

**PENSION FUND COMMITTEE – 10 JUNE 2022**

**REVIEW OF THE BUSINESS PLAN 2022/23**

**Report by the Director of Finance**

**RECOMMENDATION**

**The Committee is RECOMMENDED to**

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

**Introduction**

1. This report sets out the latest progress against the key service priorities set in the business plan for the Pension Fund for 2022/23 as agreed by the March meeting of this Committee.
2. The key objectives for the Oxfordshire Pension Fund as set out in the Business Plan for 2022/23 remain consistent with those agreed for previous years. These are summarised as:
  - To administer pension benefits in accordance with the LGPS regulations, and the guidance set out by the Pensions Regulator
  - To achieve a 100% funding level
  - To ensure there are sufficient liquid resources to meet the liabilities of the Fund as they fall due, and
  - To maintain as near stable and affordable employer contribution rates as possible.
3. The service priorities for the year do not include the business as usual activity which will continue alongside the activities included in the service priorities. Business as usual activities are monitored as part of the Administration Report and the report on Investment Performance.

**Key Service Priorities – Progress to Date**

4. There were 4 service priorities included in the 2022/23 Plan each with a number of key measures of success. The latest position on each is set out in the paragraphs below. The assessment criteria agreed by the previous Committee for each measure of success is as follows:
  - Green – measures of success met, or on target to be met

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

5. Review and Improve the Scheme's Data The position against the 5 agreed measures of success are set out in the table below.

Measure of Success	Key Progress Achieved	Outstanding Actions
Data Quality scores submitted to the Pension Regulator within acceptable bounds and no follow up action. AMBER	Initial reports run from new Insights functionality. Queries on report referred to Supplier. Data is in the process of being checked as part of the end of year processes.	Complete verification of end of year data. Re-run provisional data quality reports. Identify any corrective actions before final submission.
Valuation completed with data signed off as fit for purpose and scheme employers raising no concerns with outcome. GREEN	End of Year Returns received from employers and in process of being verified.	End of year processes to be completed and data submitted to Actuary.
Data of a standard to support delivery of all service KPI's as reflected in quarterly performance reports. AMBER	Limited development of reports to date.	More extensive use of new Insights Reporting tool to deliver full suite of performance reports and enable data quality to be assessed.
No data security breaches reported. GREEN		
Cyber Security Policy is updated (where required) with clear information on roles and responsibilities. GREEN	Cyber Security Workshop held with attendees from Pensions, ICT and Information Management.	Report on Outcome of Workshop to be presented to the June Committee. Action Plan from Workshop to be delivered.

6. Whilst we are only 2 months into the year, a lot of work has already been completed in this area enabling the Green assessment to be given on 3 of the 5 measures of success. The two amber scores reflects a lack of information to assess the current position and the amount of outstanding work, rather than any real concerns at this time that the objectives will not be delivered.

7. As noted in the Business Planning Workshop, the data quality threshold for the Valuation submission is lower than that required for the Data Quality submissions and the calculation of the pension benefits for individual scheme members. There is no evidence from the end of year work to date to suggest that the data submission for the 2022 Valuation will not be of sufficient quality. However, we need to complete more of the end of year verifications and run provisional data quality reports to be assess the data against the higher standards expected by the Pension Regulator.
8. The issues around cyber risk and data quality are covered in more detail elsewhere on today's agenda as part of the Administration report.
9. Develop a holistic approach to technology across Pension Administration Services. There were 3 specific measures of success set out in the 2022/23 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
Committee Decision on whether to extend current contract and tender for bolt on solutions as appropriate to deliver full specification, or to run full tender exercise for single holistic solution. AMBER	Initial discussions held to identify a project lead.	Project Lead appointed.  Full system specification developed.  Review of current offerings on the LGPS National Procurement Framework to assess value in running tender at this time.
Tender project plans agreed consistent with the end date of the current system contract. AMBER		Dependent on outcome of work above.
Clear targets established for increase in on-line completion of services. AMBER		

10. Whilst there has been some initial work to identify the additional resources needed to carry out the holistic review of our technology requirements, insufficient progress has been made to be able to confirm we are on track to meet the deadlines associated with the procurement requirements if the option to re-tender the service is selected. The project is therefore Amber at the present time.

11. Enhanced Delivery of Responsible Investment responsibilities. There were 5 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
RI Officer in post GREEN	Job Description agreed and role submitted for Job Evaluation	Recruitment Exercise and appointment.
Engagement Policy signed off and reflected in overall Engagement Policy agreed by Brunel Pension Partnership. GREEN	Policy and potential impact on existing investments presented to the Climate Change Working Group.  Policy shared with colleagues within Brunel, and confirmation that broadly in line with Brunel's preferred approach.	Sign off Policy at June Committee.  On-going discussions with Brunel and partner funds to develop single Brunel approach.
Improved quarterly reporting in place to both Committee and on Fund webpages, including wider ESG targets and performance measures, reflected in positive feedback from all stakeholders. GREEN	Initial presentation by Brunel of new reporting being developed for the Private Markets.	Need to work alongside Brunel to draft new reports to ensure they meet our requirements.  Appointment of new RI and Communication resources to enable development of website reporting.
Successful application in respect of Stewardship Code. AMBER		Appointment of new Responsible Investment Officer.  Full application completed and submitted
Revised Funding Strategy Statement and Investment Strategy Statement including revised Strategic Asset Allocation signed off at March 2023 Committee. GREEN		To be reviewed alongside 2022 Valuation.

12. Work has continued on a number of fronts against this objective. It is hoped that the recruitment for the new Responsible Officer will begin later in June,

following confirmation of the grade at the Job Evaluation Panel at the beginning of the month.

13. The Climate Change Working Group has met again and a report from their meeting is elsewhere on today's agenda, including the final version of the Engagement Policy with the recommendation that this forms the basis of our discussions with Brunel and the other 9 partnership Funds. As part of the recent Climate Stocktake session with Clients, Brunel presented their own initial thoughts on their future Engagement Policy which were broadly consistent with our proposed policy. The main area of difference was in respect of escalation timescales which were not included in the Brunel presentation, and are subject to further discussion.
14. At the same Stocktake session, Brunel also presented some initial draft reports on portfolios which provided a breakdown of current green revenues and positive impacts. Whilst more work needs to be completed to understand the basis of these reports, the early indications are that they will enhance the current responsible investment reporting and allow greater scrutiny of the extent that existing portfolios are aligned to our Investment Policies.
15. The one area shown as Amber against this objective relates to a successful application in respect of the Stewardship Code. This work does require the successful appointment of the additional resources, and it is clear from other Funds who have already completed the process there is a lot of work involved. At this stage therefore it is not possible to confirm the target can be met this financial year.
16. Deliver improved and consistent service performance to scheme members. Progress against the 3 measures of success for this service priority are set out below.

Measure of Success	Key Progress Achieved	Outstanding Actions
Services delivered to SLA Standards consistently throughout the year. RED	April's performance figures below SLA targets in a number of cases.	Recruit additional staff. Clear remaining backlog of work.
All services delivered in line with regulatory guidance with scheme changes implemented in accordance with stipulated timescales. AMBER		Final guidance received from Government on TCFD, Pooling and McCloud.  Review of current arrangements and data against new requirements.  Action Plan developed, additional resources

		required and plan delivered.
Scheme Member Engagement Policy adopted and positive feedback collected from scheme members. AMBER		New communications Officer appointed.  Review of what scheme member engagement has worked well elsewhere. Engagement Policy developed and implemented.

17. The Administration report elsewhere on today's agenda presents the latest performance information and shows that in April, performance remained below the Service Level Agreement (SLA) targets on a number of measures. As the objective for this year was to deliver consistent service at target or above every month, we have scored this indicator red. Going forward, if we are successful in recruiting the additional staffing as set out within the Administration report elsewhere on today's agenda, performance standards should be increased and brought back into line with the SLA.
18. The measure of success around successful management of scheme changes is currently amber as the Government have again delayed the publication of the long awaited consultation which includes guidance on pooling in general, the implementation of the Task Force on Climate related Financial Disclosures (TCFD) template, and the implementation of the McCloud remedy. In the absence of the detailed guidance it is not possible to assess the level of work involved and whether we have sufficient staffing to complete it, and whether we have all the data we need from scheme employers, and other LGPS Funds where scheme members have transferred into Oxfordshire during the transition period of 2014 to 2022.
19. The measure of success against the engagement policy with scheme members is also amber reflecting the challenges experienced in this area to date, and the need to appoint to the additional communications officer post to take forward the work to review best practice elsewhere and develop a new Policy for Oxfordshire.
20. Part C of the Business Plan sets out the Fund's budget for 2022/23 which totals £17,720,000. It is too early into the financial year to identify and significant variations to the approved budget
21. Part D of the Business Plan sets out the Training Plan for Committee and Pension Board Members. Training sessions associated with the 2022 Valuation have been built into the timetable for this year including the pre-committee training this morning. We will be reviewing the attendance of members at training in future reports including compliance with the mandatory training requirements if these are approved as part of today's meeting.

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