role at the current time. This is in addition to existing investments into renewable energy and the Fund will continue to invest in this space going forward.

During the financial year the Fund continued to make progress on its climate change agenda, the Pensions Committee has spent time on training in this area and has a Climate Change Working Group looking to set out the Pension Committee's stance on this issue as well as what metrics the Fund will produce to highlight progress towards net zero. The Pension Committee also renewed its Responsible investment Policy during the financial year.

Outlook

Investment markets are likely to remain difficult for the next few years and my expectation is that inflation is not yet beaten and because of this interest rates will remain higher over the medium-term but also more volatile as central banks look to tread a tightrope between containing inflation and securing economic prosperity and full employment. Your Fund is well diversified, across different asset classes as well as by industry and geography which will make it better able to weather this period of potentially lower returns.

As an open, Defined Benefit Pension Fund, your Fund has the benefit of having a very long-term investment horizon, this allows the Fund to invest for the long-term, to weather periods of market volatility and invest in the best interests of not just the Fund's membership but also the global environment. Through Brunel, the Fund looks to work with investment managers whose aim is to invest responsibly, taking into account the Environmental, Social and Governance (ESG) background to their investments as well as targeting investment returns. The Pension Committee and your Officers regard investing responsibly as a key part of their fiduciary duty along with pursuing the best achievable investment returns at an acceptable level of risk to the Fund.

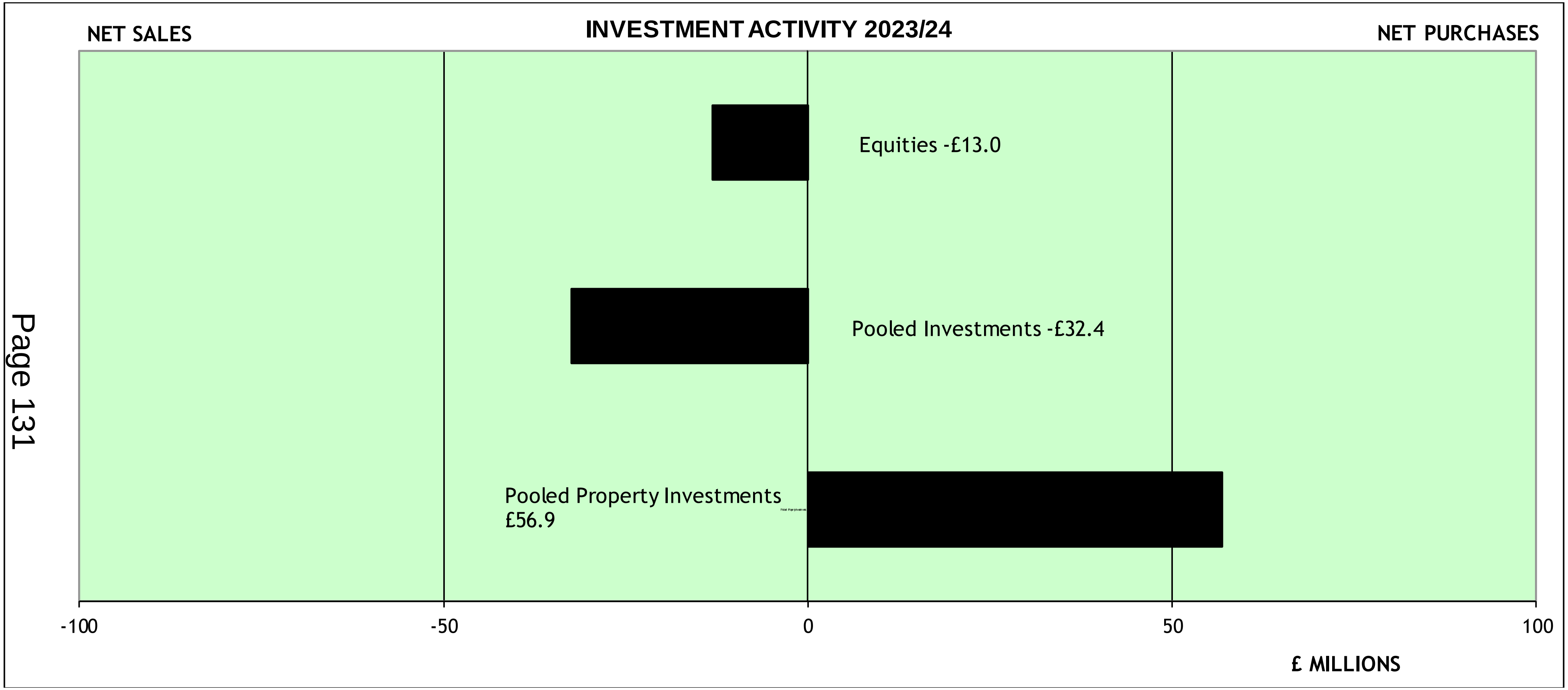
John Arthur
Independent Investment Advisor
July 2024

Table showing the total returns (capital plus income) in sterling terms calculated on major indices for the year to 31 March 2024.

SECTOR		INDEX	% Total return Year to 31.3.24
Equities	Global	FTSE All-World	21.04%
	UK	FTSE All Share	8.21%
	North America	FTSE AW – North America	26.72%
	Japan	FTSE AW – Japan	22.05%
	Europe	FTSE AW – Europe (ex UK)	13.84%
	Asia Pacific	FTSE AW – Asia Pacific (ex Japan)	4.63%
	Emerging Markets	FTSE AW – Emerging Markets	6.07%
Bonds	UK Government	FTSE-A Government (All Stocks)	-0.04%
	UK Index-Linked	FTSE-A Index-Linked (over 5 years)	-7.77%
	UK Corporate Bonds	iBoxxSterling non-Gilt All Stocks	6.11%
	Overseas	JP Morgan Global Government (ex UK) Traded Bond Index (£)	2.00%
Cash	UK	SONIA Compounded Index	5.05%
Property	UK Commercial	MSCI/AREF-UK Quarterly Property Fund Index	-1.03%

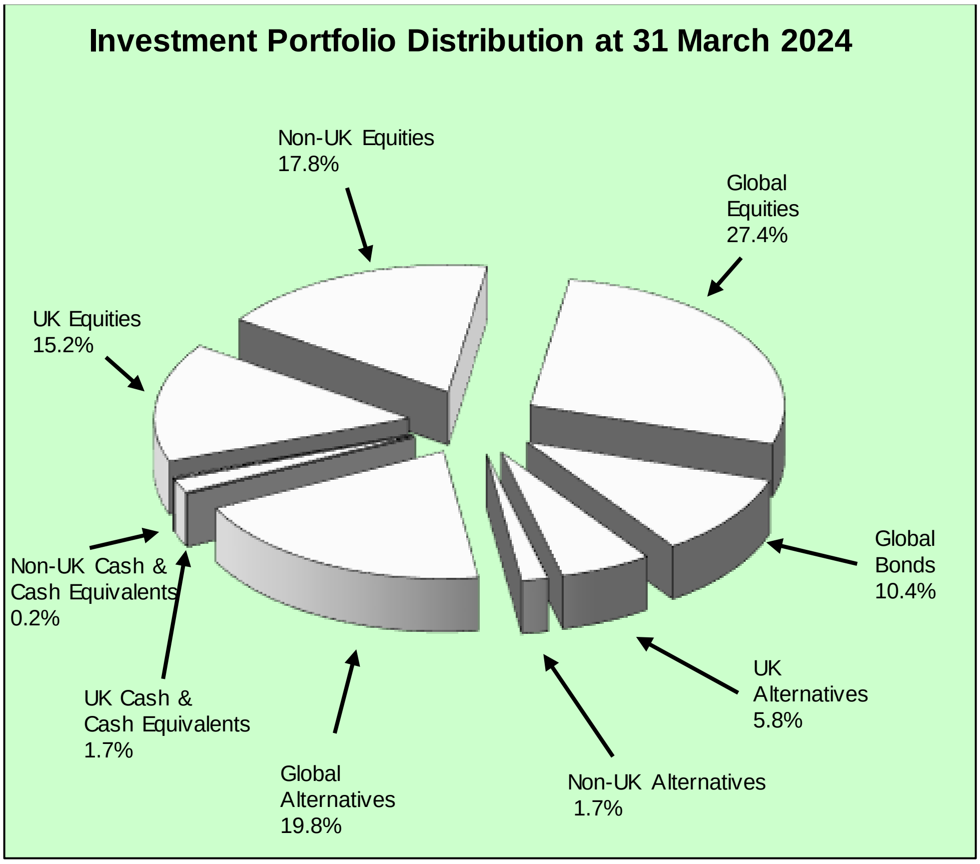
- **Investment Activity**

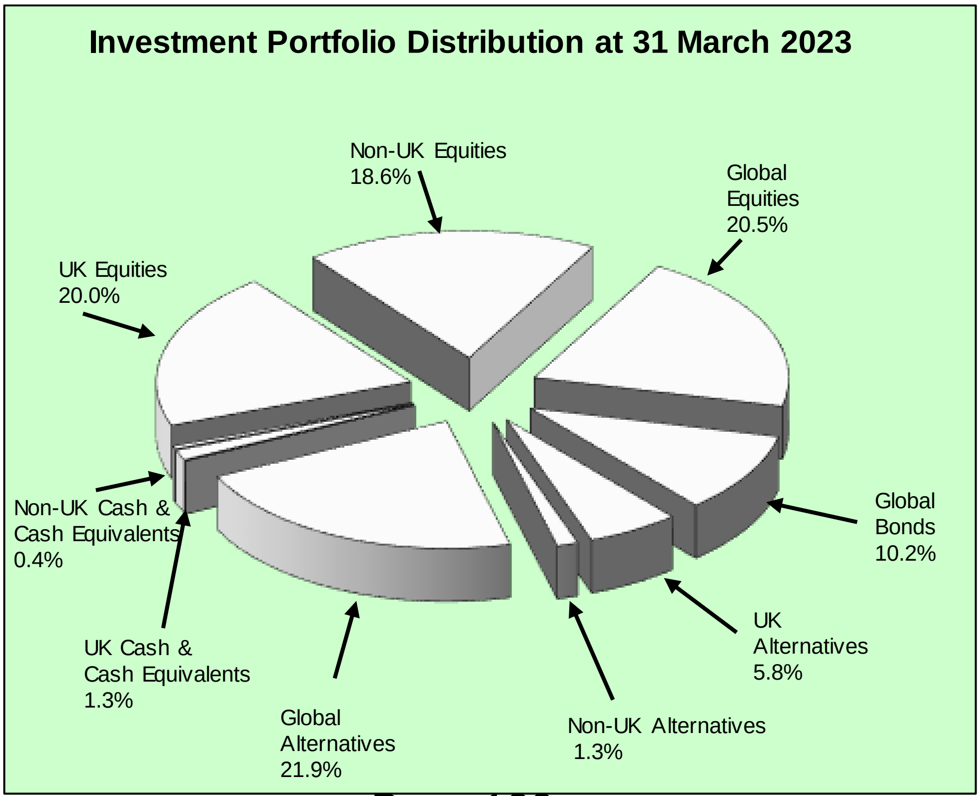
The Pension Fund invested a net £11.5 million during the year ended 31 March 2024. The amounts invested or disinvested in each principal category of asset are shown in the chart below. Derivatives are not included in the chart.



Portfolio Distribution

The distribution of the Pension Fund amongst the principal categories of assets as at 31 March 2024 is shown in the chart below. A comparative chart of the position at 31 March 2023 is also shown. Changes in the asset weightings, from one year to another, are due to investment activity and market movements.





Asset Allocation

The Pension Fund's asset allocation as at 31 March 2024 is shown in the table below:

£m Asset Values as at 31 March 2024	Pooled	Under Pool Management	Not Pooled	Total
Equities	1,956	-	-	1,956
Bonds	516	-	-	516
Property	295	-	21	316
Private Equity	138	-	286	424
Private Debt	68	-	-	68
Infrastructure	143	-	38	181
Cash	15	-	51	66
Total	**3,131**	**-**	**396**	**3,527**

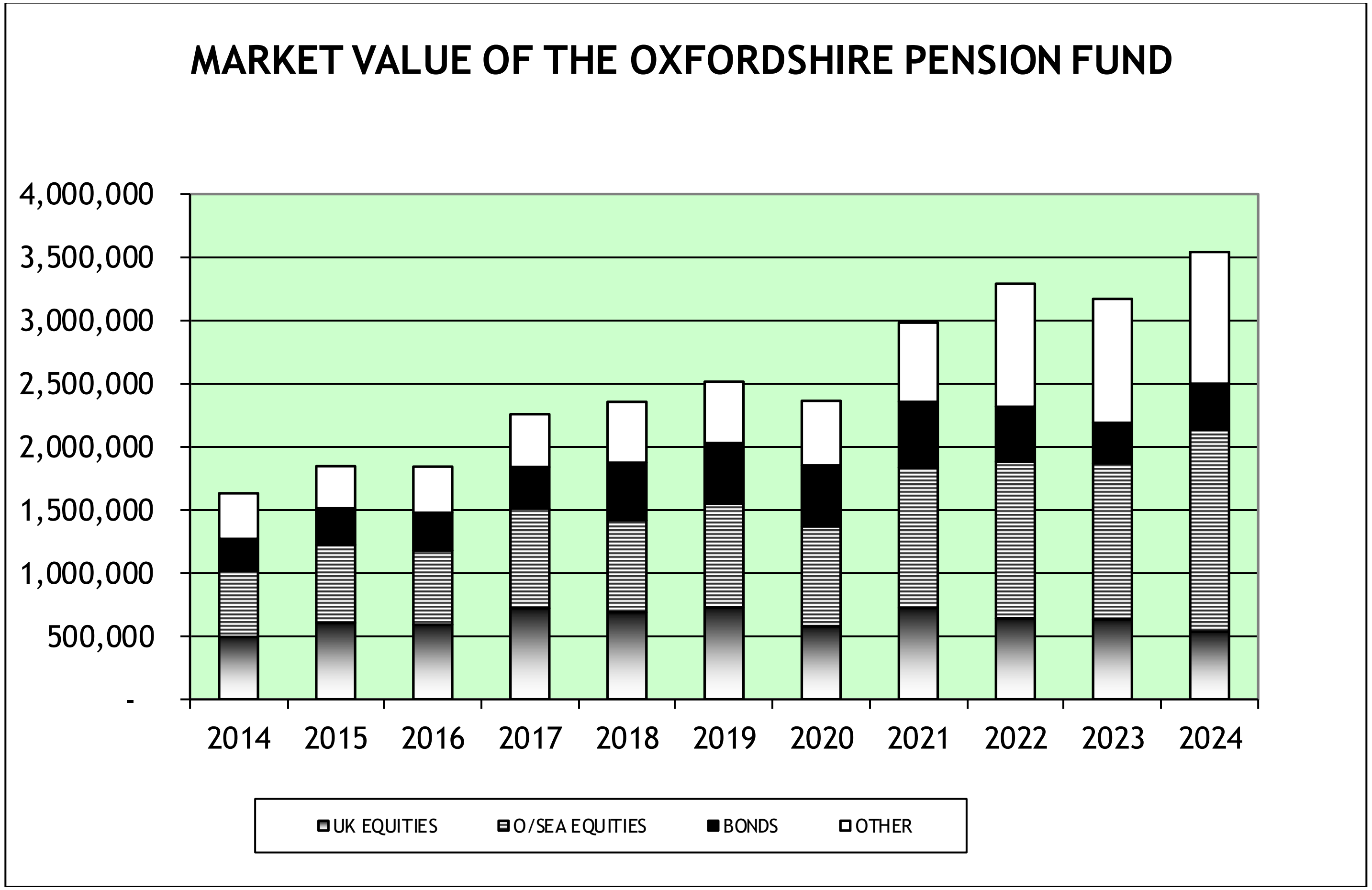
The below table shows the Pension Fund's investments in the UK using the guidance from the Preparing the Pension Fund Annual Report Guidance for Local Government Pension Scheme Funds April 2024.

£m Asset Values as at 31 March 2024	Pooled	Under Pool Management	Not Pooled	Total
UK Listed Equities	414	-	-	414
UK Government Bonds	230	-	-	230
UK Infrastructure	16	-	23	39
UK Private Equity	20	-	228	248
Total	**680**	**-**	**251**	**931**

Portfolio Asset Allocation over the Ten Years to March 2024

The total assets (including accruals) of the Pension Fund have grown from £1,631 million at end of March 2014 to £3,541 million at end of March 2024 (see chart below).

Over the period the percentage in UK equities decreased from 30.3% to 15.1% and bonds decreased from 15.4% to 10.3%.



♦ Investment Benchmark and Performance

The performance of the individual Fund Managers against their benchmark is shown in the following table. Each Fund Manager is given a different target to outperform their benchmark over a rolling three-year period. The table shows that performance in 2023/24 at the total fund level was 1.2% below benchmark with an overall return of 11.2%.

Fund Manager	Target %	One Year Ended 31 March 2024		Three Years Ended 31 March 2024		Five Years Ended 31 March 2024	
		Benchmark Return %	Oxfordshire Return %	Benchmark Return %	Oxfordshire Return %	Benchmark Return %	Oxfordshire Return %
Brunel UK Equities	2.0	8.4	10.4	8.6	7.0	5.4	4.6
Passive Dev Eq Paris Aligned	n/a	21.3	21.3	-	-	-	-
Brunel Global Sustainable Equities	n/a	21.2	13.1	10.7	6.5	-	-
Brunel Global High Alpha Equity	2-3	23.1	20.5	12.4	9.6	-	-
Brunel Sterling Corporate Bonds		6.1	8.8	-	-	-	-
Brunel Multi-Asset Credit		9.2	11.8	-	-	-	-
Passive Index Linked Gilts Over 5 Years		-6.8	-6.7	-	-	-	-
Brunel UK Property		-1.0	-0.9	0.8	2.1	-	-
Brunel International Property		-8.0	12.1	3.5	0.1	-	-
In-House Property	Excess	-0.7	-11.7	1.5	3.3	1.4	1.9
In-House Private Equity	1.0	21.2	19.1	11.5	16.0	12.7	16.6
Brunel Private Equity - Cycle 1	3.0	21.2	5.6	10.7	21.0	12.1	15.4
Brunel Private Equity - Cycle 2		21.2	3.5	10.7	9.8	-	-
In-House Infrastructure	4.0	7.3	4.6	10.0	11.4	7.7	10.0
Greencoat Wessex Gardens		-	-	-	-	-	-
Brunel Infrastructure - Cycle 1	4.0	3.2	4.7	6.7	8.5	4.4	8.8
Brunel Infrastructure - Cycle 2		3.2	2.2	6.7	6.2	-	-
Brunel Infrastructure - Cycle 3		3.2	-4.0	-	-	-	-
Brunel Secured Income - Cycle 1	2.0	3.2	-2.6	6.7	-1.5	4.4	0.1
Brunel Secured Income - Cycle 2		3.2	-3.8	6.7	0.7	-	-

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Brunel Secured Income – Cycle 3		-	-	-	-	-	-
Brunel Private Debt - Cycle 2		9.2	14.3	-	-	-	-
Brunel Private Debt - Cycle 3		9.2	10.6	-	-	-	-
Cash	n/a	4.9	7.0	2.4	9.0	1.6	5.5
Total Fund		**12.4**	**11.2**	**7.3**	**5.6**	**7.3**	**6.5**

Cash held by Fund Managers is included within total Fund Manager performance.

Further investment performance details comparing the Oxfordshire Pension Fund with other local authority funds and indices are shown in the table below.

% Returns per annum for the financial year ended 31 March 2024				
Actual Returns	1 year	3 years	5 years	10 years
Oxfordshire Total Fund Return	11.2	5.6	6.5	7.6
Average Returns				
PIRC LGPS Universe Median Return	10.6	5.1	6.5	7.4
Oxfordshire Benchmark	12.4	7.3	7.3	7.8

Responsible Investment

Fund managers produce reports outlining their engagement and ESG related activity. All of the Fund's investment managers are signatories to the United Nations Principles for Responsible Investment Initiative. Fund managers and officers monitor ESG related developments and reports are produced for the Committee on topical ESG issues relevant to the Fund. In 2019/20 the Pension Fund adopted a Climate Change Policy recognising this 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. A copy of the Policy is available on the Council's website: OCCPF Climate Change Policy (oxfordshire.gov.uk).

The Fund has produced a report based on the Taskforce on Climate-related Financial Disclosures (TCFD) recommendations which is included below on pages 44-67:

Voting

Introduction

The UK Stewardship Code was introduced by the Financial Reporting Council in 2010, and revised in September 2012. The Code, directed at institutional investors in UK companies, aims to protect and enhance the value that accrues to ultimate beneficiaries through the adoption of its seven principles. The code applies to fund managers and also encourages asset owners such as pension funds, to disclose their level of compliance with the code.

Principle 6 of the Code states that Institutional investors should have a clear policy on voting and disclosure of voting activity. They should seek to vote all shares held and should not automatically support the board. If they have been unable to reach a satisfactory outcome through active dialogue then they should register an abstention or vote against the resolution, informing the company in advance of their intention to do so and why.

The Oxfordshire County Council Pension Fund's voting policy is set out in its Investment Strategy Statement which states that in practice the Fund's Investment Managers are delegated authority to exercise voting rights in respect of the Council's holdings. Voting decisions are fully delegated to fund managers, while recognising that the Fund maintains ultimate responsibility for ensuring that voting is undertaken in the best interests of the Fund.

Oxfordshire County Council Pension Fund TCFD Report 2023/24

August 2024

Oxfordshire County Council Pension Fund Taskforce on Climate-related Financial Disclosures Report 2023/24

Introduction

This is the Oxfordshire Pension Fund's fourth report under the Taskforce on Climate-related Financial Disclosures (TCFD) framework. As well as reporting against the TCFD recommendations the report is intended to review the progress made against the Fund's Climate Change Policy and Implementation Plan which were agreed in June 2020.

In March 2023 the Intergovernmental Panel on Climate Change (IPCC) published the synthesis report from its Sixth Assessment Cycle. The report made for sombre reading covering the inadequacy of emissions cuts, more severe climate impacts than expected from current warming, and the future risks from every fraction of a degree of warming. The report also highlights the need for a dramatic increase in capital that is directed towards climate mitigation and adaptation.

The United Nations Environment Programme's 2023 Emissions Gap Report continues to show how far off-target the world currently is from meeting a commitment of keeping global temperature rise below 1.5°C. According to the report, policies currently in place point to a 2.9°C temperature rise by the end of the century. Implementation of the current conditional pledges will only reduce this to a 2.5°C temperature rise by the end of the century, still far above the well below 2°C target. These figures are also disappointingly almost identical to the figures from the 2022 report highlighting the lack of progress in making the required emissions reductions.

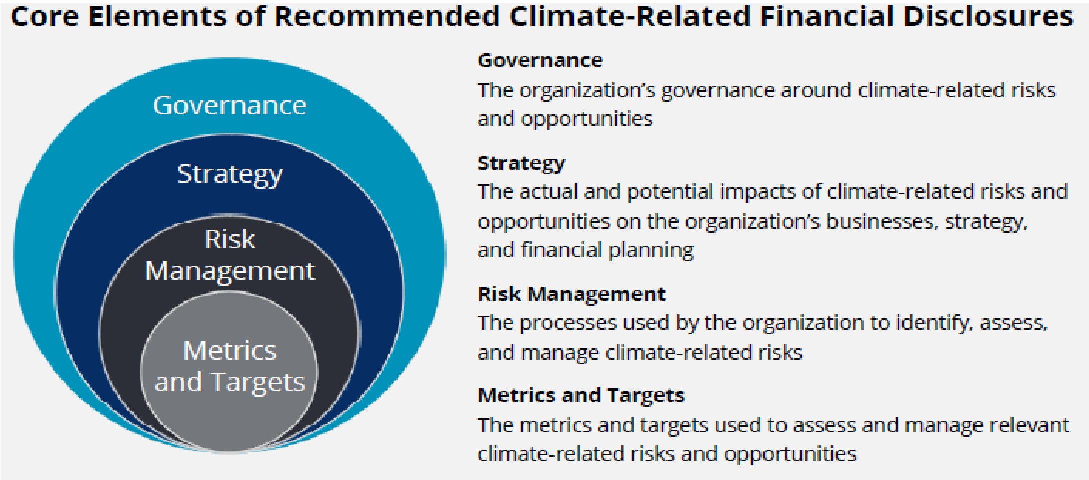
Both reports continue to state that there is a feasible pathway to net-zero by 2050. However, the window for necessary action is rapidly closing and further delay risks irreversible changes to the climate system and its impacts.

The Fund continues to work on the implementation of its Climate Change Policy and in June 2024 agreed a new Responsible Investment Policy. As part of the Implementation of the Responsible Investment Policy the fund aims to increase its reporting of climate metrics to ensure effective monitoring of progress. In addition, the Fund is seeking to set a new target on investment in climate mitigation and adaptation, directly addressing one of the challenges identified in the latest IPCC report.

Background to the TCFD

In 2017 the TCFD released its recommendations for improved transparency by companies, asset managers, asset owners, banks, and insurance companies on how climate-related risks and opportunities are being managed. Supporters of the TCFD total over 3,800 organisations across 92 countries. The Task Force consists of 35 members from across the G20, representing both users and preparers of financial disclosures, and is currently chaired by Michael R. Bloomberg founder of Bloomberg L.P.

The TCFD was established to develop recommendations for more effective climate-related disclosures that could promote more informed investment, credit, and insurance underwriting decisions and, in turn, enable stakeholders to understand better the concentrations of carbon-related assets in the financial sector and the financial system's exposures to climate-related risks. The four core elements of the recommended disclosures are detailed in the diagram below.



(Recommendations of the Task Force on Climate-related Financial Disclosures, 2017)

The TCFD recommendations on climate-related financial disclosures are intended to be widely adoptable and applicable to organisations across sectors and jurisdictions.

In November 2020, the UK Government announced its 'TCFD road-map' with a commitment to roll out statutory TCFD compliant disclosure across the finance sector by 2025. This is underway with regulators having made, or being in the process of making, TCFD based reporting mandatory and having published guidance on the implementation of the recommendations relevant to the sector in question. The table below shows the announced TCFD implementation plans in the UK.

Financial Conduct Authority	Implementation Date
UK Listed Companies	2021
Asset Managers and Workplace Personal Pensions	2022
Large UK-Registered Private Companies	2023
Department for Work & Pensions (DWP)	

Occupational Pension Schemes	2021

Governance

TCFD Recommended Disclosure – a. Describe the board's oversight of climate-related risks and opportunities.

The Fund's governance arrangements are set out in its Governance Policy Statement. All functions relating to the management of the Pension Fund have been delegated by Oxfordshire County Council to the Pension Fund Committee. As such, the Committee are responsible for the Fund's long-term strategy.

The Pension Fund Committee are responsible for setting the Fund's Investment Strategy Statement which includes the approach to responsible investment. The Fund has an Independent Investment Adviser who provides investment advice to the Fund including on investment strategy, this includes the integration of climate change related risk assessment into the investment approach of the Fund.

Climate change is considered in the budget setting process in terms of training requirements, any climate related consultancy deemed beneficial, and climate related reporting requirements.

In June 2020 the Pension Fund Committee agreed a Climate Change Policy and Climate Change Policy Implementation Plan. Progress against the Policy and Implementation Plan is to be reported to Committee quarterly with a more detailed annual review.

Following agreement of the Policy a Climate Change Working Group was formed which currently comprises of Committee members, a Local Pension Board member, Fund officers, the Fund's Independent Investment Adviser, a scheme member representative, and a member of the Fossil Free Oxfordshire campaign group. The Working Group aims to meet quarterly and report back to the Committee at its quarterly meetings.

As required by LGPS regulations, the Pension Fund operates a Local Pension Board which meets on a quarterly basis. The Board's role is to ensure the efficient and effective governance and administration of the Fund, including compliance with relevant regulations and legislation that apply to the Fund.

The Fund, along with nine other LGPS funds, is a part of the Brunel Pension Partnership which develops investment portfolios that are made available to client funds to invest in. Under pooling requirements set by the government the Pension Fund is required to make all investments through Brunel while maintaining responsibility for asset allocation decisions. The key bodies where the Fund interacts with Brunel are the Client Group, Brunel Oversight Board, and Shareholder Forum where fund representatives and Brunel meet. There is also a Responsible Investment sub-Group where discussions take place between Brunel and the various client funds about the approach to assessing and managing climate related risks, amongst other issues.

Climate related risks and opportunities form a key part of the reporting received from Brunel on their portfolios and activities and Brunel has a dedicated responsible investment team.

As the asset manager responsible for appointing sub-asset managers, Brunel has a key role ensuring that climate related risks and opportunities are integrated into the investment process. In fact, Brunel go beyond this, with a stated aim to "*systematically change the investment industry to ensure that it is fit for purpose for a world where the temperature rise needs to be kept to 1.5°C compared to pre-industrial levels.*"

In practical terms this translates into a focus on five principal areas, as shown in the chart below: Policy Advocacy; Product Governance; Portfolio Management; Persuasion; and Positive Impact.

Brunel regularly publishes its own plans and performance in this area – going beyond regulatory requirements. Brunel's annual [RI & Stewardship Outcomes Report] considers performance in meeting Brunel's responsible investment goals – including on climate change; their annual Carbon Metrics Report shows the exposure of all its active holdings; and the TCFD Climate Action Plan reports on Brunel's progress around climate metrics and targets.

Brunel published its first Climate Change Policy in 2020. In 2022, a Climate Stocktake was undertaken to review this Policy. Following an extensive consultation and review that considered each of the five areas shown in the diagram above, in February 2023 Brunel published its new Climate Change Policy 2023-30.

TCFD Recommended Disclosure – b. Describe management's role in assessing and managing climate-related risks and opportunities.

Day-to-day management of the Fund's Climate Change Policy implementation is delegated to management through the Executive Director Resources and Section 151 Officer and it is required to report progress to the Pension Fund Committee quarterly. Management receive an annual carbon metrics report from Brunel, which informs its reporting to Committee.

Management engage with Brunel and other Fund Managers on climate issues and receive and consider responsible investment reporting, including climate related, that is included in Fund Managers' quarterly reports. The Fund has an officer representative on the Brunel Responsible Investment Sub-Group and Cross-Pool Responsible Investment Group where developments around climate issues are regularly discussed (e.g. metrics developments, engagement activities and results).

In order to increase capacity in this area, the Fund created a new post of Responsible Investment Officer, which was filled in April 2023. A key area of responsibility for this role is around monitoring and reporting on the Fund's climate related risks and how these are being managed.

Management is responsible for developing and operating a training plan for Committee members and Officers to ensure appropriate skills and knowledge.

<u>Strategy</u>

TCFD Recommended Disclosure – a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.

The Pension Fund has liabilities that stretch decades into the future and so primarily takes a long-term view to investment decisions. Given the diversity and global nature of the Fund's investments almost all climate related risks and opportunities are relevant to the Fund. While some of the climate-related risks/opportunities apply to the Fund across its investments as a whole, others are specific to certain sectors or geographies and fund managers are required to consider the materiality of these.

The most significant long-term risk is the systemic risk across financial markets, including social and other factors, associated with climate change that could arise if actions are not taken to adhere to the Paris Agreement. Setting a target of Net

Zero Paris alignment by 2050 is a commitment by the Fund to help to manage and mitigate that systemic risk, with a view to being able to meet the Fund's liabilities into the future.

In terms of more specific and short/medium-term risks - stranded assets, physical risks (e.g. property), sovereign debt where countries are dependent on fossil fuel linked revenue, policy risk (e.g. carbon pricing), technology risk (obsolescence), social and economic disruption as the result of a transition away from a fossil fuel-based economy and changes in consumer behavior are all factors that can affect the Fund's investments. There is also a risk that the Fund develops its investment strategy around achievement of the Paris goals but the goals are not achieved, meaning the Fund's investment strategy is misaligned with the reality of the actual climate path.

The Fund has identified climate related opportunities including the ability to reduce portfolio risk by identifying and taking action on assets at risk under Paris aligned scenarios and the potential to identify outperformance opportunities by investing in those companies whose business models/strategies are best aligned with meeting Paris Agreement scenarios. Additionally, investment opportunities exist in assets linked to the implementation of the Paris Agreement (e.g. clean energy infrastructure).

TCFD Recommended Disclosure – b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.

Climate change is considered in the development of the Fund's Investment Strategy Statement, which includes the Fund's strategic asset allocation. After each funding valuation undertaken by the actuary the Fund completes a fundamental review of its asset allocation which will consider climate related risk and opportunities. The fund uses diversification to manage investment risks but given the systemic nature of climate risks this limits its effectiveness under more extreme scenarios.

The Fund's Climate Change Policy states that where there are two investment options that broadly aim to deliver the same investment objective the Pension Fund will prioritise the option that delivers the best fit to its climate change commitment. For example, consistent with this principle the Fund moved around 15% of the Fund from regular market-cap index trackers to a Paris aligned benchmark alternative in 2020.

Climate related risks and opportunities are considered when setting the Pension Fund's Business Plan and these also inform discussions with Brunel around portfolio offerings and construction.

The Pension Fund has made a commitment to achieve net-zero emissions on its own operations by 2030.

TCFD Recommended Disclosure – c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

The Fund is committed through its Climate Change Policy to keeping abreast of the latest scientific developments in respect of climate change to ensure that the Policy remains appropriate in its aim to align with the Paris Agreement.

Under a scenario where additional cuts in emissions are required to meet the Paris Agreement, and there was a global commitment to achieve this, the Fund would anticipate amending its target for emissions reductions across its investments accordingly and making any necessary changes to its asset allocation targets and/or investment portfolios.

Under a scenario where the Paris Agreement goals were to be overshot the Fund would consider making changes to its investments that align with this reality, this would likely include mitigating physical risks that would be associated with such a scenario. The Fund would also review whether there are changes the Fund could make, for example in engagement activity or policy advocacy, that could help correct the scenario back towards a Paris aligned one.

The draft government guidance by DLUHC on TCFD implementation proposes to place a new duty on LGPS Administering Authorities (AAs) to assess their assets, liabilities, investment strategy and funding strategy against climate risks and opportunities in at least two climate scenarios. This assessment must include at least one scenario based on a global temperature rise of 2°C or lower on pre-industrial levels. This assessment must occur at least once every valuation cycle. In interim years, AAs must consider whether any changes in the fund have been substantial enough to require scenario analysis to be repeated.

The Fund has not yet undertaken a scenario analysis exercise and acknowledges that this is a developing area. The Fund recognises the value of scenario analysis based on different climate scenarios and has committed to undertaking an exercise in its Implementation Plan, the results of which are to be incorporated into the Fund's fundamental asset allocation review process. Any scenario analysis would be intended to consider both the asset and liability implications for the Fund.

Given that the intention under government pooling guidance is for all Fund investments to take place via Brunel's portfolios, it makes sense for the Fund's scenario planning to be based upon scenario planning carried out by Brunel. This work by Brunel is due to take place in late 2024. As such, it is the aim of the Fund to include scenario planning based on the modelling carried out by Brunel in the next cycle of TCFD reporting.

Risk Management

TCFD Recommended Disclosure – a. Describe the organization's processes for identifying and assessing climate-related risks.

Climate change is included on the Fund's risk register, which considers impact and likelihood in assigning a score. The risk register is reviewed on a quarterly basis and reported to Committee at each meeting. Officers consider regulatory, scientific and political developments on climate change, in particular those from recognised international bodies such as IIGCC, International Energy Agency, and the UN Environmental Programme.

The Fund meets regularly with Brunel and discusses climate issues including any identified from the narrative reporting or climate metrics provided by Brunel.

Brunel in turn meet with their appointed fund managers who also have a responsibility to consider climate related risks and opportunities. For example, Brunel have a target for all companies held in their portfolios to achieve a Transition Pathway Initiative score of 4 or higher. The Responsible Investment Sub-Group at Brunel provides an additional forum to discuss climate related risks with Brunel.

Case Study – Risk Management

During a periodic review of holdings data by the fund's officers it was identified that the Global High Alpha Active fund contained two pure play tar-sands companies, Suncor and MEG. Given the intensity of GHG emissions from both the extraction and use of heavy oil derived from tar-sands, plus the challenging transition pathway for a pure play company operating in this sector, the fund's officers felt it was appropriate to escalate a request up to Brunel for more information on why these holdings were in the portfolio. Brunel then passed this request to the underlying asset manager to provide commentary on these holdings. This led to a session with the underlying asset manager where the client funds could ask questions directly to the asset manager. Shortly after this meeting the manager removed Suncor from the portfolio on the basis that the most recent announcements from the company did not seem aligned with achieving a net zero pathway by 2050.

This activity led to a wider conversation taking place about investment into companies involved in certain activities ultimately resulting in the adoption of certain activity-based exclusions by Brunel including for thermal coal and tar sands.

TCFD Recommended Disclosure – b. Describe the organization's processes for managing climate-related risks.

The Fund is responsible for asset allocation decisions and sets its asset allocation targets to be consistent with the Fund's Climate Change Policy. Where the Fund identifies investment needs that are not currently deliverable from Brunel portfolios there is a process for the creation of new portfolios by Brunel that can meet that need.

The key method by which the Fund's risk is managed is through diversification of investment into a variety of asset classes. Within this strategy there is also embedded an approach of integrating climate change risk management into the investment process.

Case Study – Engaging with Policy Makers

The Fund has been active in engaging with policymakers to improve the wider governance of the Local Government Pension Schemes. The Committee responded to the Government Consultation on Next Steps on Investments, Sean Collins Service Manager for Pensions , has sat all year on the Cost Management, Benefit Design and Administration Committee of the Scheme Advisory Board, and most recently has led conversations on the future structure of the LGPS including Fund mergers, including now attending a roundtable on the subject chaired by the Minister for Local Government at the Department for Levelling Up, Housing and Communities. Through these engagements the fund Committee and its officers are seeking to improve the governance of the LGPS funds, which should lead to better decision-making, including in relation to stewardship.

Voting and engagement form an important part of the Fund's management of climate-related 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 Climate Change Policy to which the Fund is able to input. Voting is undertaken on behalf of the Fund by Brunel, utilising the expertise of their voting and engagement provider and appointed managers.

Brunel's approach to voting escalation sees an initial vote against the reappointment of a company Chair escalate to other board members where they have not met their climate disclosure expectations. These expectations will increase over time with the target of all their material holdings being on the Transition Pathway Initiative (TPI) Level 4, and having made meaningful progress to alignment with a 2 degree or below pathway.

Case study – Barclays AGM

In December 2023, Brunel co-filed a climate related resolution for consideration at Barclay's 2024 AGM to urge the company to articulate how it is responding to the risk of financing new oil and gas infrastructure that could become stranded assets. It was felt by Brunel that the large number of co-filers and the representative assets under management as well as the existing relationship with senior management provided Brunel the right platform and leverage to escalate up to filing a resolution at the company AGM.

Following engagement and negotiation the bank subscribed to a range of commitments on its financing activities in its updated policy. Three key announcements that are noteworthy are:

- *End to all direct financing for new oil and gas projects and associated transportation infrastructure.*

- *Restrictions for financing pureplay companies engaging in long-lead time expansion projects – i.e. approval only by exception. Other expansion projects will be subject to review by a newly set up Client Transition Review Forum that monitors transition progress of their corporate clients.*

- *Expectation for energy clients to produce transition plans or decarbonisation strategies by January 2025 and financing of energy groups conditional on their ability to produce the following from January 2026:*
1. *Set net-zero aligned scope 1 and 2 emissions reduction targets by 2030;*
2. *Set targets to reduce methane emissions by 2030 in line with the Oil & Gas Climate Initiative or Oil & Gas Methane Partnership;*
3. *Committed to end flaring by 2030.*

- *In addition, no new clients with expansion capex greater than 10% will be provided funding from Jan 2026 onwards.*

As a result of these significant announcements, Brunel and the coalition of investors decided to withdraw from the shareholder resolution.

Although Barclays has reduced its fossil fuel financing in recent years, it continues to be one of the major financiers of fossil fuels in Europe and globally. Brunel will, therefore, be engaging the company on the effectiveness of its monitoring of financing of oil and gas expansion projects – including the number of exceptions granted to pureplay companies. Brunel will also continue to urge the company to tighten its approach to fracking across global operations and expand 2026 criteria to include scope 3 emissions. If there is not enough movement in the right direction by the company in these areas then it may be necessary for further escalation, including the filing of resolutions at the company AGM.

During 2023 senior management at both BP and Shell announced that they were weakening the medium-term fossil fuel reduction targets set in the previous year. The targets being rolled back had been endorsed by shareholders in the previous year, and the decision to weaken those targets was not consulted on with shareholders beforehand. In response to this Brunel, alongside other pension funds such as USS and the Church Commissioners, voted against the reappointment of the Chairs of both companies at their 2023 AGMs.

In a follow up action Faith Ward, Brunel's Chief Responsible Investment Officer, in her role as Chair of the UK Asset Owner Roundtable, will be convening a meeting of major fund managers following the proxy season. This is in response to concerns that have been raised by several members of the UK Asset Owner Roundtable about a perceived misalignment between their long-term interests as asset owners and how investment managers are exercising proxy voting at key annual general meetings of European oil and gas majors.

The Fund, through Brunel and the Fund's membership of the Institutional Investors Group on Climate Change (IIGCC), is involved in the development of Paris Aligned Portfolios under the IIGCC's Net Zero Framework. It is intended that this work will lead to all portfolios offered by Brunel being Paris aligned eventually.

The Fund believes that in some areas, particularly around public policy engagement, it is beneficial for the Fund to act with like-minded investors. As such, the Fund is a member of investor groups whose aims are aligned with those of the Fund in respect of climate change (Climate Action 100+, Institutional Investors Group on Climate Change, Local Authority Pension Fund Forum).

TCFD Recommended Disclosure – c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.

Climate change is included on the Fund's risk register, which is a standing item at the quarterly Committee meetings. Climate change is a key topic included as part of the Committee training plan to ensure appropriate skills and knowledge for those making decisions.

In appointing third parties, such as the Fund's Independent Investment Adviser, the Fund will set out requirements around responsible investment as appropriate.

Climate change is also considered by the Fund's actuaries when undertaking their funding valuation.

We work with our asset manager Brunel to identify the areas of greatest risk and agree resource allocations in response to those assessments. This allocation strategy helps the Fund to mitigate and manage those risks. A key tool for this process is the annual Climate Metrics report provided by Brunel for the Fund. This provides a useful snapshot of performance and risk in relation to the Fund's Net Zero targets at both an aggregated overall Fund level and portfolio level.

Metrics and Targets

TCFD Recommended Disclosure – a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.

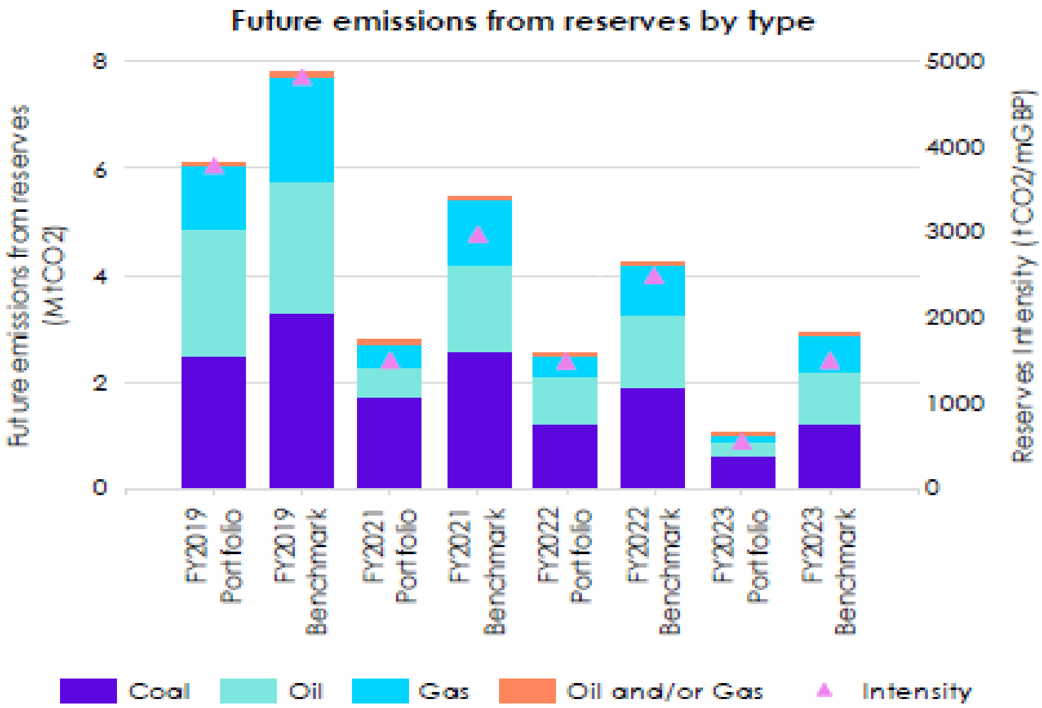
Metrics reported in this section are from the Fund's Carbon Metrics Reports. The report includes equity and fixed income assets covering around 55% of the Fund's overall investment portfolio. The Fund is working to improve reporting across other asset classes, including private markets, so that the level of coverage can be increased.

The Fund currently uses the following metrics to assess climate related risks and opportunities at both an aggregate and listed portfolio level:

- Weighted Average Carbon Intensity (WACI)
- Absolute Carbon Footprint by Scope
- Fossil Fuel Revenue Exposure
- Fossil Fuel Reserves Exposure
- Future Emissions from Reserves
- Disclosure Levels (Scope 1 Emissions)

Fossil fuel reserves exposure and future emissions from reserves are useful insights into potential downstream scope 3 emissions and can be used as an indicator of potential stranded asset risks.

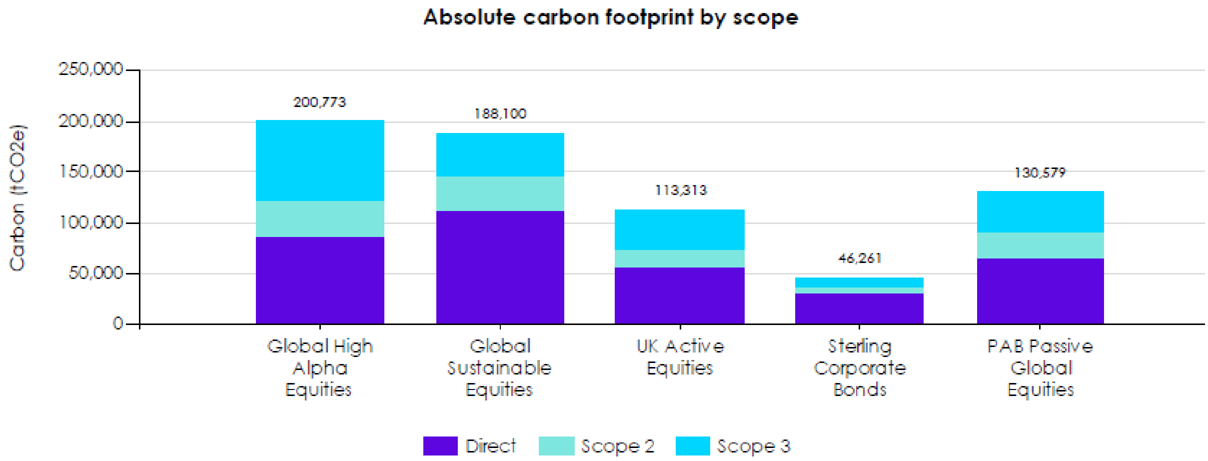
The bar chart below shows fossil fuel reserves exposure for the Fund annually from 2019-2023.



TCFD Recommended Disclosure - b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.

The Pension Fund's Carbon Metrics report discloses scope 1, 2 and upstream first tier scope 3 emissions for all listed equity portfolios and the Fund's Sterling Corporate Bond Portfolio.

The graph below provides a snapshot of the Absolute Carbon Footprint by Scope of the Fund at an aggregated level and also at an individual portfolio level as at 31/12/2023.

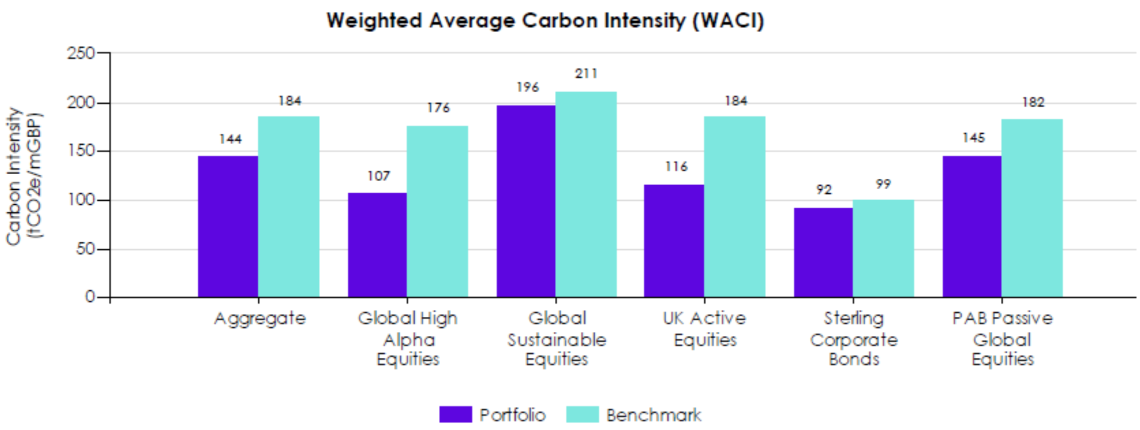


TCFD Recommended Disclosure - c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

The Fund has an annual reduction target for GHG emissions across its investment portfolios of 7.6%.

The metric that has been identified in the Climate Change policy to track progress against this target is the Weighted Average Carbon Intensity (WACI) figure. This metric takes the carbon intensity (total carbon emissions divided by total revenue) of each investee and multiplies it by its weight in the portfolio.

According to the most recent Climate Metrics report from Brunel the WACI of the Oxfordshire Aggregate Portfolio is lower than its Strategic Benchmark, with a relative efficiency of +22%. As shown in the graph below all portfolios have lower levels of carbon intensity compared to their respective benchmarks.



The overall WACI figure for 2023 saw a decrease of 31% compared to the 2022 level. This means the annualised rate of reduction from 2019 is 20%, well above the annual target of 7.6%.

2023 saw falls in WACI across all portfolios and an additional improvement wasseen from the full disinvestment by the Fund from the Emerging Markets Equities portfolio which had a high WACI relative to the other portfolios.

Whilst the Fund does not have a specific fossil fuel reserves exposure reduction target, it does support seeking to reduce exposure over time, in line with our commitment to be Net Zero by 2050.

One area that is important to track to understand if the Fund is making progress towards its Net Zero target is to calculate its investments into companies delivering the green products and services driving the transition to a low carbon economy. Following on from last year's pilot FTSE Russell have assessed a number of Brunel's portfolios for their exposure to green revenues vs their benchmark, see table below:

Portfolio	Green revenues	Benchmark green revenues
Active Global High Alpha Equity	9.1%	7.7%
Active Emerging Markets Equity	9.5%	9.1%
Active UK Equity	3.4%	4.2%
Passive World Developed Equity PAB Index	12.2%	7.7%
Active Global Sustainable Equity	13.1%	7.9%
Sterling Corporate Bonds	7.0%	9.4%

As the table shows all of the portfolios apart from the Active UK Equity and Sterling Corporate Bonds are ahead of their benchmarks, with the Passive World Developed PAB Index and the Active Global Sustainable Equity portfolios showing significant outperformance.

Climate Change Policy Implementation Plan Progress

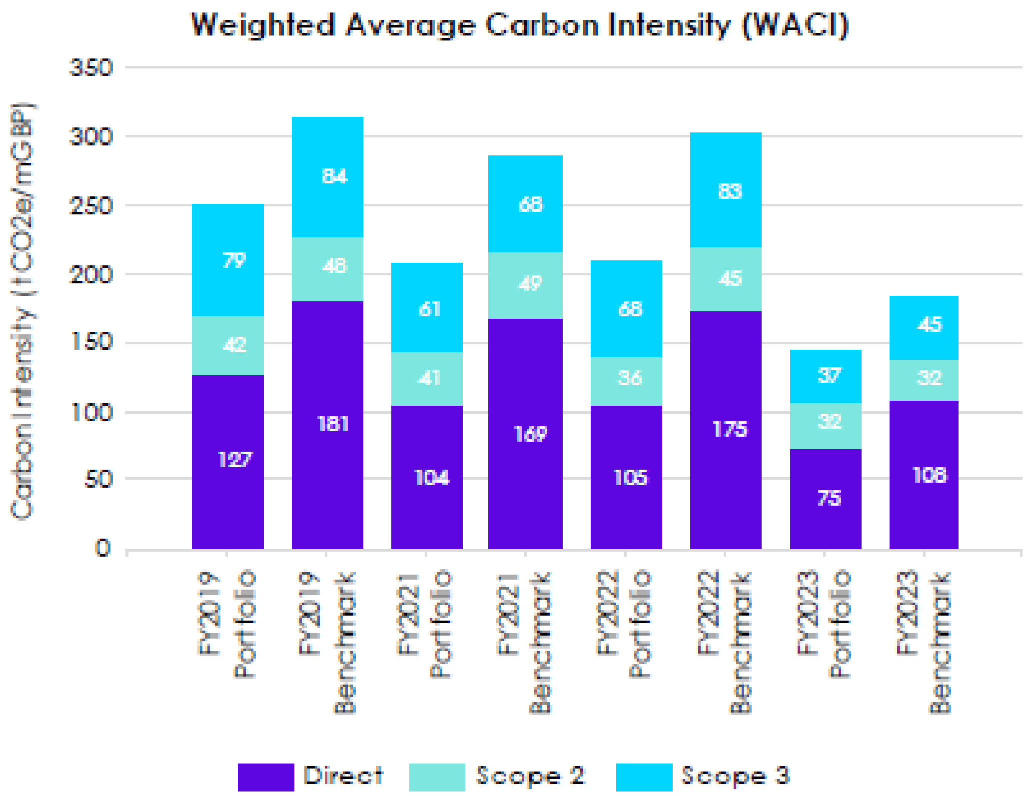
The table below gives a high-level status on progress against the various actions identified as required to deliver the Climate Change policy Implementation plan.

Activity	Status	Notes
Target a 7.6% annual reduction in GHG emissions across its investment portfolios using WACI as a metric	On target	Currently delivering a 20% annual reduction using WACI as a metric.
Work with Brunel to establish whether alternative portfolios are available that better deliver on the Policy than current options	On target	Passive funds moved to PAB index; rebalancing of equity towards Global Sustainable and Passive FTSE PAB portfolios
Consider the renewable infrastructure weighting when making future allocations to the Brunel Infrastructure portfolio	On target	Infrastructure funds Cycle 2 and 3 have higher renewables weighting. Exploring investment into a specific climate solutions portfolio
Investigate an appropriate metric for measuring the proportion of assets invested in climate mitigation and adaptation	On target	Green revenues data now available for equity, bonds and infrastructure portfolios
Work with Brunel to set appropriate targets and measures of success in relation to engagement activity undertaken on the Fund's behalf	On target	The Fund supports the use of internationally recognised standards and frameworks such as the Transition Pathway Initiative as the basis for engagement
The effectiveness of the engagement approach operated by Brunel will be formally reviewed as part of the 2022 stocktake of their Climate Change Policy and the Pension Fund will contribute to this review.	On target	New engagement plan agreed with Brunel and other clients that will see companies required to meet CA100+ criteria, that will tighten over time, or ultimately face exclusion from investment portfolios.
Work with Brunel to identify or develop appropriate metrics, across all investment portfolios, to monitor the successful implementation of the Policy.	On target	Climate metrics report is a useful tool for measuring implementation of the policy. Also working with Brunel to develop metrics on green revenues and widening of coverage to all asset classes.
Consider joining investor groups whose aims align with those of the Pension Fund's Climate Change Policy.	On target	Member of the IIGCC, Climate Action 100+ and the Local Authority Pension Fund Forum
Investigate options for portfolio scenario analysis based on different climate change scenarios so that this can be incorporated in the next fundamental asset allocation review in 2023.	Under target	Working with Brunel on developing scenario analysis for all investment portfolios/asset classes
Pension Fund to be carbon neutral on its own operations by 2030.	On target	Working with the Oxfordshire County Council Net Zero team to benchmark current operations

Emissions Reduction Target

The Fund's Climate Change Policy Implementation Plan set a target to reduce greenhouse gas emissions by 7.6% per annum based on the 2019 UN Environment Programme annual Emissions Gap Report. This was set to be consistent with the Fund's Policy commitment to be aligned to the 1.5°C temperature goal of the Paris Agreement with limited or no overshoot.

The chart below shows the Fund's Weighted Average Carbon Intensity (WACI) between 31 December 2019 and 31 December 2023. The Fund achieved **a reduction over the three-year period of 31% and an annualized rate of reduction of 20%.**



While the Fund does not have a target for reductions in exposure to fossil fuel reserves this reduced by 60% from the 2022 level and has reduced by 83% since 2019.

The Fund recognises that there are a range of different metrics to assess emissions related to investment portfolios all of which have their own merits and drawbacks. At present the Fund is reporting on WACI (as recommended by TCFD) as this can be used across all listed portfolios, irrespective of allocations and therefore can be decision-useful in assessing the relative carbon emission efficiency (per million pounds) of portfolios when attributing the impacts of strategic asset allocation decisions.

However, WACI has limitations in being used to assess progress against the Fund's emissions reduction target, principally because it is an efficiency measure and so while efficiency may improve this does not mean actual emissions are necessarily reducing. The Fund's investment in the Brunel Sustainable Equities portfolio can also have a short-term impact on WACI performance as the managers in the portfolio are actively targeting investments in companies who are at the forefront of the energy and industrial transition to Net Zero. These are leaders in challenging and difficult-to-abate sectors. These sectors inevitably have a higher carbon intensity today than companies in most other sectors, whose own transition journey is dependent on such companies. For example, one such company in the portfolio is Waste Management Inc. which is a waste and environmental services company operating in the US.

An additional issue across all metrics is the use of scope 3 emissions where data quality and double counting factors, when using full scope 3 emissions, make its use challenging. At present the Fund's WACI data includes Scope 1, Scope 2, and first tier Scope 3 emissions (upstream emissions).

It is important that the Fund continues to work with Brunel to monitor and develop metrics such as fossil fuel reserves exposure, overall carbon emissions and green revenue exposure to be able to give a more granular and rounded assessment of progress towards its Net Zero target.

Other Implementation Plan Items

The Fund's Implementation Plan sets out several actions over the near-term that management has determined will enable it to deliver on its Climate Change Policy. Progress against each of these is summarised below.

Work with Brunel to establish whether alternative passive, or similar, equity funds are available that better deliver on the Policy than current options available to the Fund.

Brunel worked closely with leading index provider FTSE Russell to develop two indexes that met the EU criteria to be classified as a Climate Transition Benchmark or a Paris Aligned Benchmark. These indexes were made available for investment in November 2021. The Pension Fund Committee made a decision to move the Fund's full passive holdings of c.£530m to the Paris Aligned Benchmark fund putting it among the first group of investors to invest in the index. Of the two funds developed the Paris Aligned Benchmark has stricter climate criteria and effectively excludes fossil fuel companies from the index. The Fund has also been rebalancing some of its active equity funds away from portfolios with higher fossil fuel reserves exposure towards the Global Sustainable Equity and the Passive FTSE PAB Index portfolio, where exposure to reserves is lower and green revenues higher.

Consider the renewable infrastructure weighting when making future allocations to the Brunel Infrastructure portfolio.

Brunel has removed the renewable infrastructure sleeve from its cycle 3 infrastructure portfolio and as such the Pension Fund is not able to separately allocate to renewables within its infrastructure allocations. However, the infrastructure portfolio specification states that a majority of the portfolio will seek to deliver climate solutions and a just energy transition to a lower carbon global economy.

To enable the Pension Fund to set targets for investments in Climate Solutions and have control over this the Fund is seeking the development of a Climate Solutions Portfolio to enable it to make specific allocations to climate solutions. Initial meetings between Brunel and the client funds have taken place on the development of this portfolio.

Investigate an appropriate metric for measuring the proportion of assets invested in climate mitigation and adaptation.

The Fund continues to work with Brunel in developing an appropriate metric or set of metrics and determining the criteria used to identify investments in climate mitigation and adaptation. This links to wider work being undertaken by various governments including the EU who have developed an EU Green Taxonomy and the UK which has established a Green Technical Advisory Group to advise the government on the establishment of a UK taxonomy that sets the criteria for an investment to be defined as environmentally sustainable.

In order for the Fund to set targets it first needs to be able to establish the current level of investments in climate solutions/green revenues. Once a baseline has been established then the percentage increase over time of investments by the Fund into companies contributing to the low carbon transition of the economy can be tracked and reported on.

FTSE Russell produced a 2022 paper on green revenues exposure of equity portfolios in a 1.5°C scenario. According to this analysis a 1.5°C Paris aligned calculation (low case) calls for:

- 12% green economy exposure of the listed equity market by 2023.
- By 2030 this should be 20%
- By 2050 this should be 25%
- Therefore exposure is heavily front-loaded in order to mitigate temperature rises above 1.5°C.

Brunel have carried out an initial review in December 2022 and calculated the Weighted Absolute Value (£) of Green Revenues of the Fund’s equity and bond portfolios using the FTSE Russell green revenues methodology. On this basis it is estimated that the Fund’s exposure to green revenues as at December 2022 was £138,798,772.70, as a percentage of total investment into bonds and equity this equals 8.1%. Brunel have also calculated the green revenues from the Stepstone managed private market infrastructure portfolios, which are equivalent to £40,000,000 out of a total investment into those funds of £53,000,000. If we add these two together that translates into 10.1% of total investment into bonds, equity and infrastructure private markets.

Whilst this figure is slightly below the likely required green revenues exposure, estimated to be at around 12%, it is important to note that the calculation did not include investments into other asset classes including private equity and property where the percentage may well be higher. Going forwards we will work with Brunel to develop a metric for green revenues that includes the Fund’s investments into all asset classes.

The Pension Fund will work with Brunel to set appropriate targets and measures of success in relation to engagement activity undertaken on the Fund's behalf.

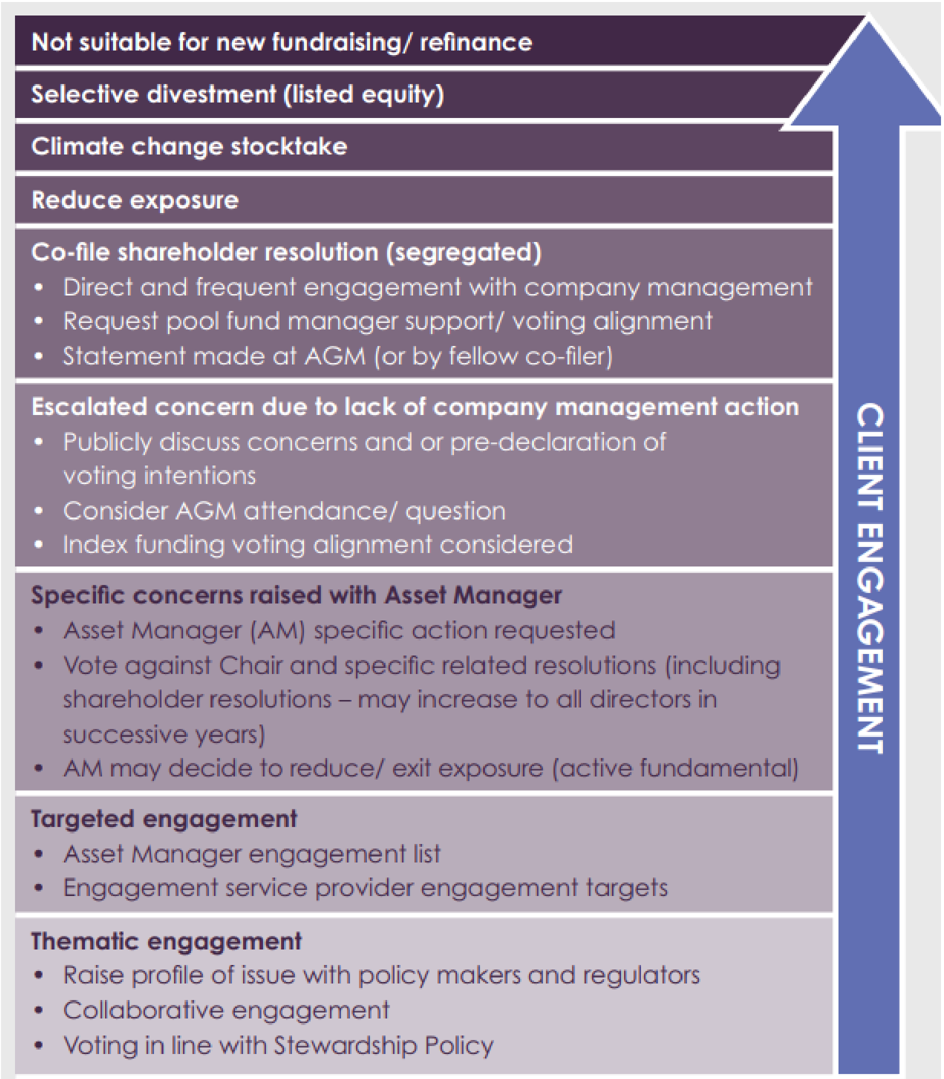
Brunel has three main strategies that it uses to persuade companies and other entities to act on climate change, namely: (a) direct engagement, including voting its shareholdings, (b) collaborative engagement, in particular through Climate Action 100+ (CA100+), and (c) engagement via its investment managers.

In relation to company engagement, Brunel expects companies in high-emitting sectors to publish their climate transition action plan, and to annually disclose emissions and progress against their commitments and targets. These expectations apply across all of the asset classes that Brunel invests in. In listed equities (and fixed income, in cases where investors are granted formal voting rights), Brunel has built these expectations into its voting policy.

Brunel will vote against the re-election of the company Chair where:

• Oil & Gas, Utilities, and all European companies have not at least reached Level 4 of the Transition Pathway Initiative (TPI) framework
• A company has not reached level 3 of the TPI framework for the US and Asia, or where the TPI score has fallen from level 4
• A company's strategy is materially misaligned with the goals of the Paris Agreement
• A company's strategy is misaligned to Net Zero ambitions

In cases where escalation is necessary Brunel has the following approach:



The effectiveness of the engagement approach operated by Brunel will be formally reviewed as part of the 2022 stocktake of their Climate Change Policy and the Pension Fund will contribute to this review.

A key component of the engagement approach is to encourage companies to set plans and objectives to align with net-zero.

Brunel provides updates on the engagements with companies every quarter and more detailed analysis on an annual basis in the Responsible Investment and Stewardship Outcomes Report.

In 2023 Brunel engaged with 805 companies on 1,321 milestones. Of these engagements 664 were on environmental issues.

As part of the Pension Fund's input into the stocktake it agreed an Engagement Policy. The policy focuses on companies with the highest emissions; those covered by CA100+. A series of measures are set out in the policy with target dates for achievement, failure to meet the criteria will lead to the potential exclusion of a company.

During 2023/24 following discussions between client funds and Brunel a more ambitious set of criteria were agreed for Brunel's climate policy that much more closely align with those Oxfordshire adopted. These criteria are now in effect and will be reviewed annually to agree a ratcheting up of the requirements companies need to meet or face exclusion from portfolios.

Work with Brunel to identify, or develop if not available, appropriate metrics, across all investment portfolios, to monitor the successful implementation of the Policy.

Work on metrics is ongoing and is expected to be an evolving process that incorporates developments in available data with the aim of increasing the accuracy and relevance of metrics as well as increasing the level of portfolio coverage. Brunel are now able to provide an annual set of climate metrics for the Funds equity and bond holdings. We now also have access to green revenues data for some of the private market funds too. Going forwards we will work with Brunel to extend the green revenues data across all investment classes to help better understand the positive impact of the Fund's investments into the transition towards a low carbon economy.

While metrics are available for listed equities and bonds there is currently a lack of data available for the majority of other assets particularly in a format that allows aggregation at portfolio level. There are some industry developments in this area that could be useful to the Fund, for example the Carbon Risk Real Estate Monitor that has been developed for real estate assets.

Brunel are working with their private market managers to produce climate data that can be used to measure alignment with climate goals.

This is also an area being looked at by the IIGCC as part of their Net Zero Investment Framework and the Fund will monitor the outputs from this work and its applicability to the Pension Fund's investments.

Consider the merits of joining investor groups whose aims align with those of the Pension Fund as set out in the Policy.

The Fund continues to be a member of The Institutional Investors Group on Climate Change (IIGCC), Climate Action 100+ and the Local Authority Pension Fund Forum. In February 2021 the Fund signed the IIGCC's Paris Aligned Investments Initiative: Net Zero Asset Owner Commitment, joining other global investors in committing to investing in support of the goal of global net zero emissions by 2050.

In 2022 the Pension Fund was a signatory to The Investor Agenda's 2022 Global Investor Statement to Governments on the Climate Crisis calling on governments to set targets and take policy action aligned with the goal of limiting global temperature rises to 1.5°C.

Investigate options for portfolio scenario analysis based on different climate change scenarios so that this can be incorporated in the next fundamental asset allocation review in 2023.

The draft government guidance by DLUHC on TCFD implementation proposes to place a new duty on LGPS Administering Authorities (AAs) to assess their assets, liabilities, investment strategy and funding strategy against climate risks and opportunities in at least two climate scenarios. This assessment must include at least one scenario based on a global temperature rise of 2°C or lower on pre-industrial levels. This assessment must occur at least once every valuation cycle. In interim years, AAs must consider whether any changes in the fund have been substantial enough to require scenario analysis to be repeated.

The Fund has not yet undertaken a scenario analysis exercise and acknowledges that this is a developing area. The Fund recognises the value of scenario analysis based on different climate scenarios and has committed to undertaking an exercise in its Implementation Plan, the results of which are to be incorporated into the Fund's fundamental asset allocation review process. Any scenario analysis would be intended to consider both the asset and liability implications for the Fund.

Given that the intention is for all investments to take place via Brunel's portfolios, it makes sense for the Fund's scenario planning to be based upon scenario planning carried out by Brunel. This work by Brunel is due to take place in late 2024. As such, it is the aim of the Fund to include scenario planning based on the modelling carried out by Brunel in the next cycle of TCFD reporting.

As well as addressing the Pension Fund's investments the Policy also sets a target for the Pension Fund to be carbon neutral on its own operations by 2030.

The Fund continues to work within Oxfordshire County Council's wider goal to achieve net zero emissions by 2030 across the whole organisation of which the Pension Fund is part. The Fund intends to report data on this and actions taken in future updates.

Case study

Below is an example of how climate change is being integrated into the investment process within the Pension Fund's investments.

Renewable Infrastructure Investment

During 2023 a decision was taken to allocate funds to energy transition projects with a local element to them. There was a risk that political considerations could lead to preference of one project over another, rather than the decision being based purely on whether the project delivered risk adjusted returns whilst also *contributing to the energy transition. To avoid such a potential conflict of interest a decision was taken that the funds to be allocated should be invested by an asset manager with a strong track record of providing funds that met the key requirements of risk control and impact. After a process of due diligence Schroders Greencoat was selected by the group of Brunel client funds looking to allocate monies to this area. The asset manager developed the Wessex Gardens fund so that it enabled the investors to invest into a portfolio of assets, including local energy transition projects. Oxfordshire invested £30m out of a total capitalisation of £330m.*

The Fund's Responsible Investment Officer sits on the LPAC (Limited Partner Advisory Committee) for the Wessex Garden Fund. Often key investment decisions proposed by the managers require a vote of consent from the LPAC members to approve. As relates to stewardship, The Fund' presence on LPAC is a key way in which the Fund is able to advocate for its views on responsible investment and sustainability matters.

Other Material

Employer Discretions

Pension Services can supply employers with related pension costs which would result following an employer's action on a discretionary policy. The employer's written decisions are required before pension services will take action in any circumstance which could incur additional cost, unless it is clear from an employer's current written policy statement that the decision is in accordance with that statement. For example, some employers will allow late transfers without further consideration while others need to make individual decisions.

Fund Account for the Year Ended 31 March 2024			
	Notes	2024 £'000	2023 £'000
Contributions and Benefits			
Contributions Receivable	6	-135,929	-114,312
Transfers from Other Schemes	7	-17,260	-14,980
Other Income		-21	-22
Income Sub Total		**-153,210**	**-129,314**
Benefits Payable	8	114,793	103,572
Payments to and on Account of Leavers	9	12,131	10,681
Expenditure Sub Total		**126,924**	**114,253**
Net (Additions)/Withdrawals From Dealings With Members		**-26,286**	**-15,061**
Management Expenses	10	22,676	16,857
Net (Additions)/Withdrawals From Dealings With Members Including Management Expenses		-3,610	**1,796**
Returns on Investments			
Investment Income	11	-24,257	-20,338
Profits and Losses on Disposal of Investments and Changes in Market Value of Investments	14a	-343,413	138,543
Less Taxes on Income	11	-2	14
Net returns on Investments		**-367,672**	**118,219**
Net (Increase)/Decrease in the Net Assets Available for Benefits During the Year		**-371,282**	**120,015**
Opening Net Assets of the Scheme		3,170,152	3,290,167
Closing Net Assets of the Scheme		**3,541,434**	**3,170,152**

Net Assets as at 31 March 2024			
	Notes	**2024 £'000**	**2023 £'000**
Investment Assets			
Equities	14b	177,643	145,099
Pooled Investments	14b	2,967,703	2,684,400
Pooled Property Investments	14b	315,717	276,454
Derivative Contracts	14c	0	0
Cash Deposits	14d	5,753	11,952
Other Investment Balances	14d	2,093	1,888
Long-Term Investment Assets	14b	840	840
Investment Liabilities			
Derivative Contracts	14c	0	0
Other Investment Balances	14d	-4	-66
Total Investments		**3,469,745**	**3,120,567**
Assets and Liabilities			
Current Assets	15	74,514	51,818
Current Liabilities	16	-3,235	-2,643
Net Current Assets		**71,279**	**49,175**
Long-Term Assets	17	410	410
Net Assets of the scheme available to fund benefits at year end		**3,541,434**	**3,170,152**

The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end. The actuarial present value of promised retirement benefits is disclosed at Note 26.

Note 1 – Description of the fund

This description of the Fund is a summary only. Further details are available in the Fund's 2023/24 Annual Report and in the underlying statutes.

General

The Oxfordshire County Council Pension Fund is part of the Local Government Pension Scheme which is a statutory, funded, defined benefit pension scheme. Oxfordshire County Council is the administering body for this pension fund. The scheme covers eligible employees and elected members of the County Council, District Councils within the county area and employees of other bodies eligible to join the Scheme.

The scheme is governed by the Public Service Pensions Act 2013 and is administered in accordance with the following secondary legislation:

- The Local Government Pension Scheme Regulations 2013 (as amended)

- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

This defined benefit scheme provides benefits related to salary for its members. Pensions paid to retired employees, their dependants, and deferred benefits are subject to mandatory increases in accordance with annual pension increase legislation. The amount is determined by the Secretary of State.

Membership

The majority of fund employers are required to automatically enrol eligible jobholders into the LGPS under the government's auto-enrolment legislation, employees may then choose to opt-out of the scheme. Some employers will have the option of whether to auto-enrol eligible jobholders into the LGPS or another qualifying scheme.

Members are made up of three main groups. Firstly, the contributors - those who are still working and paying money into the Fund. Secondly, the pensioners - those who are in receipt of a pension and thirdly, by those who have left their employment with an entitlement to a deferred benefit on reaching pensionable age.

Organisations participating in the Oxfordshire County Council Pension Fund include:

- Scheduled Bodies – Local authorities and similar bodies, such as academies, whose staff are automatically entitled to become members of the Fund.
- Admitted Bodies – Organisations that participate in the Fund under an admission agreement between the Fund and the organisation. Admitted bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.
- Admitted Bodies can be split in to two groups:
  - Community Admission Bodies – these are typically employers that provide a public service on a not-for-profit basis and often have links to scheduled bodies already in the Fund. Housing Corporations fall under this category.
  - Transferee Admission Bodies – these are bodies that provide a service or asset in connection with the exercise of a function of a scheme employer. Typically this will be when a service is transferred from a scheme employer and is to allow continuing membership for staff still involved in the delivery of the service transferred.

Full definitions are contained in The Local Government Pension Scheme (Administration) Regulations 2008.

The table below details the composition of the Fund's membership:

	As at 31 March 2024	As at 31 March 2023
Number of Contributory Employees in Scheme		
Oxfordshire County Council	8,375	8,512
Other Scheduled Bodies	13,391	12,643
Admitted Bodies	442	433
	22,208	**21,588**
Number of Pensioners and Dependants		
Oxfordshire County Council	10,858	10,447
Other Scheduled Bodies	7,267	6,855
Admitted Bodies	1,263	1,210
	19,388	**18,512**
Deferred Pensioners		
Oxfordshire County Council	16,303	16,268
Other Scheduled Bodies	14,137	13,623
Admitted Bodies	1,243	1,265
	31,683	**31,156**

Unprocessed leavers are included as Deferred Pensioners.

Funding

The Oxfordshire County Council Pension Fund is financed by contributions from employees and employers, together with income earned from investments. The contribution from employees is prescribed by statute, and for the year ending 31 March 2024 rates ranged from 5.5% to 12.5% of pensionable pay.

Employers' contribution rates are set following the actuarial valuation, which takes place every three years. The latest actuarial valuation took place in 2022 and determined the contribution rates to take effect from 01 April 2023. Employer contribution rates currently range from 9.6% to 37.3% of pensionable pay.

Benefits

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service as summarised below.

	Service Pre 1 April 2008	**Service Post 31 March 2008**
Pension	Each full-time year worked is worth 1/80 × final pensionable salary.	Each full-time year worked is worth 1/60 × final pensionable salary.
Lump Sum	Automatic lump sum of 3 × pension. In addition, part of the annual pension can be exchanged for	No automatic lump sum. Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12

	a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.	is paid for each £1 of pension given up.

From 1 April 2014 the scheme became a career average scheme, where members accrue benefits based on their pensionable pay in any given year at an accrual rate of 1/49th. Accrued pension is indexed annually in line with the Consumer Prices Index. The normal retirement age is linked to each individual member's State Pension Age.

There are a range of other benefits provided under the scheme including early retirement, disability pensions and death benefits. Scheme members are now also able to opt to pay 50% of the standard contributions in return for 50% of the pension benefit.

Note 2 – Basis of Preparation

The accounts have been prepared in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

Regulation 5(2)(c) of the Pension Scheme (Management and Investment of Funds) Regulations 1998 (SI 1998 No 1831) prohibits administering authorities from crediting Additional Voluntary Contributions to the Pension Fund. In consequence Additional Voluntary Contributions are excluded from the Net Assets Statement and are disclosed separately in Note 21.

The accounts summarise the transactions of the Pension Fund and detail the net assets of the Fund. The accounts do not take account of the obligation to pay future benefits which fall due after the year-end. The Code gives administering authorities the option to disclose this information in the net assets statement, in the notes to the accounts or by appending an actuarial report prepared for this purpose. The pension fund has opted to disclose this information in Note 24.

The accounts have been prepared on a going concern basis. The Fund's cashflow monitoring shows that cashflows from dealings with members continue to be positive each month and are currently running at around +£0.5m per month on average. Even if the cashflow position from dealing with members turns negative the Fund generates investment income that can also be used to pay pensions without the need to sell assets at a potentially suboptimal time. The Fund has a level of assets that would be able to cover pension payments for over a decade at current pension payment levels even if no further income was received. The Fund is subject to an actuarial valuation every three years so any deterioration in the funding position leading up to the valuation would be factored in when setting contribution rates for employers to ensure the fund is able to meet all its future obligations. The funding level of the Pension Fund as assessed by the Fund's actuary at the 2022 valuation was 111%. Therefore, management are assured the pension fund remains a going concern.

Note 3 – Summary of Significant Accounting Policies

Investments

1. Investments are shown in the accounts at market value, which has been determined as follows:

   (a) The majority of listed investments are stated at the bid price or where the bid price is not available, the last traded price, as at 31 March 2024.

   (b) Unlisted securities are included at fair value, estimated by having regard to the latest dealings, professional valuations, asset values and other appropriate financial information.

   (c) Pooled Investment Vehicles are stated at bid price for funds with bid/offer spreads, or single price where there are no bid/offer spreads, as provided by the investment manager.

   (d) Where appropriate, investments held in foreign currencies have been valued on the relevant basis and translated into sterling at the rate ruling on 31 March 2024.

   (e) Fixed Interest stocks are valued on a 'clean' basis (i.e. the value of interest accruing from the previous interest payment date to the valuation date has been included within the amount receivable for accrued income).

   (f) Derivatives are stated at market value. Exchange traded derivatives are stated at market values determined using market quoted prices. For exchange traded derivative contracts which are assets, market value is based on quoted bid prices. For exchange traded derivative contracts which are liabilities, market value is based on quoted offer prices.

   (g) Forward foreign exchange contracts are valued by determining the gain or loss that would arise from closing out the contract at the reporting date by entering into an equal and opposite contract at that date.

   (h) All gains and losses arising on derivative contracts are reported within 'Changes in Market Value of Investments'.

Foreign Currencies

2. Balances denominated in foreign currencies are translated at the rate ruling at the net assets statement date. Asset and liability balances are translated at the bid and offer rates respectively. Transactions denominated in foreign currencies are translated at the rate ruling at the date of transaction. Differences arising on investment balance translation are accounted for in the change in market value of investments during the year.

Contributions

3. Employee normal contributions are accounted for when deducted from pay. Employer normal contributions that are expressed as a rate of salary are accounted for on the same basis as employees' contributions, otherwise they are accounted for in the period they are due under the Schedule of Contributions.

Employer deficit funding contributions are accounted for on the due dates on which they are payable in accordance with the Schedule of Contributions and recovery plan under which they are being paid or on receipt if earlier than the due date.

Employers' pensions strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid will be classed as a current financial asset. Amounts not due until future years are classed as long-term financial assets.

The Actuary determines the contribution rate for each employer during the tri-ennial valuations of the Fund's assets and liabilities. Employees' contributions have been included at rates required by the Local Government Pension Scheme Regulations.

Benefits, Refunds of Contributions and Transfer Values

4. Benefits payable and refunds of contributions have been brought into the accounts on the basis of all amounts known to be due at the end of the financial year. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities. Transfer values are those sums paid to, or received from, other pension schemes and relate to periods of previous pensionable employment. Transfer values have been included in the accounts on the basis of the date when agreements were concluded.

   In the case of inter-fund adjustments provision has only been made where the amount payable or receivable was known at the year-end. Group transfers are accounted for in accordance with the terms of the transfer agreement.

Investment Income

5. Dividends and interest have been accounted for on an accruals basis. Dividends from quoted securities are accounted for when the security is declared ex-div. Interest is accrued on a daily basis. Investment income is reported net of attributable tax credits but gross of withholding taxes. Irrecoverable withholding taxes are reported separately as a tax charge. In the majority of cases investment income arising from the underlying investments of the Pooled Investment Vehicles is reinvested within the Pooled Investment Vehicles and reflected in the unit price. It is reported within 'Changes in Market Value of Investments'. Foreign income has been translated into sterling at the date of the transaction. Income due at the year-end was translated into sterling at the rate ruling at 31 March 2024.

Investment Management and Scheme Administration

6. A proportion of relevant County Council officers' salaries, including salary on-costs, have been charged to the Fund on the basis of time spent on scheme administration and investment related business. The fees of the Fund's general investment managers have been accounted for on the basis contained within their management agreements. Investment management fees are accounted for on an accruals basis.

Expenses

7. Expenses are accounted for on an accruals basis.

Cash

8. Cash held in bank accounts and other readily accessible cash funds is classified under cash balances as it is viewed that these funds are not held for investment purposes but to allow for effective cash management. Cash that has been deposited for a fixed period and as such as an investment, has been included under cash deposits.

Listed Private Equity

9. The fund holds a number of investments in listed private equity companies. These are included under equities as the investment is in a company that undertakes private equity related activities rather than an investment in a specific fund that makes private equity investments. This is consistent with the treatment of other equity investments as the fund does not split out any other categories from within equities, for example retail stocks.

Management Fees

10. Management fees have been accounted for based on the latest guidance from the Chartered Institute of Public Finance & Accountancy. Fees have been accounted for where the pension fund has a direct contractual obligation to pay them. This means where fees are deducted in a pooled fund they have been accounted for, but in a fund of funds the fees for the underlying funds are not included only those the pension fund pays to the fund of funds manager.

Note 4 – Critical Judgements in Applying Accounting Policies

Unquoted Private Equity Investments

Determining the fair value of unquoted private equity investments is highly subjective in nature. Unquoted private equity investments are valued by the investment managers using various valuation techniques and this involves the use of significant judgements by the managers. The value of unquoted private equity, private debt and infrastructure investments at 31 March 2024 was £496.162m (£389.596m at 31 March 2023).

Pension Fund Liability

The pension fund liability is calculated every three years by the Fund's actuary, with annual updates in the intervening years. Methods and assumptions consistent with IAS19 are used in the calculations. Assumptions underpinning the valuations are agreed with the actuary and are summarised in Note 24. The estimate of the liability is therefore subject to significant variances based on changes to the assumptions used.

Note 5 – Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date, and the amounts reported for the revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The key judgements and estimation uncertainties that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are:-

Item	Uncertainties	Potential Impact
Actuarial Present Value of Promised Retirement Benefits	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on fund assets. The fund engages an actuarial firm to provide expert advice on the assumptions to be applied.	The actuarial present value of promised retirement benefits included in the financial statements is £3,290m. There is a risk that this figure is under, or overstated in Note 24 to the accounts. Sensitivities to the key assumptions are as follows: A 0.1% p.a. increase in the pension increase rate would result in an approximate 2% increase to liabilities (£58m). A 0.1% p.a. increase in the salary increase rate would result in an approximate increase to liabilities of 0.1% (£2m). A 0.1% decrease in the real discount rate would result in an approximate 2% increase to liabilities (£60m). A one-year increase in member life expectancy would approximately increase the liabilities by 4% (£132m).
Unquoted Private Equity	Unquoted private equity and infrastructure investments are valued at fair value using recognised valuation techniques. Due to the assumptions involved in this process there is a degree of estimation involved in the valuation.	Unquoted private equity, private debt and infrastructure investments included in the financial statements total £496.162m. There is a risk these investments are under, or overstated in the accounts. The Pension Fund relies on specialists to perform the valuations and does not have the information (i.e. the assumptions that were used in each case) to produce sensitivity calculations. Further details are included in Note 25.

Note 6 - Contributions

	2023/24 £'000	2022/23 £'000
Employers		
Normal	-88,354	-75,718
Augmentation	0	0
Deficit Funding	-16,040	-8,721
Costs of Early Retirement	-207	-857
	-104,601	**-85,296**
Members		
Normal & Additional*	**-31,328**	**-29,016**
Total	**-135,929**	**-114,312**

*Local Government Scheme Additional Employees contributions are invested within the Fund, unlike AVCs which are held separately, as disclosed in Note 21.

Lump sum pre-payments in respect of contributions for the period 01/04/23-31/03/26 totalling £10.780m were received during 2023/24.

Deficit recovery contributions are paid by employers based on the maximum 22 year recovery period set out in the Funding Strategy Statement. Where appropriate, the Actuary has shortened the recovery period for some employers to maintain as near stable contribution rates for those employers, in line with the Regulations.

	Employer Contributions		Members Contributions	
	2023/24	2022/23	2023/24	2022/23
	£'000	£'000	£'000	£'000
Oxfordshire County Council	-38,227	-36,321	-12,733	-12,072
Scheduled Bodies	-58,818	-41,908	-16,052	-14,468
Resolution Bodies	-5,161	-4,191	-1,652	-1,623
Community Admission Bodies	-1,168	-1,490	-401	-373
Transferee Admission Bodies	-1,227	-1,386	-490	-480
Total	**-104,601**	**-85,296**	**-31,328**	**-29,016**

Note 7 - Transfers In

	2023/24 £'000	2022/23 £'000
Individual Transfers In from other schemes	-17,260	-14,980
Group Transfers In from other schemes	0	0
Total	-17,260	**-14,980**

Note 8 - Benefits

	2023/24 £'000	2022/23 £'000
Pensions Payable	95,768	85,687
Lump Sums – Retirement Grants	16,071	14,892
Lump Sums – Death Grants	2,954	2,993
Total	**114,793**	**103,572**

	Pensions Payable		Lump Sums	
	2023/24 £'000	2022/23 £'000	2023/24 £'000	2022/23 £'000
Oxfordshire County Council	46,254	41,566	6,933	7,827
Scheduled Bodies	41,255	37,041	8,897	7,509
Resolution Bodies	1,706	1,343	1,822	1,171
Community Admission Bodies	5,042	4,467	996	844
Transferee Admission Bodies	1,511	1,270	377	534
Total	**95,768**	**85,687**	**19,025**	**17,885**

Note 9 - Payments to and on account of leavers

	2023/24 £'000	2022/23 £'000
Refunds of Contributions	652	218
Payments for members joining state scheme	-3	-2
Group Transfers Out to other schemes	0	0
Individual Transfers Out to other schemes	11,482	10,465
Total	**12,131**	**10,681**

Note 10 - Management Expenses

	2023/24 £'000	2022/23 £'000
Administrative Costs	2,906	2,086
Investment Management Expenses	18,140	12,803
Oversight & Governance Costs	1,630	1,968
Total	**22,676**	**16,857**

Within oversight and governance costs are fees paid to the Pension Fund's external auditors of £0.025m (2022/23 £0.025m) for the audit of the Pension Fund's Annual Report and Accounts.
A further breakdown of Investment Management Expenses is in Note 12.

Note 11 - Investment Income

	2023/24 £'000	2022/23 £'000
Bonds	0	-578
Equity Dividends	-4,295	-4,084
Pooled Property Investments	-7,061	-6,877
Pooled Investments – Unit Trusts & Other Managed Funds	-10,034	-7,744
Interest on cash deposits	-2,867	-1,055
	-24,257	**-20,338**
Irrecoverable withholding tax - equities	-2	14
Total	**-24,259**	**20,324**

Note 12 - Investment Management Expenses

	2023/24 £'000	2022/23 £'000
Management Fees	18,091	12,751
Custody Fees	49	52
Total	**18,140**	**12,803**

Investment Management & Custody Fees are generally calculated on a fixed scale basis with applicable rates applied to the market value of the assets managed. See Note 3 for details of the accounting treatment of management fees.

Note 13 - Related Party Transactions

The Pension Fund is required to disclose material transactions with related parties, and bodies or individuals that have the potential to control or influence the Pension Fund, or to be controlled or influenced by the Pension Fund. Disclosure of these transactions allows readers to assess the extent to which the Pension Fund might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Pension Fund.

Members of the Pension Fund Committee and the post of Service Manager (Pensions) are the key management personnel involved with the Pension Fund. During 2023/24, the Committee consisted of five County Councillors (voting members), four employer representatives and a scheme member representative. Members of the Pension Fund Committee are disclosed in the Pension Fund Report and Accounts. An amount of £0.126m was paid to Oxfordshire County Council in respect of key management compensation during the financial year as follows:

	2023/24 £'000	2022/23 £'000
Short Term Benefits*	108	106
Long Term/Post Retirement Benefits	**18**	17
Total	**126**	**123**

*Includes allowances paid to the Chairman of the Pension Fund Committee

These figures represent the relevant proportion of the salary and employer pension contributions for the key Council staff, reflecting their work for the Pension Fund

As the County Council is the designated statutory body responsible for administrating the Oxfordshire Pension Fund, it is a related party.

For the 12 months ended 31 March 2024, employer contributions to the Pension Fund from the County Council were £38.227m (2022/23 £36.321m). At 31 March 2024 there were receivables of in respect of contributions due from the County Council of £4.289m (2022/23 £4.049m) and payables due to the County Council of £0.187m (2022/23 £0.336m).

The County Council was reimbursed £1.936m (2022/23 £1.682m) by the Pension Fund for administration costs incurred by the County Council on behalf of the Pension Fund

Brunel Pension Partnership Ltd (Company Number 10429110)

Brunel Pension Partnership Ltd (BPP Ltd) was formed on the 14th October 2016 and oversees the investment of pension fund assets for the following LGPS funds: Avon, Buckinghamshire. Cornwall, Devon, Dorset, Environment Agency, Gloucestershire, Oxfordshire, Somerset, and Wiltshire.

Each of the nine Administering Authorities, including Oxfordshire County Council, and the Environment Agency own 10% of BPP Ltd. Pension Fund transactions with BPP Ltd are as follows:

	2023/24 £'000	2022/23 £'000
Income	0	0
Expenditure	1,313	1,182
Receivables	0	0
Payables	0	0

Note 14 - Investments

	Value at 31.3.2024 £'000	Value at 31.3.2023 £'000
Investment Assets		
Equities	177,643	145,099
Pooled Funds:		
- Fixed Income	135,566	152,779
- Index Linked	229,819	167,642
- Global Equity	1,596,696	1,226,423
- UK Equity	359,128	497,259
- Private Equity	246,528	218,892
- Private Debt	68,410	40,443
- Infrastructure Funds	181,224	130,261
- Diversified Growth Fund	0	116,201
- Multi Asset Credit Fund	150,332	134,500
Pooled Property Investments	315,717	276,454
Cash Deposits	5,753	11,952
Long-Term Investments	840	840
Investment Income Due	1,979	1,888
Amounts Receivable for Sales	114	0
Total Investment Assets	**3,469,749**	**3,120,633**
Investment Liabilities		
Management Expenses Due	-4	-66
Amounts Payable for Purchases	0	0
Total Investment Liabilities	**-4**	**-66**
Net Investment Assets	**3,469,745**	**3,120,567**

Note 14a – Reconciliation of Movements in Investments and Derivatives

	Value at 1 April 2023	Purchases at Cost & Derivative Payments	Sales Proceeds & Derivative Receipts	Change in Market Value	Cash Movement	Increase in Receivables/ (Payables)	Value at 31 March 2024
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Equities	145,099	3,319	-16,279	45,504			177,643
Pooled Investments	2,684,400	500,902	-533,351	315,752			2,967,703
Pooled Property Investments	276,454	100,158	-43,227	-17,668			315,717
Long-Term Investments	840	0	0	0			840
Derivative Contracts FX	0	2		-2			0
Futures	0	0		0			0
Other Investment Balances							
Cash Deposits	11,952	33,565	-39,470	-173	-121		5,753
Amounts Receivable for Sales of Investments	0	0	0	0		114	114
Investment Income Due	1,888	0	0	0		91	1,979
Amounts Payable for Purchases of Investments & Management Expenses	-66	0	0	0		62	-4
Total	**3,120,567**	**637,946**	**-632,327**	**343,413**	**-121**	**267**	**3,469,745**

Transaction costs are borne by the scheme in relation to transactions in pooled investment vehicles. However, such costs are taken into account in calculating the bid/offer spread of these investments and are not therefore separately identifiable.

There have been no employer-related investments at any time during the year.

	Value at 1 April 2022	Purchases at Cost & Derivative Payments	Sales Proceeds & Derivative Receipts	Change in Market Value	Cash Move-ment	Increase in Receivables/ (Payables)	Value at 31 March 2023
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Bonds	80,934	34,495	-98,362	-17,067			0
Equities	164,113	2,813	-12	-21,815			145,099
Pooled Investments	2,684,178	120,155	-90,803	-29,130			2,684,400
Pooled Property Investments	273,869	108,030	-32,974	-72,471			276,454
Long-Term Investments	840						840
Derivative Contracts							
FX	-428	2,299	-1,687	-184			0
Futures	203	3,248	-5,133	1,682			0
Other Investment Balances							
Cash Deposits	6,626	62,228	-56,215	441	-1,128		11,952
Amounts Receivable for Sales of Investments	34	0	0			-34	0
Investment Income Due	2,134	0	0	1		-247	1,888
Amounts Payable for Purchases of Investments & Management Expenses	-548	0	0	0		482	-66
Total	**3,211,955**	**333,268**	**-285,186**	**-138,543**	**-1,128**	**201**	**3,120,567**

Note 14b - Analysis of Investments (Excluding Derivative Contracts, Cash Deposits and Other Investment Balances)

Long-Term Investments Assets

	2023/24 £'000	2022/23 £'000
Brunel Pension Partnership Ltd	840	840
Total	**840**	**840**

Equity Investments

	2023/24 £'000	2022/23 £'000
UK Equities	177,319	135,423
Overseas Listed Equities:		
North America	0	9,343
Europe	324	333
Total	**177,643**	**145,099**

Pooled Investment Vehicles

	2023/24 £'000	2022/23 £'000
UK Registered Managed Funds - Property	105,841	86,893
Non UK Registered Managed Funds - Property	51,895	49,637
UK Registered Managed Funds - Other	2,346,147	2,044,102
Non UK Registered Managed Funds - Other	621,556	640,298
UK Registered Property Unit Trusts	99,305	97,605
Non UK Registered Property Unit Trusts	58,676	42,319
Total	**3,283,420**	**2,960,854**

Total Investments (excluding derivative contracts, Cash Deposits and Other Investment Balances)

	2023/24 £'000	2022/23 £'000
	3,461,903	**3,106,793**

Note 14d - Other Investment Balances

	2023/24 £'000	2022/23 £'000
Receivables		
Sale of Investments	114	0
Dividend & Interest Accrued	1,750	1,659
Inland Revenue	229	229
	2,093	**1,888**
Payables		
Purchase of Investments	0	0
Management Fees	-4	-61
Custodian Fees	-4	-5
	0	**-66**
Total	2,089	1,822

Cash Deposits

	2023/24 £'000	2022/23 £'000
Non-Sterling Cash Deposits	5,753	11,952
Total	**5,753**	**11,952**

The following investments represent more than 5% of the net assets of the scheme

	2023/24 £'000	% of Total Fund	2022/23 £'000	% of Total Fund
Brunel UK Equity Fund	359,128	10.14	497,259	15.69
FTSE PAB Developed Equity Index Fund	628,606	17.75	496,833	15.67
Brunel HG ALP GLB EQ	352,516	9.95	336,236	10.61
Brunel GBL Sustainable Mutual Fund	615,574	17.38	311,965	9.84
Blackrock Aquila Life Fund	229,819	6.49	140,978	4.45

Note 15 - Current Assets

	2023/24 £'000	2022/23 £'000
Receivables:		
Employer Contributions	7,828	6,853
Employee Contributions	2,627	2,331
Rechargeable Benefits	1,215	1,065
Transferred Benefits	2,115	1,883
Cost of Early Retirement	87	110
Inland Revenue	197	18
Other	1,525	222
Cash Balances	58,920	39,336
Total	**74,514**	**51,818**

Note 16 - Current Liabilities

	2023/24 £'000	2022/23 £'000
Transferred Benefits	-260	-186
Benefits Payable	-1,156	-865
Inland Revenue	-1,519	-1,190
Employer Contributions	-2	-1
Staff Costs	-155	-135
Consultancy	-21	-50
Other	-122	-216
Total	**-3,235**	**-2,643**

Note 17 - Long-Term Assets

	2023/24 £'000	2022/23 £'000
Employer Contributions	410	410
Total	**410**	**410**

Note 18 - Assets under External Management

The market value of assets under external fund management amounted to £3,217.788m as at 31 March 2024. The table below gives a breakdown of this sum and shows the market value of assets under management with each external manager.

	31/03/2024		31/03/2023	

Fund Manager	Market Value		Market Value	
	£'000	%	£'000	%
Brunel Pension Partnership	3,131,009	97.30	2,625,431	89.65
Legal & General	0	0	84,129	2.87
Insight	0	0	116,201	3.97
Adams Street Partners	57,317	1.78	63,600	2.17
Partners Group	29,462	0.92	39,314	1.34
Total	**3,217,788**	**100.00**	**2,928,675**	**100.00**

Note 19 - Top 5 Holdings

Value of the Fund's Top Five Holdings at 31 March 2024	£'000	% of Fund
HG Capital Trust Plc	92,471	2.61
Aberdeen Private Equity Opportunities Trust Plc	27,420	0.77
3i Group Plc	26,641	0.75
CT Private Equity Trust Plc	20,478	0.58
ICG Enterprise Trust Plc	10,128	0.29

Note 20 - Taxation

The scheme is a 'registered pension scheme' for tax purposes under the Finance Act 2004. As such the Fund is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. However, the Fund cannot reclaim certain amounts of withholding taxes relating to overseas investment income which are suffered in the country of origin.

Note 22 - Additional Voluntary Contributions

	Market Value 31 March 2024 £'000	Market Value 31 March 2023 £'000
Prudential	12,452	12,278

AVC contributions of £1.134m were paid directly to the Fund's AVC providers during the year (2022/23 - £1.044m).

The AVC provider to the Fund is Legal & General. The assets of these investments are held separately from the Fund. The AVC provider secures additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions. Members participating in this arrangement each receive an annual statement confirming the amounts held in their account and the movements in the year. The Administering Authority does not handle these monies. Instead, if employees decide to pay AVCs their employer (the member body) sends them to Legal & General.

Note 22 - Contingent Liabilities and Capital Commitments

As at 31 March 2024 the fund had outstanding capital commitments (investments) totalling £237.493m (31 March 2023 - £313.060m). These commitments relate to outstanding call payments due on unquoted limited partnership funds held in the pooled investments and pooled property fund elements of the investment portfolio. The amounts 'called' by these funds are irregular in both size and timing from the date of the original commitment due to the nature of the investments.

Note 23 – Investment Strategy Statement

Oxfordshire County Council Pension Fund has an Investment Strategy Statement. This is published in the Pension Fund Annual Report and Accounts which is circulated to all scheme employers and is also available on the Council's webpage.

Note 24 – Actuarial Present Value of Promised Retirement Benefits

	2024 £'000	2023 £'000
Present Value of Funded Obligation	3,290	3,278

The movement from March 2023 can in part be explained by the normal changes over the year as new benefits are accrued and previous benefits paid out. This explains an increase in the present value of the Funded Obligation of £226m (2023 - £431m increase).
There has been a decrease in the present value of the Funded Obligation of £214m (2023 - £1,686m decrease) reflecting changes in the financial assumptions used by the actuary as a consequence of changes in the financial markets. The key changes in financial assumptions were:

- A decrease in the assumed level of CPI, and therefore pension increase, from 3.0% to 2.75% (net effect a decrease in Present Value of Funded Obligation)
- A decrease in the assumed level of salary increases from 3.0% to 2.75% (net effect a decrease in Present Value of Funded Obligation)
- An increase in the discount rate to 4.85% from 4.75% (net effect a decrease in Present Value of Funded Obligation).

When the LGPS benefit structure was reformed in 2014, transitional protections were applied to certain older members close to normal retirement age. The benefits accrued from 1 April 2014 by these members are subject to an 'underpin' which means that they cannot be lower than what they would have received under the previous benefit structure. The underpin ensures that these members do not lose out from the introduction of the new scheme, by effectively giving them the better of the benefits from the old and new schemes.

In December 2018 the Court of Appeal upheld a ruling ("McCloud/Sargeant") that similar transitional protections in the Judges' and Firefighters' Pension Schemes were unlawful on the grounds of age discrimination. The implications of the ruling are expected to apply to the LGPS (and other public service schemes) as well. The UK Government requested leave to appeal to the Supreme Court but this was denied at the end of June 2019. LGPS benefits accrued from 2014 may therefore need to be enhanced so that all members, regardless of age, will benefit from the underpin. Alternatively, restitution may be achieved in a different way, for example by paying compensation. In either case, the clear expectation is that many more members would see an enhanced benefit rather than just those currently subject to these protections.

There will therefore be a retrospective increase to members' benefits, which in turn will give rise to a past service cost for the Fund employers.

Quantifying the impact of the judgement at this stage is very difficult because it will depend on the compensation awarded, members' future salary increases, length of service and retirement age, and whether (and when) members withdraw from active service. Salary increases in particular can vary significantly from year to year and from member to member depending on factors such as budget restraint, job performance and career progression. The Government Actuary's Department (GAD) has estimated that the impact for the LGPS as a whole could be to increase active member liabilities by 3.2%, based on a given set of actuarial assumptions. A full description of the data, methodology and assumptions underlying these estimates is given in GAD's paper, dated 10 June 2019.

The Fund's actuary has adjusted GAD's estimate to better reflect the Oxfordshire County Council Pension Fund's local assumptions, particularly salary increases and withdrawal rates. The revised estimate is that total liabilities (i.e. the increase in active members' liabilities expressed in terms of the employer's total membership) could be 0.5% higher as at 31 March 2021, an increase of approximately £6m.

These numbers are high level estimates based on scheme level calculations and depend on several key assumptions.

Note 25 – Financial Instruments

Note 25a – Classification of Financial Instruments

The following table analyses the carrying amounts of financial assets and liabilities by category and net assets statement heading. No financial assets were reclassified during the accounting period.

	2023/24			2022/23		
	Fair Value through Profit & Loss £'000	Financial Assets at Amortised Cost £'000	Financial Liabilities at Amortised Cost £'000	Fair Value through Profit & Loss £'000	Financial Assets at Amortised Cost £'000	Financial Liabilities at Amortised Cost £'000
Financial Assets						
Equities	177,643			145,099		
Pooled Investments	2,967,703			2,684,400		
Pooled Property Investments	315,717			276,454		
Derivatives	0			0		
Cash		64,673			51,288	
Long-Term Investments	840			840		
Other Investment Balances	1,864			1,659		
Receivables		1,003			96	
	3,463,767	**65,676**	**0**	**3,108,452**	**51,384**	**0**
Financial						

Liabilities						
Derivatives	0			0		
Other Investment Balances	-4			-66		
Payables			-256			-194
	-4	**0**	**-256**	**-66**	**0**	**-194**
Total	**3,463,763**	**65,676**	**-256**	**3,108,386**	**51,384**	**-194**

Note 25b - Net Gains and Losses on Financial Instruments

	31-Mar-24 £'000	31-Mar-23 £'000
Financial Assets		
Fair Value through Profit and Loss	343,586	-138,985
Loans and Receivables	0	0
Financial Assets at Amortised Cost	-173	442
Financial Liabilities		
Fair Value through Profit and Loss	0	0
Financial Liabilities Measured at Amortised Cost	0	0
Total	**343,413**	**-138,543**

Note 25c - Valuation of Financial Instruments Carried at Fair Value

Financial instruments have been classified in to one of the following three categories to reflect the level of uncertainty in estimating their fair values:

Level 1
Fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2
Fair value is based on inputs other than quoted prices included within Level 1 that are observable either directly (i.e., from prices) or indirectly (i.e., derived from prices).
Level 3
Fair value is determined by reference to valuation techniques using inputs that are not observable in the market.

Level 2 includes pooled funds where the valuation is based on the bid price, where bid and offer prices are published, or the net asset value provided by the issuing fund. Within Level 2 there are also listed private equity investments where the market for the security is not deemed active; for these investments the valuation is based on the most recently available bid price in the market.

Included within Level 3 are pooled private equity investments made in Limited Liability Partnerships where fair value is determined using valuation techniques which involve significant judgements by fund managers due to the unquoted nature of the underlying fund investments. The valuations are obtained from the audited financial statements of the issuing funds and are normally adjusted for cashflows where data does not cover the full financial year for the Pension Fund.

Some listed private equity investments have been included within Level 3 of the hierarchy where it has been determined that the market for the fund is inactive. These listed private equity investments are valued using the most recently available bid price in the market.

Categorisation of financial instruments within the levels is based on the lowest level input that is significant to the fair value measurement of the instrument.

The following table presents the Fund's financial assets and liabilities within the fair value hierarchy

Value at 31 March 2024	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial Assets				
Financial Assets at Fair Value through Profit & Loss	28,505	2,471,707	963,555	3,463,767
Financial Assets at Amortised Cost	65,676	0	0	65,676
Total Financial Assets	**94,181**	**2,471,707**	**963,555**	**3,529,443**
Financial Liabilities				
Financial Liabilities at Fair Value through Profit & Loss	-4	0	0	-4
Financial Liabilities at Amortised Cost	-256	0	0	-256
Total Financial Liabilities	**-260**	**0**	**0**	**-260**
Net Financial Assets	**93,921**	**2,471,707**	**963,555**	**3,529,183**

Value at 31 March 2023	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial Assets				
Financial Assets at Fair Value through Profit & Loss	31,021	2,275,363	802,069	3,108,453
Financial Assets at Amortised Cost	51,383	0	0	51,383
Total Financial Assets	**82,404**	**2,275,363**	**802,069**	**3,159,836**
Financial Liabilities				
Financial Liabilities at Fair Value through Profit & Loss	-66	0	0	-66
Financial Liabilities at Amortised Cost	-194	0	0	-194
Total Financial Liabilities	-260	0	0	-260
Net Financial Assets	**82,144**	**2,275,363**	**802,069**	**3,159,576**

Reconciliation of Movement in Level 3 Financial Instruments

	UK Equities £'000	Pooled Private Equity Funds £'000	Pooled Property Funds £'000	Pooled Infrastructure Funds £'000	Pooled Private Debt Funds £'000	Multi Asset Credit Funds £'000	Long-Term Investments £'000
Market Value 31 March 2023	**679**	**218,892**	**276,454**	**130,261**	**40,443**	**134,500**	**840**
Transfers In	0	0	0	0	0	0	0
Transfers Out	0	0	0	0	0	0	0
Purchases	0	61,376	65,019	57,268	29,239	0	0
Sales	0	-36,444	-8,476	-7,288	-847	0	0
Unrealised Gains/(Losses)	-175	-16,431	-16,291	1,088	-425	15,832	0
Realised Gains/(Losses)	0	19,135	-989	-105	0	0	0
Market Value 31 March 2024	**504**	**246,528**	**315,717**	**181,224**	**68,410**	**150,332**	**840**

	UK Equities £'000	Pooled Private Equity Funds £'000	Pooled Property Funds £'000	Pooled Infrastructure Funds £'000	Pooled Private Debt Funds £'000	Multi Asset Credit Funds £'000	Long-Term Investments £'000
Market Value 31 March 2022	**722**	**197,765**	**273,869**	**101,507**	**12,641**	**139,284**	**840**
Transfers In	0	0	0	0	0	0	0
Transfers Out	0	0	0	0	0	0	0
Purchases	0	37,412	79,009	29,608	29,197	0	0
Sales	0	-29,384	-32,680	-11,006	-227	0	0
Unrealised Gains/(Losses)	-43	-1,787	-46,108	16,293	-1,168	-4,784	0
Realised Gains/(Losses)	0	14,886	2,364	-6,141	0	0	0
Market Value 31 March 2023	**679**	**218,892**	**276,454**	**130,261**	**40,443**	**134,500**	**840**

Level 3 Sensitivities

Level 3 Investments	Valuation Range +/-	Value at 31 March 2024 £'000	Valuation on Increase £'000	Valuation on Decrease £'000
UK Equities	10%	504	555	454
Pooled Private Equity Funds	10%	246,528	271,181	221,875
Pooled Property Funds	3%	315,717	325,189	306,246
Pooled Infrastructure Funds	5%	181,224	190,285	172,162
Pooled Private Debt Funds	5%	68,410	71,831	64,990
Multi Asset Credit Funds	5%	150,332	157,848	142,815
Long-Term Investments	0%	840	840	840

Level 3 Investments	Valuation Range +/-	Value at 31 March 2023 £'000	Valuation on Increase £'000	Valuation on Decrease £'000
UK Equities	10%	679	747	611
Pooled Private Equity Funds	10%	218,892	240,781	197,003
Pooled Property Funds	3%	276,455	284,749	268,161
Pooled Infrastructure Funds	5%	130,261	136,774	123,748
Pooled Private Debt Funds	5%	40,443	42,465	38,421
Multi Asset Credit Funds	5%	134,500	141,225	127,775
Long-Term Investments	0%	840	840	840

Note 27 – Risk

The Pension Fund is subject to risk in terms of its key responsibility to meet the pension liabilities of the scheme members as they become due. These risks relate to the value of both the assets and the liabilities of the Fund and the timing of when the payment of the liabilities becomes due.

At a strategic level, the main tools used by the Pension Fund to manage risk are:

- The triennial Fund Valuation which reviews the assets and liabilities of the Fund, and resets employer contribution rates to target a 100% Funding Level. The 2022 Valuation estimated that the current Funding Level is 111%.
- The Investment Strategy Statement which sets out the Fund's approach to the investment of funds, and sets out the approach to the mitigation of investment risk.
- The review of the Strategic Asset Allocation to ensure it is appropriately aligned to the Fund's liability profile and to ensure compliance with the Investment Strategy Statement.

- The regular review of the performance of all Fund Managers.

Key elements of the approach to managing the investment risk as set out in the Investment Strategy Statement include:

- Maintaining an element of the asset allocation in assets such as fixed income securities, the behaviour of which closely mirrors that of the Fund's liabilities. The allocation to liability matching assets is regularly reviewed with the intention that the allocation will increase as the maturity of the fund increases, as was the case following the 2016 valuation. Whilst the Fund maintains a high proportion of active members where the payment of liabilities is not due for many decades and remains cashflow positive, the Fund can afford to seek the higher investment returns associated with the more volatile and illiquid asset classes.
- Maintaining an element of the asset allocation in passive equity funds which removes the risk associated with poor manager performance (though retaining the market risk).
- Ensuring a diversification amongst asset classes, and in particular an allocation to alternative asset classes for which performance has historically not correlated to equity performance.
- Ensuring a diversification of Fund Managers and investment styles (e.g. some with a growth philosophy, some with a value philosophy) to mitigate the risk of poor manager performance impacting on asset values.
- The Fund's policy on ensuring Environmental Social & Governance factors are taken into account in investment decisions. During 2019/20 the Fund developed a Climate Change Policy dealing with how it will manage climate change related risks and opportunities. The policy was developed as the Fund sees climate change as single most significant risk to long-term investment performance given its systemic nature.

The key risks associated with the level of liabilities stem from the level of initial pension benefit payable, the indexation of this benefit and the time the benefit is in payment for. These risks largely lie outside the control of the Pension Fund. Changes to the scheme were made in 2014 with the aim of making the scheme more sustainable including; linking the normal retirement age to future estimates of life expectancy to bring stability to the length of time benefits are in payment, a change in the calculation of benefits to career average revalued earnings to avoid the sudden hike possible in final benefits possible under a final salary scheme, and a switch in the basis of indexation to CPI which is generally lower than the RPI alternative.

The Actuary, when completing the 2022 Valuation, undertook sensitivity analysis calculations to look at the impact on potential liabilities and the funding level. A variation of 0.1% per annum in the discount rate would move the calculated funding level from 111% down to 109% or up to 113%. A change in the CPI assumption of 0.2% per annum would lead to a reduction in the funding level to 108% or an increase to 115%. A change to the rate of mortality improvement of 0.25% would move the funding level down to 110% or up to 112%.

In terms of the investment in the various Financial Instruments open to the Pension Fund, the Fund is exposed to the following risks:

- Credit risk – the possibility of financial loss stemming from other parties no longer being able to make payments or meet contractual obligations to the Pension Fund.
- Liquidity Risk – the possibility that the Pension Fund might not have the funds available to meet its payment commitments as they fall due.
- Market Risk – the possibility that the Pension Fund may suffer financial loss as a consequence of changes in such measures as interest rates, market prices, and foreign currency exchange rates.

Credit Risk
The Pension Fund's credit risk is largely associated with the Fund's investments in Fixed Interest and Index Linked Securities, Cash Deposits and Short Term Loans, where there is a risk that the other parties may fail to meet the interest or dividend payments due, or fail to return the Fund's investment at the end of the investment period.

At 31 March 2024 the Fund's exposure to credit risk predominantly related to the following investments:

Investment Category	31 March 2024 £'000	31 March 2023 £'000
UK Government Gilts	0	15,350
UK Corporate Bonds	135,566	127,160
UK Index Linked Gilts	229,819	167,642
Overseas Government Bonds	0	10,269
Multi Asset Credit Funds	150,332	134,500
Non-Sterling Cash Deposits	5,753	11,952
Cash Balances	58,920	39,336
Total	**580,390**	**506,209**

The Pension Fund manages the credit risk by ensuring a diversification of investments both in terms of product and in terms of redemption dates, whilst limiting investments made to sub-investment grade bonds to those made through pooled funds. Corporate Bonds are held through a pooled fund vehicle and up to 15% of holdings can be invested in sub-investment grade bonds. Cash held in sterling at 31 March 2024 was deposited in short-term notice cash accounts and money market funds as shown in the table below:

	Rating	Balance at 31 March 2024 £'000	Rating	Balance at 31 March 2023 £'000
Money Market Funds				
Aberdeen Standard	AAA	7,420	AAA	14,465
State Street Global Advisors	AAA	56,181	AAA	33,389
Bank Current Accounts				
Lloyds Bank Plc	A+	340	A+	2,507
Santander UK Plc	A+	5	A+	0
State Street Bank & Trust Co	AA+	727	AA+	927
Total		**64,673**		**51,288**

The Pension fund has no experience of default against which to quantify the credit risk against the current investments.

Liquidity Risk

Liquidity risk represents the risk that the Fund will be unable to meet its financial obligations as they fall due. At the present time, the liquidity risk is seen, relatively, as the greatest threat to the Pension Fund, although the absolute risk itself is still seen to be very low, particularly in the short term.

During 2023/24 the Pension Fund received/accrued income related to dealings with members of £153.2m (2022/23 £129.3m) and incurred expenditure related to dealings with members of £149.6m (2022/23 £131.1m). There were further receipts/accruals of £24.3m (2022/23 £20.3m) in respect of investment income, against which need to be set taxes of £0m (2022/23 £0m). The net inflow was therefore £27.9m (2022/23 £12.1m).

The figures show that the Fund is still cashflow positive at the whole fund level. A cash flow forecast is maintained for the Fund to understand and manage the timing of the Fund's cash flows. On a daily basis, the Fund holds a minimum of £40m of cash in call accounts and money market funds to meet benefit payments due, drawdowns from fund managers, and other payments due from the Fund. The Fund has also looked at longer-term cashflow forecasts to gain a greater understanding of when the balance of pension payments and contributions may become negative so as to consider how this may affect the Fund's investment strategy in the future. The Fund has already taken some steps in this regard including allocating to the Secured Income portfolio offered by Brunel Pension Partnership.

The Fund would need to experience a significant change in either the levels of contributions received, and/or the levels of benefits payable, as well as the loss of all current investment income, before it might be required to liquidate assets at financial loss.

There are risks in this area going forward as a result of continuing reductions in public expenditure, and the resulting impact on active scheme membership. The reductions in public sector expenditure will impact on the liquidity of the Pension Fund both in terms of a reduction in contributions receivable as the workforce shrinks, as well as an increase in benefits payable as staff above the age of 55 are made redundant and become entitled to early payment of their pension. There are changes to the Scheme being consulted on that could impact on scheme membership levels although these changes would be expected to impact gradually over time. In addition, some employers are adopting models that have the potential to reduce scheme membership.
However, as noted above, for the Fund to reach a position where it is forced to sell assets and therefore face a potential financial loss, (as well as to forego future investment returns which have been assumed to meet pension liabilities in the future), the net movement in cash would need to be of a scale deemed unlikely in the medium-term. The Pension Fund will seek to mitigate these risks through working with employers to understand the potential for any significant membership changes and by monitoring the fund's cashflows. The fund will also provide advice to the Government on the impact of any proposals for change, as well providing clear communication to current scheme members of the on-going benefits of scheme membership and the personal risks to their future financial prospects of opting out at this time.

Market Risk

The whole of the Pension Fund's investment asset base is subject to financial loss through market risk, which includes the impact of changes in interest rates, movements in market prices and movements in foreign currency rates. However, as noted above under the liquidity risk, these financial losses are not automatically realised, as all assets held by the Pension Fund are done so on a long-term basis. Subject to the liquidity risk above, it is likely to be many years into the future before any assets will be required to be realised, during which time market risk will have the opportunity to even itself out.

Market risk is generally managed through diversification of investments within the portfolio in terms of asset types, geographical and industry sectors, and individual securities.

Whilst widespread recession will drive down the value of the Fund's assets and therefore funding level in the short term, this will have no direct bearing on the long-term position of the Fund, nor the contribution rates for individual employers. Under the LGPS Regulations, the Fund Actuary is required to maintain as near stable contribution rate as possible, and as such the Valuation is based on long term assumptions about asset values, with all short-term movements smoothed to reflect the long-term trends.

Interest Rate Risk

The direct exposure of the fund to interest rate risk and the impact of a 100 basis point movement in interest rates are presented in the table below. This analysis assumes that all other variables remain constant:

Asset Type	Carrying Amount as at 31 March 2024	Change in Year in the Net Assets Available to Pay Benefits	
		1%	-1%
	£'000	£'000	£'000
Cash and Cash Equivalents	5,753	58	-58
Cash Balances	58,920	589	-589
Bonds	365,385	3,654	-3,654
Multi Asset Credit Funds	150,332	1,503	-1,503
Total Change in Assets Available	**580,390**	**5,804**	**-5,804**

Asset Type	Carrying Amount as at 31 March 2023	Change in Year in the Net Assets Available to Pay Benefits	
		1%	-1%
	£'000	£'000	£'000
Cash and Cash Equivalents	11,952	120	-120
Cash Balances	39,336	393	-393
Bonds	320,421	3,204	-3,204
Multi Asset Credit Funds	134,500	1,345	-1,345
Total Change in Assets Available	**506,209**	**5,062**	**-5,062**

In the short term, interest rate risk is difficult to quantify in that it impacts directly on both the price of fixed interest and index linked securities as well as the discount factor used to value liabilities. Increases in interest rates which will drive down security prices and asset values will also reduce the future pension liabilities and therefore improve funding levels rather than worsen them.

Currency Risk

Currency risk concerns the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Fund is exposed to foreign exchange risk on financial instruments that are denominated in currencies other than the Fund's functional currency (£GBP).

The table below shows the impact a 10.0% weakening/strengthening of the pound against the various currencies would have on the assets available to pay benefits.
This analysis assumes that all other variables remain constant.

Currency Exposure - Asset Type	**Asset Values as at 31 March 2024**	**Change in Year in the Net Assets Available to Pay Benefits**	
		10.00%	**-10.00%**
	£'000	**£'000**	**£'000**
Overseas Equities	324	32	-32
Pooled Global Equities	1,596,696	159,670	-159,670
Pooled Private Equity (LLPs)	193,353	19,336	-19,336
Pooled Property	63,541	6,354	-6,354
Infrastructure	51,910	5,191	-5,191
Cash	5,753	575	-575
Total Change in Assets Available	**1,911,577**	**191,158**	**-191,158**

Currency Exposure - Asset Type	**Asset Values as at 31 March 2023**	**Change in Year in the Net Assets Available to Pay Benefits**	
		10.00%	**-10.00%**
	£'000	**£'000**	**£'000**
Overseas Equities	9,677	968	-968
Pooled Global Equities	1,226,423	122,642	-122,642
Pooled Private Equity (LLPs)	168,224	16,822	-16,822
Pooled Property	63,725	6,373	-6,373
Infrastructure	34,204	3,420	-3,420
Cash	11,952	1,195	-1,195
Total Change in Assets Available	**1,514,205**	**151,420**	**-151,420**

Other Price Risk

Other price risk represents the risk that the value of financial instruments will fluctuate as a result of changes in market prices, other than those arising from interest rate risk or foreign exchange risk.

All investments in securities present a risk of loss of capital. The maximum risk is the fair value of the financial instrument.

The effect of various movements in market price are presented in the table below along with the effect on total assets available to pay benefits assuming all other factors remain constant:

Asset Type	Value as at 31 March 2024 £'000	Percentage Change %	Value on Increase £'000	Value on Decrease £'000
UK Equities	177,319	10.0	195,051	159,587
Pooled UK Equities	359,128	10.0	395,040	323,215
Global Equities	324	10.0	356	292
Pooled Global Equities	1,596,696	10.0	1,756,366	1,437,027
Pooled Corporate Bonds	135,566	5.0	142,344	128,788
Infrastructure	181,224	5.0	190,285	172,162
Pooled Private Equity (LLPs)	246,528	10.0	271,181	221,875
Pooled Property	315,717	3.0	325,188	306,245
Multi Asset Credit Fund	150,332	5.0	157,848	142,815
Index Linked Pooled Fund	229,819	5.0	241,310	218,328
Private Debt	68,410	5.0	71,831	64,990
Long-Term Investments	840	0.00	840	840
Cash	64,673	0.00	64,673	64,673
Total Assets Available to Pay Benefits	**3,526,576**		**3,812,313**	**3,240,837**

Asset Type	Value as at 31 March 2023 £'000	Percentage Change %	Value on Increase £'000	Value on Decrease £'000
UK Equities	135,423	10.0	148,965	121,881
Pooled UK Equities	497,259	10.0	546,984	447,533
Global Equities	9,676	10.0	10,644	8,708
Diversified Growth Fund	116,201	3.0	119,688	112,716
Pooled Global Equities	1,226,423	10.0	1,349,065	1,103,781
Pooled Corporate Bonds	127,160	5.0	133,518	120,802
Infrastructure	130,261	5.0	136,774	123,748
Pooled Private Equity (LLPs)	218,892	10.0	240,781	197,003
Pooled Property	276,454	3.0	284,748	268,160
Multi Asset Credit Fund	134,500	5.0	141,225	127,775
Index Linked Pooled Fund	167,642	5.0	176,024	159,260
Private Debt	40,443	5.0	42,465	38,421

Long-Term Investments	840	0.00	840	840
Cash	51,288	0.00	51,288	51,288
Pooled UK Fixed Interest Bonds	15,350	5.0	16,118	14,583
Pooled Overseas Bonds	10,269	5.0	10,782	9,755
Total Assets Available to Pay Benefits	**3,158,081**		**3,409,909**	**2,906,254**

Note 28 - Actuarial Valuation

The contribution rates within the 2023/24 Pension Fund Accounts were determined at the actuarial valuation carried out as at 31 March 2022.
This valuation showed that the required level of contributions to be paid to the Fund by the County Council for the year ended 31 March 2024 was 19.9% of Pensionable Pay. The corresponding rates of contribution that are required from the major participating employers for this period are:

	% Pay	Additional Monetary Amounts £'000
South Oxfordshire District Council	17.8	411
West Oxfordshire District Council	17.6	746
Cherwell District Council	15.9	-
Oxford City Council	13.4	-
Vale of White Horse District Council	17.8	767
Oxford Brookes University	19.2	-

The funding policy of the scheme is set out in the Funding Strategy Statement and can be summarised as follows:-

- To enable Employer contribution rates to be kept as stable as possible and affordable for the Fund's Employers.
- To make sure the Fund is always able to meet all its liabilities as they fall due.
- To manage Employers' liabilities effectively.
- To enable the income from investments to be maximised within reasonable risk parameters.

The actuarial method used to calculate the future service contribution rate for Employers was a risk-based approach. The risk-based approach uses an Asset Liability Model to project each employer's future benefit payments, contributions and investment returns into the future under 5,000 possible economic scenarios. Future inflation (and therefore benefit payments) and investment returns for each asset class (and therefore asset values) are variables in the projections.

By projecting the evolution of an employer's assets and benefit payments 5,000 times, a contribution rate can be set that results in a sufficient number of the future projections being successful i.e. meeting the funding target by the funding time horizon.

The market value of the Fund's assets at the 2022 valuation date was £3,280m representing 111% of the Fund's accrued liabilities, allowing for future pay increases. The Actuary has certified contribution rates for all Fund employers from 1 April 2023 which, subject to the financial

assumptions contained in the valuation, would result in the deficit being recovered over a period of no more than 20 years.
The main financial assumptions were as follows:

Assumptions for the 2022 Valuation	Annual Rate %
Pension Increases	2.7
Salary Increases	2.7
Discount Rate	4.6

Assumptions are also made on the number of leavers, retirements and deaths. One of the important assumptions is the mortality of existing and future pensioners. Mortality rates have been based on up to date national standard tables adjusted for the recent experience of the Oxfordshire County Council Pension Fund and make allowance for an expectation of further improvements in mortality rates in the future.

This statement has been prepared in accordance with Regulation 57(1)(d) of the Local Government Pension Scheme Regulations 2013. It has been prepared at the request of the Administering Authority of the Fund for the purpose of complying with the aforementioned regulation.

Description of Funding Policy

The funding policy is set out in the Administering Authority's Funding Strategy Statement (FSS), dated December 2022. In summary, the key funding principles are as follows:

- 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

- use a balanced investment strategy to meet the regulatory requirement for long-term cost efficiency (where efficiency in this context means to minimise cash contributions from employers in the long term)

- where appropriate, ensure stable employer contribution rates

- reflect different employers' characteristics to set their contribution rates, using a transparent funding strategy

- use reasonable measures to reduce the risk of an employer defaulting on its pension obligations

- manage the fund in line with the stated ESG policies.

The FSS sets out how the Administering Authority seeks to balance the conflicting aims of securing the solvency of the Fund and keeping employer contributions stable. For employers whose covenant was considered by the Administering Authority to be sufficiently strong, contributions have been stabilised to have a sufficiently high likelihood of achieving the funding target over 20 years. Asset-liability modelling has been carried out which demonstrate that if these contribution rates are paid and future contribution changes are constrained as set out in the FSS, there is at least a 70% likelihood that the Fund will achieve the funding target over 20 years.

Funding Position as at the last formal funding valuation

The most recent actuarial valuation carried out under Regulation 62 of the Local Government Pension Scheme Regulations 2013 was as at 31 March 2022. This valuation revealed that the Fund's assets, which at 31 March 2022 were valued at £3,280 million, were sufficient to meet 111% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting surplus at the 2022 valuation was £329 million.

Each employer had contribution requirements set at the valuation, with the aim of achieving their funding target within a time horizon and likelihood measure as per the FSS. Individual employers' contributions for the period 1 April 2023 to 31 March 2026 were set in accordance with the Fund's funding policy as set out in its FSS.

Principal Actuarial Assumptions and Method used to value the liabilities

Full details of the methods and assumptions used are described in the 2022 valuation report and FSS.

Method
The liabilities were assessed using an accrued benefits method which takes into account pensionable membership up to the valuation date; and makes an allowance for expected future salary growth to retirement or expected earlier date of leaving pensionable membership.

Assumptions
A market-related approach was taken to valuing the liabilities, for consistency with the valuation of the Fund assets at their market value.

The key financial assumptions adopted for the 2022 valuation were as follows:

Financial assumptions	**31 March 2022**
Discount rate	4.6% pa
Salary increase assumption	2.7% pa
Benefit increase assumption (CPI)	2.7% pa

The key demographic assumption was the allowance made for longevity. The life expectancy assumptions are based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of 1.50% p.a. Based on these assumptions, the average future life expectancies at age 65 are as follows:

	Males	**Females**
Current Pensioners	22.3 years	24.9 years
Future Pensioners*	23.0 years	26.3 years

*Aged 45 at the 2022 Valuation.

Copies of the 2022 valuation report and Funding Strategy Statement are available on request from the Administering Authority to the Fund and on the Fund’s website.

Experience over the period since 31 March 2022
Markets were disrupted by the ongoing war in Ukraine and inflationary pressures in 2022 and 2023, impacting on investment returns achieved by the Fund’s assets. High levels of inflation in the UK (compared to recent experience), have resulted in higher than expected LGPS benefit increases of 10.1% in April 2023 and 6.7% in April 2024. However, asset performance has improved towards the end of 2023 and into 2024 and inflation has begun to return towards historical levels and the Bank of England’s target (2% pa). There has been a significant shift in the wider economic environment since 2022, resulting in generally higher expected future investment returns and a reduction in the value placed on the Fund’s liabilities. Overall, the funding position is likely to be stronger than at the previous formal valuation at 31 March 2022.

The next actuarial valuation will be carried out as at 31 March 2025. The Funding Strategy Statement will also be reviewed at that time

Tom Hoare FFA
For and on behalf of Hymans Robertson LLP
21 May 2024

SUMMARY OF BENEFITS AT MARCH 2024

Introduction

Membership of the Local Government Pension Scheme (LGPS) secures entitlement to benefits that are determined by statute, contained within the LGPS Regulations. The regulations current for this year's report were effective from April 2014. A summary of the main benefit structure follows. There is further specific information in the sections, making up an Employee Guide currently held on the pension pages of the County public website.
www.oxfordshire.gov.uk/lgpsmembersguide

• Employers' Discretion

The regulations require each employer within the Oxfordshire Fund to determine their own local policy in specific areas. These policy statements have to be published and kept under review.
The specific areas include how employers will exercise discretionary powers to, award additional pension for a member, agreement to flexible retirement on request of the member ,setting up a shared cost AVC scheme, and waiving the reduction to a pension which is being paid early.

• Retirement

The 2014 scheme reintroduced the 2 year vesting period to qualify for any benefit other than that following a death in service. The scheme retirement age is linked to State Pension Age (SPA) for men and women, membership of the scheme continues when employment continues after SPA. All pensions contributions must cease before the 75th birthday.
Scheme benefits can be taken voluntarily after leaving employment from age 55, but the benefit payable will be reduced. Alternatively when retirement is deferred until after SPA, the benefit will be increased.

The regulations confirm 'normal retirement age' to be the personal state retirement age but not before age 65, but protection is offered to those members who previously had the entitlement for earlier retirement with an unreduced benefit. The protections offered are limited according to the age of the member and may not apply on the whole of their membership.

The earliest age for payment of pensions is age 55 and from April 2014 employer's approval is no longer required.

Flexible retirement options, from age 55 were introduced from April 2006. A person could reduce their hours or grade and request a payment of pension while continuing in employment. Employers have to agree to the whole arrangement.

Ill health retirement – the Regulations provide 3 tiers of benefit depending upon the likelihood of the member being able to obtain gainful employment in the future. An employer's assessment for ill health pension is based upon capability to carry out duties of the member's current job and must be supported by appropriate independent medical certification.

From age 55, unreduced benefits are payable immediately when an employer terminates employment due to a redundancy or efficiency dismissal.

• Benefits

A retirement benefit, whether payable immediately or deferred, consists of an annual retirement pension and lump sum retirement grant for membership to 31 March 2008 and an annual retirement pension on membership from April 2008 (see below). However there is an option for members to convert pension to lump sum retirement grant. The minimum period of membership to qualify for retirement benefits is 2 years. The standard pension calculation, for membership to

31 March 2008, is 1/80 of final years' pensionable pay for each year of membership and the retirement grant is 3/80 of final year's pensionable pay for each year of membership. From 1 April 2008 to 31 March 2014 the standard calculation is 1/60 of final years' pensionable pay for each year of membership. From April 2014 the standard calculation is pay x 1/49 for the year with annual pension revaluation. NB Where members choose to pay into the 50/50 section of the scheme their accrual for that period will be pay x 1/98 and not 1/49 as shown.

Example - retirement in 2020

25 years membership to 31 March 2014 and then six years in the 'new scheme', 'final pay' and career average pay £15,000 as at 31 March 2020

Annual Pension

20 years x 1/80 x £15,000 = **£3,750**

5 years x 1/60 x £15,000 **= £1,250**

£15,000 x 6/49 = **£1,836.73**

Retirement Grant

20 years x 3/80 x £15,000 = **£11,250**

Members can choose at retirement to exchange pension for a larger retirement grant lump sum. AVC funds can also be used to provide a larger tax free lump sum. This combined lump sum can be up to 25 percent of the member's individual total pension fund value.

There are differences for elected members: Final pay is derived from career average pay and the benefit calculation remains for the time being as 1/80 for annual pension and 3/80 retirement grant. Elected members can only remain in the LGPS for their current period of office, and is not available for newly elected councillors.

• Liability to pay future benefits

The Pension Fund financial statements provide information about the financial position, performance and financial arrangements of the Fund. They are intended to show the results of the stewardship and management, that is the accountability of management for the resources entrusted to it, and of the disposition of its assets at the period end. The only items that are required to be excluded by regulations are liabilities to pay pensions and other benefits in the future, which are reported upon in the actuary's statement.

• Increasing Benefits

Scheme members have several options as to how they increase their benefits, additional contributions to the LGPS or by contributing to the group AVC scheme arranged with the Prudential.

Additional Regular contributions (ARC's) to the LGPS to buy additional pension and set up before 1 April 2014 may continue but opening a new ARC is not possible.

Additional Pension Contributions (APC) gives members the opportunity to buy additional pension of up to £6,675. Payment can be made by a one off, or regular monthly payments.

Prudential AVCs. A member's additional contributions are invested by the Prudential to enable an annuity to be bought at retirement either from the Prudential, on the open market or as a top up pension with the LGPS. In certain protected circumstances the AVC value may also be used to buy additional LGPS membership

Members may also make their own arrangements using a stakeholder pension or an FSAVC.

• Death

Following a death in service a death grant of up to three times pensionable pay is payable. There are no minimum service requirements to qualify, but there are limits to the total of death grant payable if the member also has pensions on payment or in deferment. Scheme members are recommended to keep their 'expression of wish' nominations current.

• Pensions are due to the eligible survivors: partners and /or children. The pension due to survivors reflects the changing regulations and the partnership status. Whilst the regulations no longer require prior nomination of co-habitees, eligibility must be determined before

making payment. Widows' and Widowers' Pension; Civil Partners' Pension; Nominated co-habiting partners' Pension
The formula for pensions for surviving partners is 1/160 of the members' final year's pensionable pay for the allowable membership to 31 March 2014 with enhancements assessed under the CARE scheme from 1 April 2014 until the members state retirement age.

For a widow or widower married before the member left employment all of membership can be used.

For civil partners and cohabiting partners only membership from 6 April 1988 is allowable for pension calculations.

INVESTMENT STRATEGY STATEMENT

The Pension Fund's Investment Statement in effect at 31 March 2024 is available at the following link: Investment Strategy Statement (oxfordshire.gov.uk).

The Pension Fund's Climate Change Policy, which forms an annex to the Investment Strategy Statement, in effect at 31 March 2024 is available at the following link: OCCPF Climate Change Policy (oxfordshire.gov.uk).

GOVERNANCE POLICY STATEMENT

The Pension Fund's Governance Policy Statement in effect at 31 March 2024 is available at the following link: Oxfordshire Pension Fund

FUNDING STRATEGY STATEMENT

The Pension Fund's Funding Strategy Statement in effect at 31 March 2024 is available at the following link: FundingStrategyStatement.pdf (oxfordshire.gov.uk).

COMMUNICATIONS POLICY STATEMENT

The Pension Fund's Communications Policy Statement in effect at 31 March 2024 is available at the following link: Communication Policy (oxfordshire.gov.uk)

COMMUNICATION

The Pension Fund Committee approved a Communication Strategy, which sets out the fund's communication policy with all employing bodies, contributors and pensioners. The following initiatives are currently in place: -

- **Annual Report and Accounts** – The investment team circulate this document to all Oxfordshire County Council Directors and all employing bodies. It is also available on line from the website page. Copies are available for public inspection in the main Oxfordshire public libraries.
- **Summary of Report and Accounts Leaflet** – The Pension Fund Investment Manager selects sections from the main document to incorporate into an issue of Reporting Pensions for all current members. Pensioners receive the fund information with their annual newsletter.
- **Annual Pension Fund Forum** – An annual event for all employers in the fund, with an open invitation to submit topics for discussion and to send representatives. The forum is to keep employing bodies informed of topical issues and events that have occurred in the last year and also to give them the opportunity to raise any questions in relation to the Pension Fund.
- **Pensions Employer/User Group** – This is a meeting held quarterly for all employing bodies within the Oxfordshire Fund. The purpose of the group is to inform, consult and discuss LGPS matters such as changes in legislation, the results of the actuarial valuation and other policy changes. We will continue with the recently revised format of presenting on specific subjects at these meetings.
- **Employee Guide to LGPS** – presents aspects of the scheme to all members as a series of short subject leaflets. Taken together they provide a full guide for members, but individually offer broad information on specific subjects. The leaflets are available from the Oxfordshire County Council Pension Fund website or on request from Pension Services.
- **Brief Guide to the LGPS** - a reduced version of the scheme guide, with main points available for all from the website. We encourage all employers to link their starting information for new employees to this guide.
- **Reports by Beneficiaries Representative** – The beneficiaries' representative attends all Pension Fund Committee meetings as an observer. He has no voting rights but is allowed to speak with the permission of the Chairman. The Representative's report after each meeting is circulated to all employers for their staff, and is also on the pensions website pages.
- **Reporting Pensions** – a quarterly newsletter distributed, with the assistance of fund employers to scheme members and those eligible to join the fund. These pick up major changes to the LGPS and ensure that Oxfordshire County Council Pension Fund complies with the Disclosure of Information Regulations.
- **Website** – Pages for the Oxfordshire County Council Pension Fund are located on the County's public website. They offer access to administration and investment information, including Pension Fund Committee reports and minutes. Fund Employers can find detailed Administration information as an online toolkit to support their role in the fund. All members; current, pensioners, and deferred, have dedicated sections, with links to newsletters, guides, and national websites.

- **Intranet** - is not maintained by Pension Services as it reflects the decisions and policies of the County Council as a fund employer. Their pages also provide links and access to the Pension Fund website. Other fund employers also provide information on their intra-net sites for employees.
- **Talking Pensions –** This is an informal monthly newssheet for all employers in the Oxfordshire Fund distributed to all Human Resources and Payroll contacts.
- **Annual Benefit Statements -** Pension Services issue statements to current members and to members who have left the scheme with an entitlement to pension but not to an immediate payment. Additional information to the Statement is available from the website.
- **Administration principles -** we encourage all new employers to attend a meeting to help acquaint themselves to our requirements and importantly, their responsibilities within the scheme.

USEFUL CONTACTS AND ADDRESSES

BENEFIT ADMINISTRATION

Pension Services
Oxfordshire County Council
4640 Kingsgate
Cascade Way
Oxford Business Park South
Oxford, OX4 2SU

Telephone:
0330 024 1359
email:
pension.services@oxfordshire.gov.uk

ACCOUNTS AND INVESTMENTS

Financial Manager – Pension Fund Investments
Corporate Services
Oxfordshire County Council
County Hall
Oxford, OX1 1ND

email:
pension.investments@oxfordshire.gov.uk

BENEFICIARIES REPRESENTATIVE

c/o Pension Services
Oxfordshire County Council
4640 Kingsgate
Cascade Way
Oxford Business Park South
Oxford
OX4 2SU

SPECIFIED PERSON FOR ADJUDICATION OF DISPUTES PROCEDURE
Disputes to be sent to:-

Pensions Services Manager
Oxfordshire County Council
4640 Kingsgate
Cascade Way
Oxford Business Park South
Oxford, OX4 2SU

Email: vicki.green@oxfordshire.gov.uk

The Pensions Regulator
Napier House
Trafalgar Place
Brighton
BN1 4DW 0345 600 1011
www.thepensionsregulator.gov.uk

Pension Tracing Service
The Pension Service 9
Mail Handling Site A
Wolverhampton
WV98 1LU 0800 731 0193
www.gov.uk/find-pension-contact-details

The Pensions Advisory Service (TPAS)
11 Belgrave Road
London
SW1V 1RB 0800 011 3797
www.pensionsadvisoryservice.org.uk

Pensions Ombudsman
10 South Colonnade
Canary Wharf, London
E14 4PU 0207 630 2200
www.pensions-ombudsman.org.uk

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PENSION FUND COMMITTEE – 6 September 2024

ADMINISTRATION REPORT

Report by the Executive Director of Resources & Section 151 Officer

RECOMMENDATION

The Committee is RECOMMENDED to consider the write-off of a historical outstanding overpayment resulting from the death of scheme members.

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. Since the June report, 3 Administrator vacancies and 1 Pension Support Assistant vacancy has now been filled. This leaves 1 Administrator vacancy remaining.

3. The 3 Senior Administrator vacancies reported in the June report have also been partly filled with 2 internal candidates. This now leaves 1 Senior Administrator and has created a further 2 Pension Administrator vacancies, taking the total to 3 vacancies.

4. At the point of writing this report, a meeting is scheduled to start workforce planning and the structure of the team, including the resource we need to meet current and future challenges.

Performance Statistics

End of year

5. The percentage of Annual Benefit Statements issued by 31 August 2024 will be confirmed at the committee meeting. At the point of writing this report we have issued 152 employers and have 5 employers left to run.

Monthly data returns

6. The benchmark for incoming returns that were not vetted within SLA at March 2024 was 2.2%. In June 2024 this was 6.3%.

7. As at 30 June 2024 there were 38 returns not vetted. End of year work has impacted on these figures, and we are now seeing progression to reduce these numbers.

8. A meeting has been scheduled for September to discuss how we can improve the current monthly vetting process to reduce the number of queries generated at end of year, reducing the pressure on the team to meet the Annual Benefit Statement statutory deadline of 31 August.

9. In the last quarter, to 30 June 2024 there is:
   - 5 TUPE transfer cases with new admitted bodies.
   - 4 academy conversions.
   - 1 closure valuation recorded.

10. Bernwode Schools Trust issue reported in the last committee meeting has now been resolved and returns are being made correctly.

Employer SLA Monitoring

11. In the last quarter to 30 June 2024, we issued 10 fines totalling £3,925. This was in relation to one employer and the noncompliance with the Administration Strategy.

Benefit Administration

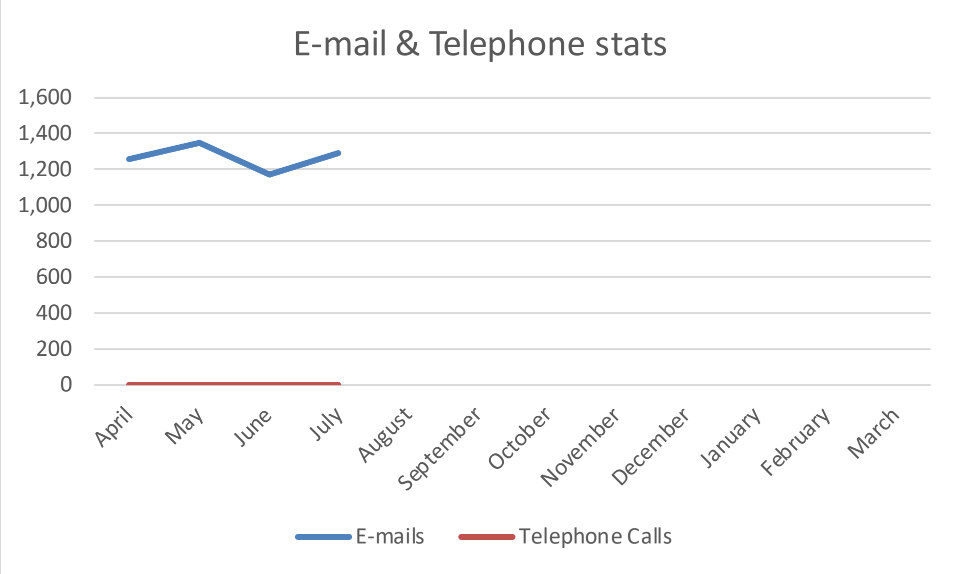
12. Annex 1 contains the benefit administration work completed during April to June 2024. The team completed 5,381 files of which 71.37% were completed within service level agreement target.

13. During this period, we were carrying 3 pension administrator vacancies and 1 Administrator commenced maternity leave. With the recent recruitment and training we anticipate an improvement for reporting at the December meeting.

14. We are working on developing new reports and visual aids which will improve the monitoring of work and reporting to this committee, as well as feeding into the Annual Reports. We plan to provide these in the December meeting.

15. The number of outstanding cases on 31 March 2024 was 3,080. We have received on average 1,670 new cases per month in the last quarter. At the point of writing this report, the number of outstanding open cases is 2,560, a reduction of 520 cases.

16. It was requested in the last committee meeting that statistics on numbers of incoming e-mails and telephone calls were provided, which are confirmed in the table below.



17. In the last quarter April to June 2024, we received 3,800 e-mails.

18. The software for telephone stats has been installed; however, there is an outstanding technical issue with ICT for review. An update will be reported in the December meeting.

Pension Scams

There were no pension scams reported in the last quarter April to June 2024.

Suspended Pensions

19. As of June 2024, a total of 365 pensions are suspended, a reduction of 9 since the previous quarter. These are 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.

20. The historic death project mentioned later in this report has contributed to the reduction of these numbers.

Statutory Returns

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

Fire Service Administration

22. Annex 2 contains Fire Administration work completed during April to June 2024. The team completed 129 files of which 80.62% were completed within service level agreement target.

23. At the point of writing this report there are 82 open cases, 12 are future dated (2024 to 2035), 35 are awaiting a reply from the member or an external body.

24. Remedy work has taken priority to ensure that the statutory deadline of 31 August 2024 is met for Annual Benefit Statements / Remediable Service Statements.

25. 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.

26. The complexity of the work being undertaken, and the ongoing training does mean that some cases have required reworking after checks have been made, which has delayed the issue of the completed work. This is ongoing, and gaps in knowledge are being addressed.

Complaints

27. In the quarter to June 2024, there were 7 informal complaints received, and 2 formal complaints, both relating to appeals against ill health decisions made by the employer.

Data Quality

28. Data for active employees has been checked as part of the annual benefit statement work. An address tracing exercise will be carried out shortly for members that we need to contact to inform them of benefits due.

29. We will also be analysing data quality in general to ensure we eliminate as many data anomalies as possible in time for the next Pension Regulator data quality submission. Confirmation of when this submission is due is to be confirmed. The total of members who we do not currently hold a valid contact address for is 5,694.

Contribution monitoring

30. In the quarter April to June 2024, 27 payments were made past the deadline of 19th month following payroll. The majority of these occurred in April 2024, with 7 cases occurring in June, marking a significant improvement. All payments have been followed up and have been made to the fund.

Outstanding Invoices

31. In 2014, the National Fraud Initiative report identified the death of one of our pensioner members, that we had not previously been notified and as such, continued to make pension payments between 2011 and 2014.

32. With no information of the next of kin, we contacted and invoiced the person named on the death certificate for the overpayment.

33. The individual paid a total of £440 between 2017 and 2019, however there is no paperwork supporting why this person agreed to pay the overpayment and on what terms. There has been no contact since.

34. We do not know if the invoice was raised in error and with no supporting paperwork to pursue this matter, we are seeking a write off the outstanding amount due of £20,634.03.

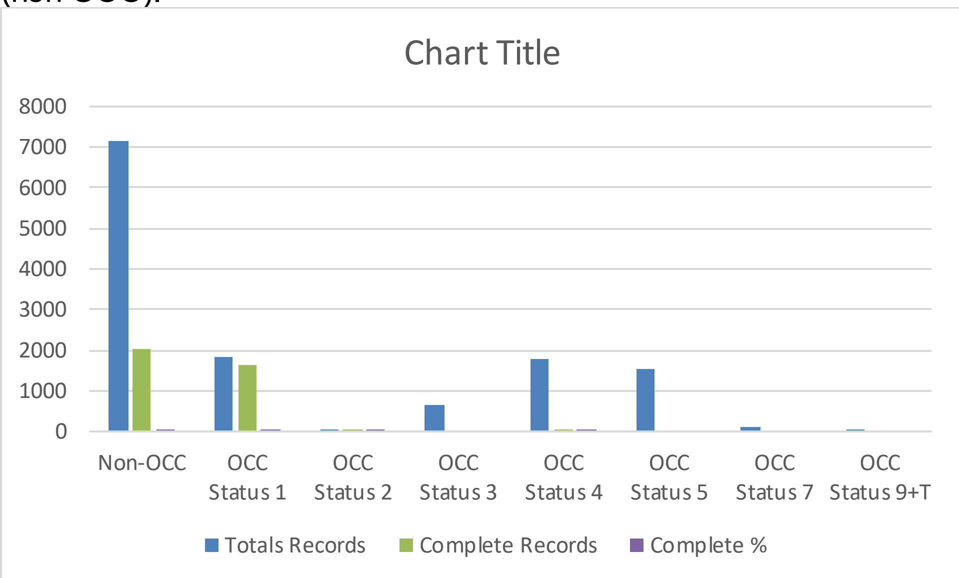
<u>Projects</u>

Historic Death Cases

35. The June committee report highlighted a project of the review of the historic death cases where there is outstanding information needed to complete the files. We are in final stages of this project and will bring full details to the December meeting.

McCloud

36. The table below shows our current position in the McCloud project. The data is split between Oxfordshire County Council (OCC) and all other employers (non-OCC).



37. The focus is to meet our statutory deadline and issue the 2025 Annual Benefit Statements with the McCloud rectification. This means that all active members (status 1) and deferred member (status 4) records need to be completed to issue the statements by 31 August 2025.

38. For Oxfordshire County Council scheme members, there are 221 active records outstanding and 1,760 deferred records outstanding.

39. For all other employers, overall, there are 5,141 records outstanding. This figure includes all member status, a breakdown to focus on active and deferred members will be provided in the December meeting.

40. A plan is in place to resource the outstanding work with monthly review

meetings to monitor progress. Updates on progress will be provided at this meeting.

Pension Dashboards

41. Annex 3 shows the project plan for Pension Dashboards. We have a connection date of October 2025 and currently behind schedule with the procurement for an Integrated Service Provider (ISP), who provides the software to connect our pension system to the pension dashboards.

42. We are currently working with procurement to get this in place and a framework is set up for LGPS funds, which should reduce the procurement time to complete. The progress of this project will be a standard agenda item on this report going forward.
.

43. 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
- System software amendments have been made, and the software was updated on our system on 8 August 2024. We are currently in the process of testing the Annual Benefit Statement / Remediable Service Statements for Active members and are looking to issue these by the deadline of 31 August if there are no issues identified.
- ABS for members who are not eligible for remedy will be issued using the existing format.
- Deferred members will receive a rolled back ABS with the Remediable Service statement issued as soon as possible after 31 August.

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

- A project team has been established within Oxfordshire Fire and Rescue Service to look at the work required, and oversee the work being done to ensure that project deadlines are met.
- Letters were sent to all 551 eligible on-call firefighters in December 2023.
- 215 Forms have been received back to request further information and these forms are being acknowledged with further information on timescales for issuing the quotations. 3 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 were 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 a full address trace for these members will be undertaken shortly.
- 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. Work to input this data into the GAD calculator and produce quotes will be undertaken from September 2024 onwards
- System software is being developed by our software provider to enable us to record the pension entitlement on our software system.

Debt Management

45. 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

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

MSS Numbers	Opted In	Opted Out	No Choice	Total
Actives	12,004	288	9,825	22,005
Undecided Leavers	632	22	895	1,716
Deferreds	14,972	697	12,653	28,326
Pensioners	10,331	5634	1,141	16,844
Spouses	770	765	795	2,315
Frozen Refunds	944	9	9,016	9,983
	39,653	7,415	34,325	81,189

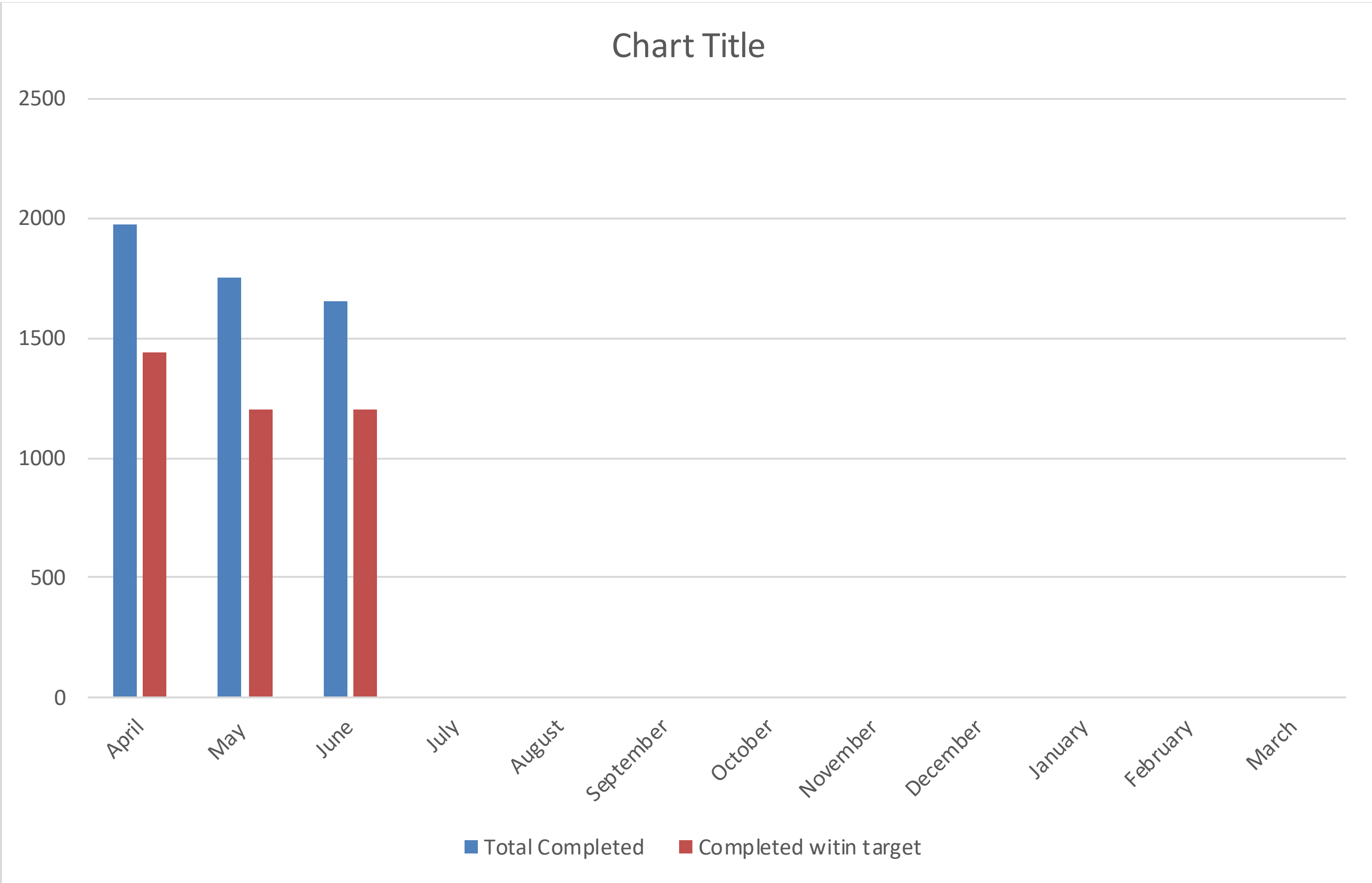
MSS Percentages	Opted In	Opted Out	No Choice
Actives	54.0	1.3	44.6
Undecided Leavers	46.7	1.2	52.2
Deferreds	52.9	2.5	44.7
Pensioners	59.8	33.4	6.8
Spouses	32.1	33.6	34.3
Frozen Refunds	9.6	0.1	90.3
Total	48.6	9.1	42.3

47. 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.

48. There has been minimal change since the last quarter. We are working on how we engage with scheme members to increase the number to sign up and hope that the development of technology including Pension Dashboard will support this.

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

Annex 1 – Benefit Administration statistics – April to June 2024



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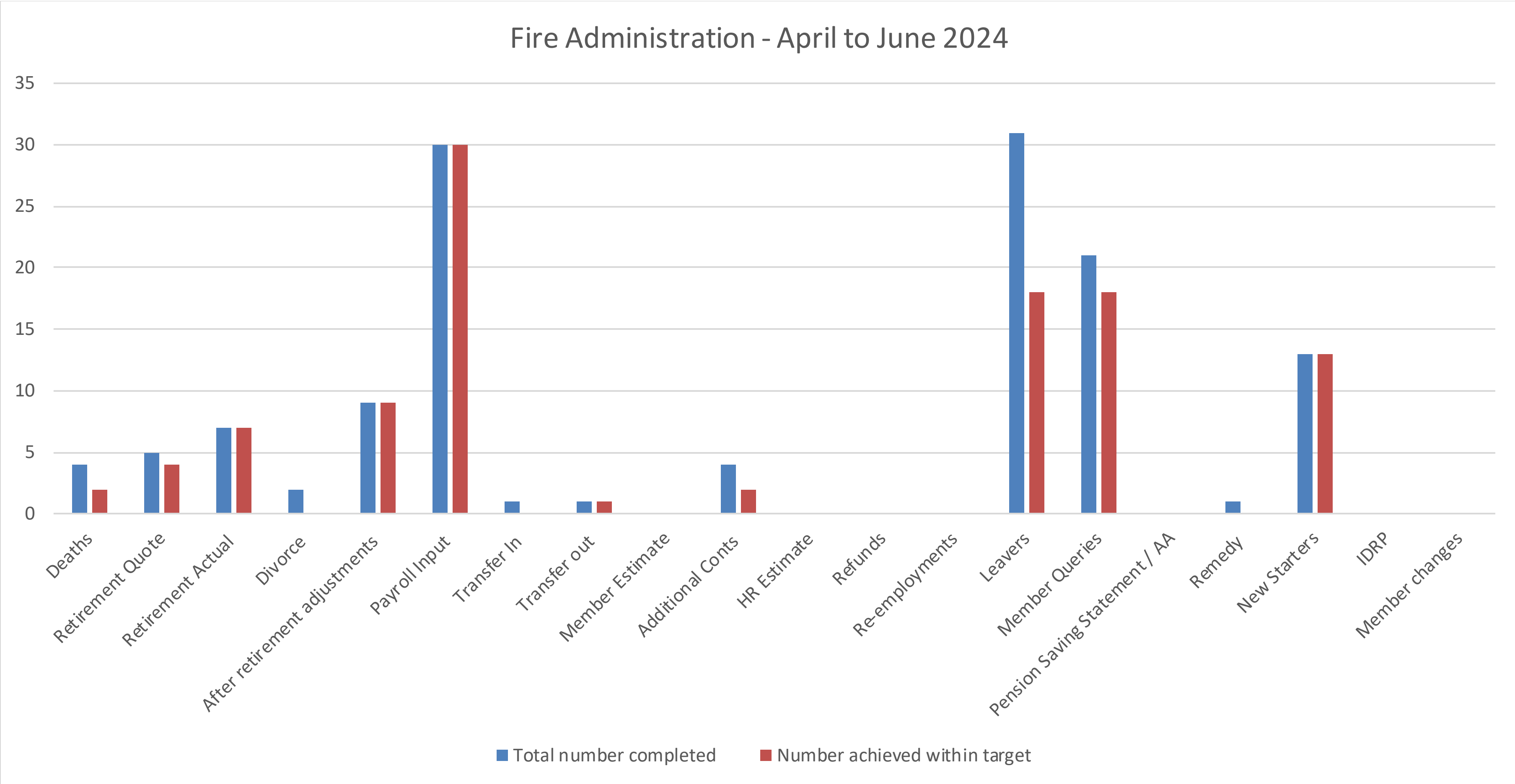
Annex 2 – Fire Administration Statistics



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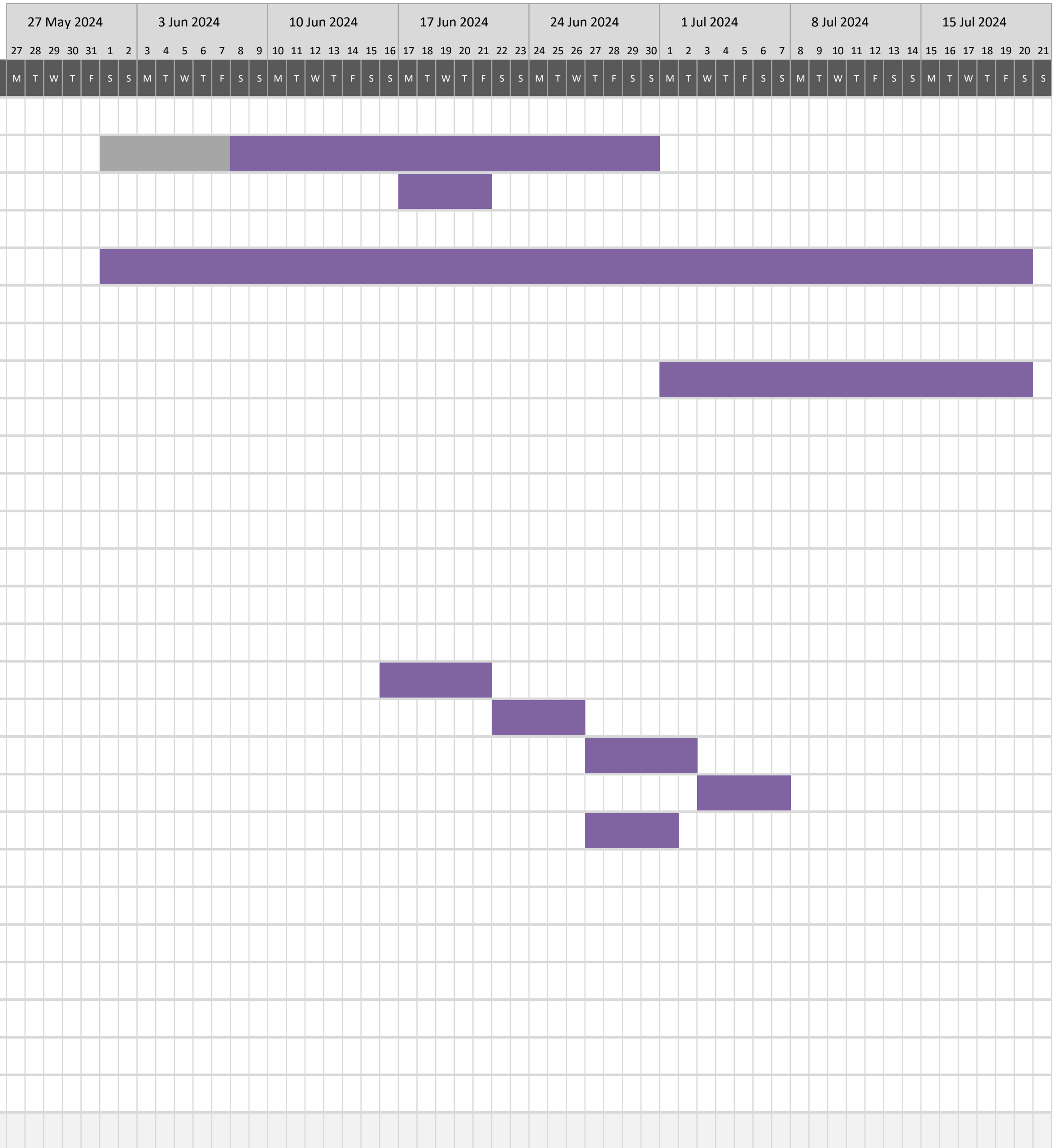
Pension Dashboard

Oxfordshire Pension Fund

Project Start:	Sat, 01/06/2024
Display Week:	1

TASK	ASSIGNED TO	PROGRESS	START	END
Planning				
Project Scoping	R Salsbury	25%	1/6/24	30/6/24
ISP Scoping / Decision	S Collins / V Green / R Salsbury	0%	17/6/24	21/6/24
Committee / Pension Board updates	V Green	0%	1/9/24	31/3/26
Monthly updates at Manager meetings	R Salsbury	0%	1/6/24	31/3/26
Testing - our connection deadline is 31/10/25				
ICT Healthcheck - tbc	Heywood?	0%		
ISP Connection set up - timings tbc		0%	1/7/24	30/9/24
Test connection - timings tbc		0%	1/10/24	31/3/25
Determine Matching criteria - timings tbc	Managers	0%	1/10/24	31/3/25
View Data Dashboard checks	Systems Team	0%	1/10/24	31/3/25
Find Data Dashboard checks	Systems Team	0%	1/10/24	31/3/25
Test access and enquiries	? Systems Team	0%	1/11/24	31/3/25
AVC (L&G and Prudential) - data connection tbc	R Salsbury	0%	1/10/24	4/10/24
Go Live Planning				
Enquiries - who will deal with these		0%	16/6/24	21/6/24
Workflow - what changes required		0%	22/6/24	26/6/24
Comms - what required for scheme members		0%	27/6/24	2/7/24
Employer communication - what involved		0%	3/7/24	7/7/24
		0%	27/6/24	1/7/24
Go Live execution				
Dashboards Available point - 6 months notice will be given by Central Government		0%	date	date
Team Training		0%	date	date
Processes documented		0%	date	date
Workflows set up		0%	date	date
		0%	date	date
Insert new rows ABOVE this one				



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Oxfordshire County Council

Pension Fund

Quarterly Investment Report

Q2 2024

Contacts

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Senior Advisor

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Key Indicators at a Glance

Index (Local Currency)		Q2	YTD
Equilibres		**Total Return**	
UK Large-Cap Equities	FTSE 100	3.73%	7.85%
UK All-Cap Equities	FTSE All-Share	3.71%	7.40%
US Equities	S&P 500	4.28%	15.29%
European Equities	EURO STOXX 50 Price EUR	-1.58%	11.15%
Japanese Equities	Nikkei 225	-1.86%	19.30%
EM Equities	MSCI Emerging Markets	5.03%	7.60%
Global Equities	MSCI World	2.77%	12.04%
Government Bonds			
UK Gilts	FTSE Actuaries UK Gilts TR All Stocks	-0.89%	-2.49%
UK Gilts Over 15 Years	FTSE Actuaries Uk Gilts Over 15 Yr	-2.77%	-6.23%
UK Index-Linked Gilts	FTSE Actuaries UK Index-Linked Gilts TR All Stocks	-2.09%	-3.86%
UK Index-Linked Gilts Over 15 Years	FTSE Actuaries UK Index-Linked Gilts TR Over 15 Yr	-4.01%	-7.31%
Euro Gov Bonds	Bloomberg EU Govt All Bonds TR	-1.34%	-1.99%
US Gov Bonds	Bloomberg US Treasuries TR Unhedged	0.09%	-0.86%
EM Gov Bonds (Local)	J.P. Morgan Government Bond Index Emerging Markets Core Index	-1.43%	-3.64%
EM Gov Bonds (Hard/USD)	J.P. Morgan Emerging Markets Global Diversified Index	0.30%	2.34%
Bond Indices			
UK Corporate Investment Grade	S&P UK Investment Grade Corporate Bond Index TR	-0.33%	-0.14%
European Corporate Investment Grade	Bloomberg Pan-European Aggregate Corporate TR Unhedged	0.14%	0.70%
European Corporate High Yield	Bloomberg Pan-European HY TR Unhedged	1.39%	3.23%
US Corporate Investment Grade	Bloomberg US Corporate Investment Grade TR Unhedged	-0.09%	-0.49%
US Corporate High Yield	Bloomberg US Corporate HY TR Unhedged	1.09%	2.58%
Commodities			
Brent Crude Oil	Generic 1st Crude Oil, Brent, USD/bbl	-1.22%	12.16%
Natural Gas (US)	Generic 1st Natural Gas, USD/MMBtu	47.53%	3.46%
Gold	Generic 1st Gold, USD/toz	5.51%	12.93%
Copper	Generic 1st Copper, USD/lb	9.57%	12.85%
Currencies			
GBP/EUR	GBPEUR Exchange Rate	0.89%	2.31%
GBP/USD	GBPUSD Exchange Rate	0.17%	-0.68%
EUR/USD	EURUSD Exchange Rate	-0.71%	-2.95%
USD/JPY	USDJPY Exchange Rate	6.30%	14.07%
Dollar Index	Dollar Index Spot	1.32%	4.47%
USD/CNY	USDCNY Exchange Rate	0.62%	2.36%
Alternatives			
Infrastructure	S&P Global Infrastructure Index	2.62%	4.01%
Private Equity	S&P Listed Private Equity Index	0.76%	8.09%
Hedge Funds	Hedge Fund Research HFRI Fund-Weighted Composite Index	0.72%	5.53%
Global Real Estate	FTSE EPRA Nareit Global Index TR GBP	-2.13%	-2.51%
Volatility		**Change in Volatility**	
VIX	Chicago Board Options Exchange SPX Volatility Index	-4.38%	-0.08%

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

Performance

The Fund rose by 1.1% in the second quarter of 2024 to a value of £3.566bn. This is close to an all-time high. As can be seen from the previous table, Equities continued to generate positive returns in most regions over the quarter with Government Bonds weaker across the board. Higher Yielding Credit achieved a small positive return as the yield offset slight capital weakness, credit spreads against Government Bonds remain tight. Alternative Investments generated marginally positive returns across the board.

The Fund underperformed its benchmark by -1.0%. Much of this underperformance was driven by the poor performance of the Fund's two active equity portfolios with Brunel Global Sustainable Equity behind its benchmark by -3.5% and Brunel Global High Alpha Equity behind its benchmark by -1.6%. These two portfolios dragged down the Fund's relative return against its benchmark by approximately -0.75%. The Fund's direct Private Equity portfolio, which is benchmarked against listed equity markets but failed to keep pace with this return, contributed a further -0.1% to the Fund's underperformance.

The Fund is now lagging its benchmark over 3 years (by -2.0%); 5 years (by -1.0%) and 10 years (-0.1%). 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 7.7% per annum over the last 10 years, being above the Fund's actuarial discount rate assumption for future investment returns, will have helped improve the funding ratio between the triennial actuarial revaluations.

Comment

As I write this report markets are experiencing a period of raised volatility as concerns about a potential US recession resurface. There are many hypotheses over what has triggered the market turmoil but the sensitivity of equity markets to bad news is accentuated by stretched valuations, particularly in the US, which give limited support when sentiment becomes risk adverse.

The two main issues which, I believe, triggered the downdraft in equity markets was a confluence of short-term selling pressure with rising concern over a US recession. The realisation that the Bank of Japan (BoJ) would raise interest rates, partly to support the currency, altered the trajectory of the Dollar/Yen exchange rate. This is important because there is a substantial amount of money borrowed in Yen and reinvested into US Treasuries and other, higher risk, assets, this is referred to as the 'carry trade'. Borrowing in Yen is cheap and there is a yield pick up if the proceeds are reinvested into US Treasuries of 4% plus, but this only works if the Yen is stable or weak against the US Dollar, any sudden currency strength quickly wipes out the interest rate pick-up leading participants to unwind their trades very rapidly, this created selling pressure on markets and buying pressure on the Yen versus the US Dollar.

Chart 1: US Dollar/Yen exchange rate.

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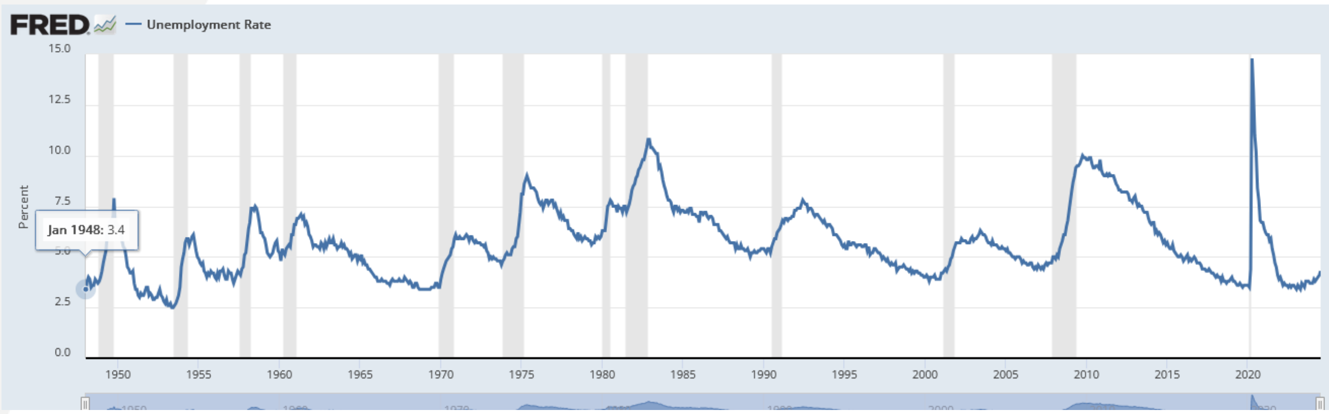
On the economic front, US data has been confusing of late, with economic growth slowing but not aggressively. However, as economic growth slows there will always be a moment when markets question whether this is just a slowdown or a potential recession. The US unemployment rate picked up to 4.3% in July having been at 3.4% in the middle of last year and 3.7% in January 2024. The chart below, from the St Louis Federal Reserve, shows that whilst one month's data can be of little use, once it confirms a trend it ends in recession. The pick-up seen at the far right hand of this long-term chart is what is worrying markets at present.

Chart 2: US Unemployment rate

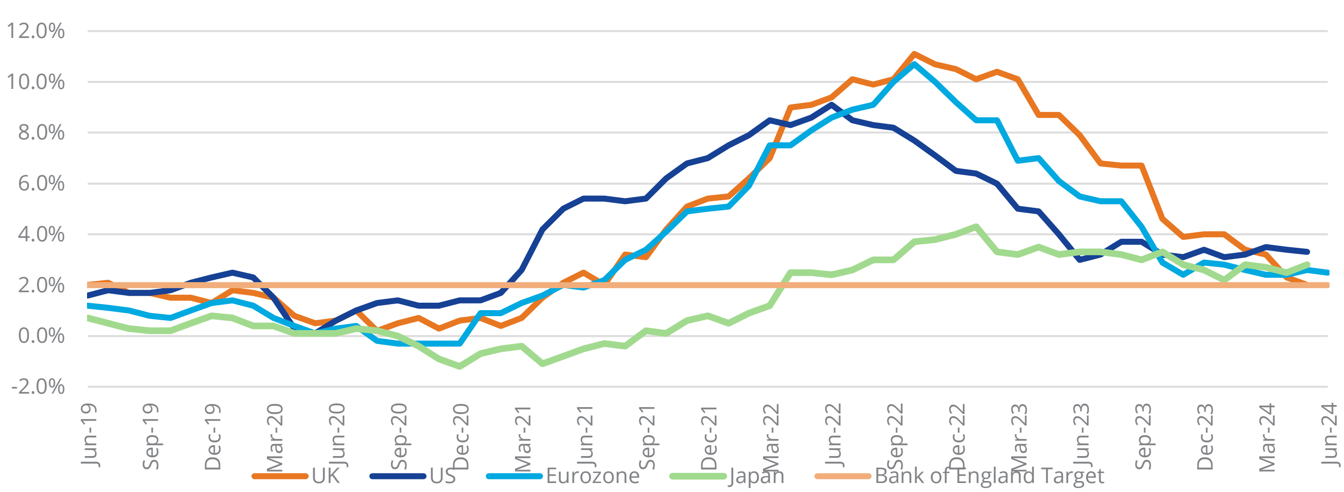


This economic slowdown in the US can also be seen in rising credit card balances and car loan delinquencies as the less well-off consumer continues to struggle with the rising cost of living.

Whilst we remain in a period of uncertainty about the speed of the US economic slowdown in particular, markets are likely to be buffeted by each upcoming data point with little sense of direction. In my experience, periods of market volatility tend to come in clusters.

What we have learnt from the last 18 months is that the time lag between rising interest rates and their effect on the US economy in particular has lengthened as both the corporate sector and the US consumer extended their debt payment profile during the years of ultra-low interest rates. The effects of the rapid interest rate rises in 2022 are still playing out and will continue to do so. This longer time lag should be remembered when interest rates are cut. It may be harder to stave off a recession than it has been in the past.

Chart 3: CPI – Annual rate of Inflation - Five Years to June 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)

The first quarter of 2024 saw the start of interest rate cuts in the developed world with the Swiss National Bank (SNB) cutting rates by 0.25% in March. The second quarter has seen further cuts with the Riksbank (Sweden) cutting rates in May and the SNB again followed by the European Central Bank and the Bank of Canada in June. Since the quarter end the Bank of England has also cut interest rates by 0.25% as inflation has remained at the target level of 2% for the second month running. As can be seen in the Chart on the previous page, inflation has fallen from its peak in 2022 but central banks are struggling to hit their target of 2% with service sector and wage inflation remaining elevated.

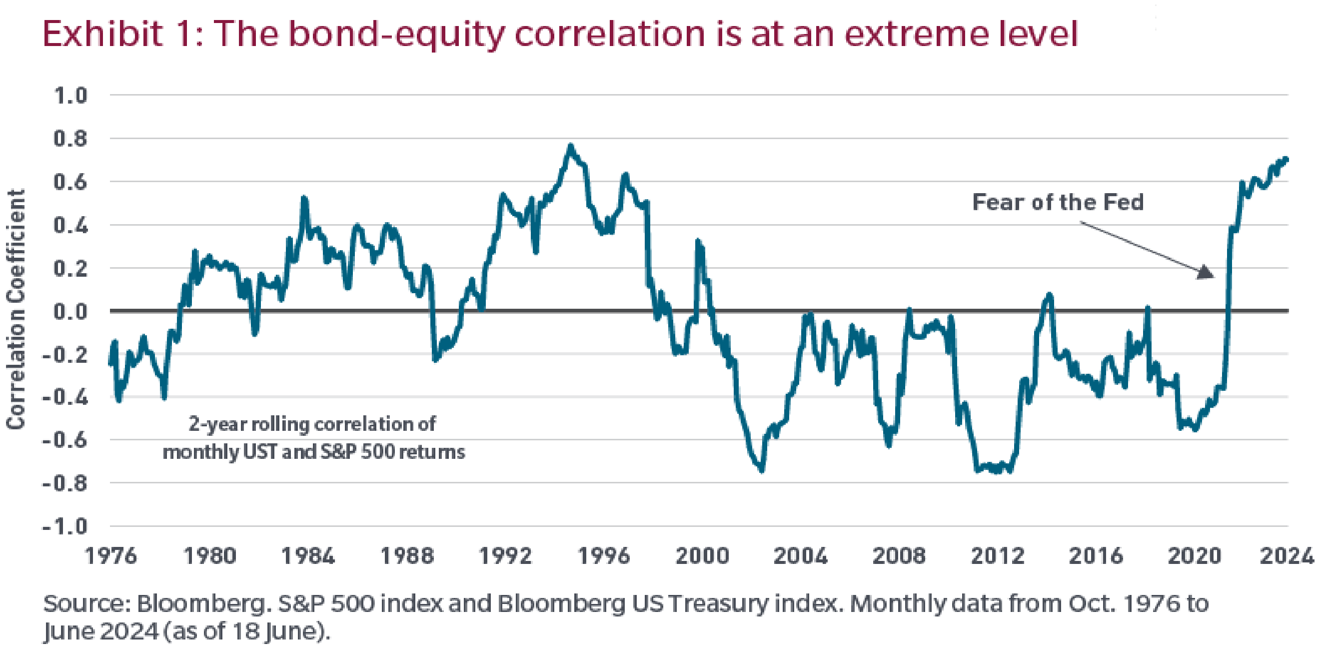
I continue to see inflation as prone to bouts of strength going forward as a number of long-term structural forces have become supportive of higher inflation. This is a different Marlet backdrop than that experienced over the past 20 years. This change can perhaps best be shown by the change in correlation between equities and bonds.

During the first 20 years of the twenty first century inflation was a weak force and, when interest rates were cut, it was because of a heightened risk of deflation. In this scenario the heightened economic uncertainty of a deflationary environment was a negative for equities. So equities fell and bond yields fell (bond prices rising) with equities and bonds moving in opposite directions (a negative correlation). Now, with inflation a stronger and more immediate force, any rises in interest rates and ensuing falls in bond prices increase economic uncertainty around the economy overheating and potential inflation and so bond yields will rise (bond prices fall) at the same time as equity prices fall and vice versa with equities and bonds now positively correlated.

The chart below shows that since 2020 the rolling two-year correlation between US equities and bonds has altered. Now they are positively correlated, both rising and falling in unison. This means that the previous benefits of diversification through holding both equities and bonds in the Fund is less apparent now and so the performance of the Fund will be more volatile going forward.

The next Strategic Asset Allocation (SAA) review will take into account the increase in correlation between asset classes and look at how the Fund can achieve the desired levels of diversification. It may make sense to increase exposure to real assets such as property or infrastructure or to invest in short-term credit such as private loans which have a very low sensitivity to changes in interest rates.

Chart 4: The rolling 2 year correlation between the US equity and Government bond markets.



Source MFS

My central assumption remains, a slowing US economy with scope of interest rate cuts in the EU, UK and US during the second quarter of this year and into 2025. I am concerned that market participants may be over estimating the scope for interest rate cuts, particularly in the US and feel this would likely restrain investment returns going forward.

The US Presidential election will, at some stage, have to focus on the actual policies of each candidate rather than their respective personalities, however, neither candidate seems to be looking to restrain the growth of government debt in the US. In addition, Donald Trump's desire to introduce wide ranging trade tariffs, make permanent his tax cuts and remove the US Federal Reserve's (US Fed) independence in setting interest rates are highly likely to create inflation for the US and hence the global economy. Globally, trade tariffs have been continuously unwound over the last 100 years, benefitting lower costs of production and increasing international trade. If one country introduces a tariff on imports the damaged party will undoubtedly respond with tariffs of their own raising the cost of production globally and causing unnecessary inflation which will require higher interest rates to encourage global investors to continue to purchase bludgeoning amounts of government debt.

Asset Allocation

Table 1: 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	55.8%	**51%**	+4.7%	-£166m
Fixed Interest	14.4%	**16%**	-1.6%	+£56m
Property	6.6%	**8%**	-1.4%	+£49m
Private Equity	12.2%	**10%**	2.2%	-£78m
Secure Income	4.2%	**5%**	-0.8%	+£28m
Private Debt	2.0%	**5%**	-3.0%	+£105m
Infrastructure	3.8%	**5%**	-1.2%	+£42m
Cash	1.0%	**0%**	+1.0%	-£35m

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

The current deviation from the Fund's SAA 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 particularly as this money has already been committed to invest into Alternative asset classes and is awaiting drawdown. Unfortunately Brunel does not currently offer such a product meaning the Fund would either have to procure a manager outside of Brunel or invest into their existing Bond fund which would mean taking duration risk.

Table 2: Allocations to Alternative Investments Invested/Committed

Called/Committed	Private Equity	Infrastructure	Secure Income	Private Debt
Direct by OCCPF	£290m	£37m		
Cycle 1 March 2018	£99.0m/£100m	£50.4m/£50m	£53.7m/£60m	n/a
Cycle 2 Apr 2020	£45.5m/£70m	£17.9m/£20m Renewables£14.3m/£20m	£35.1m/£40m	£45.9m/£70m
Cycle 3 Apr 2022	£0m/£16m	£18.4m/£60m	£60.8m/£60m	£25.7mm/£90m
Brunel Total	**£144.5m/£186m**	**£101m/£150m**	**£149.6m/£160m**	**£71.6m/£160m**

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

The direct investment into a number of Private Equity funds have an undrawn commitment of £23m outstanding. There remains a requirement for improved cash flow reporting from Brunel for the Alternative asset classes they are responsible for.

Assuming a 90% maximum investment of committed capital in each Alternative asset class, 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 investments mature, however, the figures above suggest there is limited need to make new commitments to these asset classes in the immediate future. Private Equity, in particular, is likely to remain overweight against the Strategic Benchmark for the foreseeable future.

Points for Consideration

1) Performance of the underlying portfolios continues to be poor across much of Brunel especially within Global Equities which is where a substantial part of the Fund is invested. There are detailed reasons why this has happened, much of which is due to the strong Responsible Investment and ESG philosophy which Brunel has adopted. However, the continued underperformance across a number of portfolios brings into question Brunel's ability to select investment managers who can outperform over the longer term. The Pensions Committee should remain cognisant of why this underperformance has happened and continue to challenge Brunel over performance issues.

2) 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, Social and Governance (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. It could be useful for the Pensions Committee to have Brunel present on how they select managers to run portfolios as this may increase the understanding and confidence in Brunel capabilities in this area, particularly as the performance of the majority of Brunel portfolios has now been below the benchmark since inception.

3) 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.

   Historically, mid to small sized companies have outperformed their larger brethren over the long-term but the last 5 years have seen a reversal of this trend globally with large caps outperforming initially as large oil and gas production companies rose post Russia's invasion of Ukraine then as AI focused stocks rose with the birth of the Magnificent 7. With equity markets now trading at high valuations, particularly in the US, it seems an opportune time to switch to an unloved part of the market which has historically shown good performance over the long-term. Moving to a more mid cap/small cap focus in the UK would give more exposure to British innovation and entrepreneurial flair which may have been held back due to government policy uncertainty and BREXIT.

   Brunel are currently undertaking manager selection for this mandate with a view to completing this by year end and transitioning to the new managers early in the new year.

   The following chart compares the performance of the FT All-Share index against the FT 250 index over the long and medium-term.

Chart 5: FTSE All-Share v FT-250

4) Alternative Investments: Brunel accept that the current figures produced for drawdowns to and distributions from the Alternative asset portfolios are inadequate for a Fund to be able to create a useful cash flow forecast from these asset classes. They are working to improve their processes and the quality of information they provide to member funds. I will continue to push for better data in this area. It would make sense, now the initial investments into Alternative Asset Classes have been made, for Brunel to move to an evergreen funding process where, rather than member funds committing to individual funds over a succession of vintages in Infrastructure, Private Equity and Private Debt, Brunel provide one unitised wrapper in each of these asset classes and manage the member funds cash flow requirements into and out of each Alternative asset class directly. This would reduce the administrative burden on your Fund's officers and could simplify reporting.

5) Paris Aligned Passive Global Equity: This fund uses a quantitative approach to stock selection, weighting each stock based on its data relating to the Paris Alignment criteria. The result has been a high level of turnover within the benchmark and therefore within the portfolio, in part due to the changes in data quality over time rather than improvements at the underlying company level. This is suboptimal and underlines the issues with data quality around carbon emissions and Paris Alignment. The manager has now appointed a new team to run this portfolio but this needs monitoring, particularly as it is a large part of the Fund.

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.

We now have 3-year performance figures for both Private equity and Infrastructure and, whilst the initial drawdowns to these portfolios were slow and Brunel's speed of commitment was initially poor this has now speeded up and performance figures 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		Mandate currently under review by Brunel
Global High Alpha	MSCI World Equity	09/19		Underperformance over three years
Global Sustainable	MSCI All World Equity	09/20		Performance a concern
Global Paris Aligned	MSCI Paris Aligned	07/18		Passive portfolio
UK Fixed Interest	£ Non-Gilt Credit	11/21		Acceptable performance
Multi Asset Credit	Cash + 2%	11/21		Performance has lagged the benchmark
Property	Property benchmark	04/20		Too early to comment; some concerns
Secure Income	Cash + 4%	07/20		Noticeable 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		Drawdown has been slow; performance looks good

Market Report

- Inflation remained stubbornly high in Q2 2024, particularly in services, on the back of strong economic data which kept central banks cautious. The ECB cut rates by 25 basis points, while the US Fed and BoE held rates steady. Markets now expect a 0.5% fall in US rates by the end of the year, while the US Fed itself is slightly less positive, due to weakening economic data throughout the quarter, notably a soft US labour market and consumer data, although corporate earnings have continued to surprise positively in Q2. Treasury yields ended the quarter where they started. Similarly, the UK economy showed signs of slowing following a strong Q1 rebound, and markets have greeted the new Labour Government with cautious optimism, their large majority driving hopes of a period of greater stability. In the UK, inflation hit 2%, however, this was principally driven by a base effect, with annualised quarterly inflation rates still well-above the target rate. The scope for further rate cuts in Europe also looks limited due to sticky inflation. Economic indicators ultimately, however, remain positive, with GDP growth of 0.3%, 0.4% and 2.9% in the UK, Europe and US, respectively, the latter of which continues to be driven by high fiscal spending.
- Q2 saw positive returns for most risk assets. Developed market equities gained 2.8%, driven by strong performance in larger companies and the technology sector, particularly those linked to AI. Emerging markets outperformed developed markets, with Asia ex-Japan equities delivering returns of 7.3%, boosted by policy support and supressed valuations in China alongside strong performance in Taiwan due to AI exposure. Fixed income had mixed results, with US Treasuries delivering slight positive returns given the declining economic data through the quarter, while European and UK government bonds

posted losses due to political uncertainty (notably from France), persistent inflation, and cautious central bank guidance. Within corporate bond markets, high yield generally outperformed investment grade in the US and Europe, while UK corporate credit was marginally weaker. Commodities posted modest gains, driven by industrial and precious metals, while digital assets saw a slight pullback after a strong Q1. The US Dollar was up 6.3% on the Japanese Yen due to interest rate differentials, slightly up on the Euro and Yuan, and slightly down on Sterling.

We highlight the following themes impacting investment markets:

- **Inflation remains elevated, driven by services, limiting scope for rate cuts.** While moderating in places, inflation remains stubbornly high across developed western markets and continues to be driven by services. This remains a key concern for the US Fed and, while the ECB did cut rates, it emphasised that any further cuts would be dependent on falls in persistent services' inflation. The political uncertainty surrounding the US elections in November and the snap elections in France added to market volatility, further complicating the inflation outlook: both a Trump win and rising populism in Europe are potentially inflationary. With limited scope to cut rates, the ongoing effects of the rate rises of 2022 likely to impact weaker sectors of the real economy (younger consumers, small caps, high yield) and point to slowing growth in H2 2024.
- **Elevated political and fiscal risk may start impacting bond markets**. Political risk is particularly acute in France, given Emmanuel Macron's surprise call for snap parliamentary elections, and the US, with the fractious presidential race, though the UK now appears more predictable. Given sizeable budget deficits being run by most developed economies, the risk of weak or populist governments raises the spectre of government bond markets losing confidence (as they did in UK in 2022). Though likely not yet acute in 2024, this may become a serious risk in the medium term. Investment grade corporate bonds and quality equities may benefit in such scenarios.
- **Excitement around AI continues but warning signs increase:** Companies exposed to Artificial Intelligence themes continued to outperform. Sector-wide earnings in tech were up 15.8% year-on-year ("Magnificent 7": +25.5%), but any disappointments were punished with severe valuation reverses and the Magnificent 7 stocks now comprise ~32% of the S&P500. This represents a significant concentration risk and valuations / expectations do leave some stocks very exposed to any disappointment.
- Global equities rose 2.8% in Q2, resulting in +12% returns year-to-date largely on the back of continued momentum in AI-related stocks and strong but moderating economic growth. The performance was relatively broad-based regionally, however, we note value stocks outperformed growth in Europe, reflective of hawkish commentary from central banks which are now more aligned to the US alongside lower exposure to AI and the Magnificent 7. The VIX remains low, particularly for an election year, reverting to 12, bringing it in line with Q4 2023.
    - In the US, the S&P500 and NASDAQ rose +3.9% and +8.3% respectively, again driven by the Magnificent 7. Q1 quarterly real GDP growth was revised down to 1.3% from 1.6%, with the manufacturing Purchasing Manager's Survey (PMI) recovering strongly from a substantially weaker April print of 50, to 51.6 in June. This metric ran counter to labour and consumer data, with unemployment rising from 3.9% to 4.1% through the quarter, and other data generally falling below consensus since May.
    - The MSCI Europe ex-UK rose by 0.6%, with value outperforming growth. Inflation was relatively unchanged, however forward-looking guidance turned slightly more hawkish with the ECB citing a data-driven approach against a backdrop of high underlying services inflation. The Manufacturing PMI remained at similar levels to Q1 (~46.2), however composite PMI saw sustained momentum at 51.6, reflective of strong services growth.
    - UK equities rose +3.7% with the FTSE 100 reaching all-time highs. Performance of SMID-cap companies was supported by strong bid activity. It was confirmed the UK economy rebounded from a technical recession in H2 2023, recording quarterly Q1 GDP growth of 0.7% (revised up from 0.6%). Although composite PMI remained above 50 (led by services), labour and consumer data weakened throughout the quarter, with unemployment rising to 4.4% from 3.8% in December 2023.
    - The Nikkei 225 returned -1.9%, however year-to-date gains are 19.3%, driven by the weakening Yen. The BoJ's actions, including raising Japanese government bond yields and reducing Japanese Government Bond purchases, failed to curb Yen weakness. Despite weak real-term wage growth and stagnant consumer sentiment, record-high tourism bolstered spending. Earnings season showed strong results but was marred by conservative guidance. Increased share buybacks positively impacted stock prices.

- Emerging markets equities rose 5.0% during the quarter, with Asia up strongly, led by Taiwan and its exposure to AI themes. Shares in China also experienced strong gains, with investors cautiously returning to markets against a backdrop of low valuations. Indian shares showed strong growth, although there were some concerns regarding valuations. Turkey performed strongly amid hopes it will continue to follow orthodox economic policies. Other European Emerging Markets also did well.

- Yields varied by region over the quarter, with the ECB and BoE guiding to a higher for longer rate environment against a backdrop of underlying annualised quarterly inflation figures that remain well-above target rates. High yield outperformed investment grade, reflective of continued relatively strong economic performance by historical standards. The 2-year to 10-year yield curve remained inverted and largely traded sideways, with a late flattening, arguably attributable to expectations of higher long-term US fiscal spending.
    - The US 10-year treasury yield rose from 4.2% to 4.4%, while the 2-year traded sideways at ~4.6%. US Fed policy remained hawkish, guiding to one rate cut in 2024 versus market expectations of two.
    - The European 10-year composite yield rose from 2.3% to 2.5%, with more hawkish commentary highlighting services' inflation and a need for data-driven policy decisions alongside political uncertainty which caused a spike in French – German spreads.
    - The UK 10-year Gilt yield rose from 3.9% to 4.2%, again reflective of hawkish commentary and inflation prints which suggest an increase in inflation in H2 2024 to levels above the official target.
    - Corporate bonds outperformed Government bonds, led by high yield, however, all returns were relatively muted overall (European corporate high yield +1.4%, US high yield +1.1%, US investment grade -0.1%, UK investment grade -0.3%).
- Energy prices varied, with US natural gas prices up +48% and Brent Crude -1.2%. The S&P GSCI (Goldman Sachs Commodity Index) achieved a modest gain, with industrial metals and precious metals the strongest components. Agriculture was the weakest component of the index.
    - US gas prices rose sharply and returned to Q4 2023 levels (posting 78% gains through mid-June before moderating to +48% by quarter-end). This reflects high demand from AI-related consumption, geopolitical tension in the Middle East, lower US production, supply disruptions in Norway and due to its importance in the renewable energy transition.
    - Brent crude oil prices traded sideways on the back of a strong Q1 and modest OPEC supply cuts.
    - Industrials and precious metals performed well through the quarter, led by silver and zinc. Gold and copper posted more modest increases of +5.5% (+12.9% ytd) and +9.6% (+12.9% ytd) respectively.
    - Within agriculture, significant price gains for coffee failed to offset weaker prices for cotton, corn, cocoa and sugar.
- Global listed property fell, with the FTSE EPRA Nareit Global Index falling by -2.1%.
    - The Nationwide House Price Index in the UK posted modest gains against a backdrop of relative stability.
    - European commercial property continued its recovery into Q2, with the Green Street Commercial Property Price Index increasing by 0.5%, led by the hotel sector (+2.0%). Meanwhile, residential, industrial, and data centre sectors also saw gains, whereas B/B+ quality office prices continued to decline by 1.0% due to negative sentiment among buyers and lenders.
- In currencies, the US Dollar strengthened marginally (US Dollar index +1.3%), led by weakness of the Japanese Yen (USDJPY +6.3%) caused by interest rate differentials. Sterling posted modest gains on the Euro (+0.9%) and US Dollar (+0.2%). Bitcoin (-5.8%) and Ethereum (-12%) consolidated but remained up circa 50% year-to-date. Both saw continued momentum in the approval and launch of spot crypto Exchange Traded Funds (ETFs) by major financial institutions and progress in regulatory frameworks.

TABLE 1

OXFORDSHIRE COUNTY COUNCIL PENSION FUND
OVERALL VALUATION OF FUND AS AT 30th JUNE 2024

Investment	COMBINED PORTFOLIO 01.04.2024	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 30.06.2024		
	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	**378,049**	**372,511**	**27.8%**	**19,195**	**3.0%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**391,706**	**11.0%**	**10.0%**
Global High Alpha Equities		356,304														356,304	10.0%	9.0%
Sustainable Equities		612,322														612,322	17.2%	16.0%
Paris Aligned Benchmark Global Equities				627,105												627,105	17.6%	16.0%
TotalOverseas Equities	**1,577,775**	**968,626**	**72.2%**	**627,105**	**97.0%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**1,595,731**	**44.8%**	**41.0%**
BONDS																		
Corporate Bonds	135,566	0	0.0%	0	**0.0%**	0	0.0%	135,701	26.5%	0	0.0%	0	0.0%	0	0.0%	135,701	3.8%	4.0%
UK Index-Linked	229,819	0	0.0%	0	**0.0%**	0	0.0%	223,123	43.6%	0	0.0%	0	0.0%	0	0.0%	223,123	6.3%	7.0%
Multi Asset Credit	150,332	0	0.0%	0	**0.0%**	0	0.0%	153,254	29.9%	0	0.0%	0	0.0%	0	0.0%	153,254	4.3%	5.0%
Total Bonds	**515,717**	**0**	**0%**	**0**	**0.0%**	**0**	**0.0%**	**512,078**	**100.0%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**512,078**	**14.4%**	**16.0%**
ALTERNATIVE INVESTMENTS																		
Property	222,713	0	0.0%	0	**0.0%**	0	0.0%	0	0.0%	201,674	95.6%	0	0.0%	20,946	5.4%	222,620	6.2%	8.0%
Private Equity	424,203	0	0.0%	0	**0.0%**	0	0.0%	0	0.0%	0	0.0%	144,622	31.0%	289,613	75.3%	434,235	12.2%	10.0%
Infrastructure	133,170	0	0.0%	0	**0.0%**	0	0.0%	0	0.0%	0	0.0%	100,999	21.7%	37,134	9.7%	138,133	3.9%	5.0%
Secured Income	141,008	0	0.0%	0	**0.0%**	0	0.0%	0	0.0%		0.0%	149,655	32.1%		0.0%	149,655	4.2%	5.0%
Private Debt	68,410	0	0.0%	0	**0.0%**	0	0.0%	0	0.0%	0	0.0%	71,585	0.0%		0.0%	71,585	2.0%	5.0%
Total Alternative Investments	**989,504**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**201,674**	**95.6%**	**466,861**	**100.0%**	**347,693**	**90.4%**	**1,016,228**	**28.5%**	**33.0%**
CASH	**66,314**	**109**	**0.0%**	**0**	**0.0%**	**13**	**100.0%**	**0**	**0.0%**	**9,264**	**4.4%**	**144**	**0.0%**	**37,005**	**9.6%**	**46,535**	**1.3%**	**0.0%**
TOTAL ASSETS	**3,527,359**	**1,341,246**	**100.0%**	**646,300**	**100.0%**	**13**	**100.0%**	**512,078**	**100.0%**	**210,938**	**100.0%**	**467,005**	**100.0%**	**384,698**	**100.0%**	**3,562,278**	**100.0%**	**100.0%**
% of total Fund		37.65%		18.14%		0.00%		14.38%		5.92%		13.11%		10.80%		100.00%		

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PENSION FUND COMMITTEE – 06 SEPTEMBER 2024

RESPONSIBLE INVESTMENT POLICY – MONITORING & REPORTING

Report by Executive Director of Resources & Section 151 Officer

RECOMMENDATIONS

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

a) agree the proposed set of Responsible Investment metrics and targets included at Annex 1; and

b) agree the inclusion of the wording in paragraphs 20 and 21 in the Fund's Responsible Investment Policy regarding the exclusion of tobacco holdings.

Introduction

c) At the June 2024 Pension Committee Meeting, the Committee resolved to agree the final version of the Responsible Investment Policy. With the Policy now being agreed the next step is for the Committee to agree a set of metrics and targets to measure progress.

d) Annex 1 provides a proposed set of metrics and targets that can be used to track progress and inform reporting against the objectives that have been set within the Responsible Investment Policy. In this way they can provide assurance that the Fund is on track to meet the objectives that have been agreed by the Committee.

Responsible Investment Strategy

e) The Responsible Investment Policy is a high-level statement of the vision, investment beliefs, approach to integrating ESG into the investment process, and responsible investment priorities for the Fund. For each of the issue-related priorities in the Policy there is an associated objective the Fund is aiming to achieve. Tracking progress against these objectives is essential if stakeholders, including members and beneficiaries, are to be able to assess the extent to which the Fund is delivering against the commitments it has signed up to through the Responsible Investment Policy.

f) To be able to track progress and provide assurance that the Fund is on track to meet its responsible investment commitments it is important to have a set of robust metrics. Where possible, the metrics identified in Annex 1 have been selected because they are based on publicly available data provided by reliable sources. Brunel already provide us with a range of responsible investment data, particularly in relation to climate change, and we have used their metrics wherever we can as they have already been applied to our holdings to give a portfolio-level view.

g) Alongside each of the metrics there are also proposed targets, against which progress can be measured. Where possible the targets are timebound, including both medium- and long-term milestones. By their nature some of the targets are less specific than others. For example, nature risk assessment is an emergent area, with companies only just starting to engage with frameworks such as the Taskforce on Nature-related Financial Disclosures (TNFD), so setting a specific timebound target is not appropriate currently. As companies develop their capacity in this area it will be possible for more specific targets to be set.

h) There are potential issues to be aware of when setting targets. For example, we use Weighted Average Carbon Intensity (WACI) to help measure progress against our climate change commitments. The Taskforce on Carbon-related Financial Disclosure (TCFD) recommends that there should be a 7.6% year on year reduction in the WACI of our portfolios to align with the objective of reaching Net Zero by 2050. However, pursuing this target in isolation could lead to outcomes that will not help, and may in fact hinder, the energy transition required to get to Net Zero. The easiest way to reduce the WACI of our portfolios is to divest from manufacturing sector companies and only invest in low WACI sectors such as Software companies. However, as a fund we want to invest in companies building the new technologies such as heat pumps that will drive the energy transition, not reduce our exposure to them.

i) Where there is a risk that focussing on a single metric will not provide the required breadth and depth of data needed to track progress against an objective a range of metrics will be used. This is the case for climate change, where six different indicators have been identified to give a full picture of how the fund is performing in this key area. We feel that this is necessary in order to be able to adequately assess the extent to which climate change risk to long term returns is being managed.

j) Given the relative maturity of climate change as an issue there is a wider range of data available on this issue than for some of the other areas identified as priorities in the Responsible Investment policy. Our expectation is that over time more data will become available for these other issues as the market matures and moves to fill those data gaps. This is particularly the case for a relatively new and complex area such as nature.

k) As the data landscape develops officers will assess the case for either replacing or adding new metrics to help track progress. Given the evolving data picture there will need to be flexibility going forwards for new metrics and indicators to be adopted and if a metric is no longer best-suited for tracking progress for it to replaced. For this reason, the metrics proposed in Annex 1 are not intended to be set in stone once approved by the Committee, the expectation is that there will be changes but that where this does take place there is a clear justification to stakeholders for that change.

l) The metrics and indicators identified in Annex 1 have already been through an initial review process from a Committee sub-group made up of the Chair, Vice-Chair and officers.

m) Once the metrics have been approved officers will then develop a broader strategy for delivering the objectives. This will include stewardship activities such as company engagement, collaborative initiatives and public policy engagement. Given Brunel's role as our asset manager the expectation is that they will be carrying out most of these activities on behalf of the Fund. However, there is scope for the fund to contribute directly, particularly through collaborative engagements.

Resourcing

n) There are resourcing implications for the adoption of a set of metrics to track progress around the collection and application to the Fund's portfolios of that data. Where the data originates from Brunel there is a lower cost as the indicators have already been applied to Fund's portfolios and a portfolio-level calculation has been made. As noted above, where possible the metrics suggested are sourced from Brunel. However, Brunel data is not currently available for all the priorities and where there are gaps it will be necessary to fill those gaps with third party data sources.

o) The collection of this external data and the application of it to the fund's portfolios is a resource intensive process. It is proposed that the Fund seeks to engage an advisor to help provide support in this area. The advisor could also help to develop a user interface that makes the data accessible to stakeholders, e.g. via dashboards.

p) Officers will seek to deliver any additional support within the existing consultancy budget. Should costs be higher than the budget officers will first report back to Committee either during 2024/25 or as part of the 2025/26 budget setting process depending on timings.

q) Some data sources have fees associated, for example in relation to deforestation. These will also be sought to be delivered within the existing budget or reported to Committee if this is not feasible. It may be the case that other client funds and/or Brunel would be interested in purchasing this data on a shared basis, so the costs could potentially be shared.

Tobacco Exclusion

r) At the Pension Fund Committee on 7th June 2024 when reviewing the Responsible Investment Policy officers were asked to find suitable wording to include in the Policy to support an activity-based exclusion for tobacco holdings. Proposed wording is included in paragraphs 20 and 21 below.

s) Tobacco has significant negative social and economic impacts and is considered by health professionals to be a major preventable cause of death. It is estimated by the World Health Organisation that up to eight million people a year die from tobacco-related illnesses.

t) As a result, tobacco production companies are exposed to significant ongoing financial and reputational risks from increased regulation. Given both the risk profile and the negative impacts of tobacco products on health the Fund has implemented an activity-based exclusion for companies involved in the production of tobacco.

Lorna Baxter
Executive Director Resources and Section 151 Officer
August 2024

Theme	Issue	Objective	Metric	Targets	Sources
Environment - Climate change	GHG emissions	*Alignment to a Net Zero pathway by 2050 where temperature rises are held below 1.5°C Commit to transparency on where we are on our alignment to this pathway.*	1. Weighted Average Carbon Intensity (WACI) 2. Extractive exposure 3 .Carbon footprint of portfolios 4. CA100+ scores on Climate alignment 5. Forward looking metrics such as Paris Alignment; Carbon Risk and Climate Physical risk 6. Absolute emissions	1. WACI - 7.4% 2. Extractive exposure - lower than benchmark and on a downwards trajectory 3. Carbon footprint - lower than benchmark and on a downwards trajectory 4. CA100+ - Alignment with our CC policy 5. Forward metrics - Paris alignment Climate phys risk and price risk - reported only initially with no target 6. Absolute emissions - reported only initially with no target	Brunel TCFD Product reports Climate Action 100+ benchmark scores
Environment - Climate change	Just Transition	*Improvement over time in the number of portfolio companies improving their JT scores*	CA100+ benchmark Just Transition scores	CA100+ holdings improving over time vs baseline	CA100+ Benchmark scores for highest emitters World Benchmark Alliance - in development
Environment - Climate change	Transparency	*Increasing transparency over time, particularly for highest emitters of GHGs. Most material companies report on progress, including Scope 1&2 and most material for sector Scope 3 emissions. Align to Brunel policy - High impact sectors and banks to achieve 100% disclosure of their own material Scope 3 emissions by 2030. IT companies to disclose their own material upstream and downstream Scope 3 emissions by 2030*	Voluntary disclosure by companies of their Scope 1, 2 & 3 (material) emissions	Alignment with Brunel's policy for high impact sectors to report by 2030	Brunel Product reports datapoints CA100+ benchmark scores Transition Pathways Initiative scores
Environment - Climate change	Financing carbon (Banks)	*The Banks held by OPF are demonstrably systemic enablers of the transition.*	Aligned or aligning with Net Zero by 2030	Transition Pathway Initiative Banking sector scores improving over time Greater disclosure over time on clean energy financing ratios and finance provided for new fossil fuel extraction projects	TPI Bank sector indicators Company disclosure "Banking on Climate Chaos" report
Environment - Climate change	Green revenues	*In order to align to the transition to a Net Zero portfolio by 2050 we expect to significantly increase our exposure to sustainable investments.*	Brunel data on sustainable investments exposure	Measure progress towards 25% sustainable investment exposure by 2030, 35% by 2050 Current baseline ~11%	FTSE Green revenues data from Brunel
Environment - Nature & Biodiversity	Nature Risk Assessment	*As an investor we need to increase our understanding of the exposure to biodiversity and nature risk of our portfolio companies*	Taskforce on Nature-related Financial Disclosure (TNFD), or equivalent, disclosures by most material companies	Increasing disclosure over time that is aligned to TNFD	Nature 100+ benchmark scores Company disclosures World Benchmarking Alliance Nature dataset
Environment - Nature & Biodiversity	Deforestation	*Deforestation-free portfolios as soon as possible*	Forest IQ/F500 scores	Most material companies Deforestation-free by 2030.	Forest IQ/Forest 500 assessments to identify companies at risk and progress Deforestation-free Transition Pathway (DEFT)
Environment - Nature & Biodiversity	Natural Capital	*Expand capital allocation to the Natural Capital asset class*	Pension fund % allocation to Natural Capital	4.5% of global GDP (current global allocation = 0.2%) is Natural Capital derived. Allocation target to be assessed at next Strategic Asset Allocation (2026)	% of portfolio allocated to Natural Capital - Brunel data
Social – Human rights	Human rights norms compliance	*We seek to invest in companies that respect all human rights, international norms and promote strong labour standards.*	Compliance with UNGC Principles 1-6 Screening for non-compliance	Comply or demonstrate issue is being managed	Brunel Investment Risk Committee Reports Business and Human Rights Resource Centre
Social – Human rights	Just transition	*Improvement over time in number of companies improving their JT scores*	CA100+ benchmark Just Transition scores	CA100+ holdings improving over time vs baseline	CA100+ Benchmark scores for highest emittersWorld Benchmark Alliance - in development
Social – Human rights	Diversity & inclusion	*We seek to promote fair, diverse, and inclusive business environments and practices across the companies in which we invest*	Women on the board - Align to Brunel's DEI targets for UK companies - https://www.brunelpensionpartnership.org/investing-responsibly/responsible-investment/diversity-equity-inclusion/ Focus on gender/ethnicity pay gaps and representation in senior management positions as well as Board appointments	Board - 40% is requirement for UK; other jurisdictions also include the ask for at least one woman in senior board position, 33% for non-UK jurisdictions 1 or more Director from an ethnic minority background Improvement over time in both board representation and closing pay gaps/greater representation for women and ethnic minorities in senior mgt posts	Brunel reporting
Social – Human rights	Free, prior, informed consent	*We expect the companies we invest into to respect the right to Free, Prior, and Informed Consent (FPIC) of Indigenous peoples and local communities*	Assessment of high-risk companies/sectors. Policy, systems and reporting in place to support FPIC.	Most material companies have a FPIC policy in place by 2030	Deforestation metrics e.g. Forest IQ/Forest 500 which include assessments of FPIC policies/systems Corporate Human Rights Benchmark for extractives
Governance	Transparency & disclosure	*Seek to see ongoing improvements in transparency and reporting on material RI risks and opportunities*	Appropriate reporting on material RI risks and opportunities TCFD; TNFD; TSFD, etc	Increasing levels of sustainability reporting e.g. TCFD, Scope 1&2&3 emissions	TCFD report or equivalent publication TNFD reports for material sectors Brunel Product reports for Scope 1, 2, & 3 emissions
Governance	Diversity & inclusion	*We seek to promote fair, diverse, and inclusive business environments and practices across the companies in which we invest*	Women on the board - Align to Brunel's DEI targets for UK companies - https://www.brunelpensionpartnership.org/investing-responsibly/responsible-investment/diversity-equity-inclusion/ Focus on gender/ethnicity pay gaps and representation in senior management positions as well as Board appointments	Board - 40% is requirement for UK; other jurisdictions also include the ask for at least one woman in senior board position, 33% for non-UK jurisdictions 1 or more Director from an ethnic minority background Improvement over time in both board representation and closing pay gaps/greater representation for women and ethnic minorities in senior mgt posts	Brunel reporting

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