



To: **Members of the Pension Fund Committee**

Notice of a Meeting of the Pension Fund Committee

Friday, 23 June 2017 at 11.45 am

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

A handwritten signature in black ink that reads "Peter G. Clark".

Peter G. Clark
Chief Executive

June 2017

Committee Officer: **Julie Dean**
Tel: 07393 001089; E-Mail: julie.dean@oxfordshire.gov.uk

Membership

Chairman – Councillor Kevin Bulmer
Deputy Chairman - Councillor Ian Corkin

Councillors

Nicholas Field-Johnson
Carmen Griffiths
John Howson

Mark Lygo
Charles Mathew
John Sanders

Alan Thompson

Co-optees

City Councillor James Fry
District Councillor Bill Service

NB: Committee will be preceded by a training session starting at 10:00 in Meeting Room 2. Training will cover:

- ***Roles and Responsibilities of the Pension Fund Committee***
- ***Pension Pooling and the Brunel Partnership***
- ***Key Fund Policies – to include the Investment Strategy Statement (to include introduction to asset classes and asset allocation); Funding Strategy Statement; and Administration Strategy***
- ***A lunch will be provided***
- ***Date of Next Meeting: Friday 15 September 2017***

Declarations of Interest

The duty to declare.....

Under the Localism Act 2011 it is a criminal offence to

- (a) fail to register a disclosable pecuniary interest within 28 days of election or co-option (or re-election or re-appointment), or
- (b) provide false or misleading information on registration, or
- (c) participate in discussion or voting in a meeting on a matter in which the member or co-opted member has a disclosable pecuniary interest.

Whose Interests must be included?

The Act provides that the interests which must be notified are those of a member or co-opted member of the authority, or

- those of a spouse or civil partner of the member or co-opted member;
- those of a person with whom the member or co-opted member is living as husband/wife
- those of a person with whom the member or co-opted member is living as if they were civil partners.

(in each case where the member or co-opted member is aware that the other person has the interest).

What if I remember that I have a Disclosable Pecuniary Interest during the Meeting?

The Code requires that, at a meeting, where a member or co-opted member has a disclosable interest (of which they are aware) in any matter being considered, they disclose that interest to the meeting. The Council will continue to include an appropriate item on agendas for all meetings, to facilitate this.

Although not explicitly required by the legislation or by the code, it is recommended that in the interests of transparency and for the benefit of all in attendance at the meeting (including members of the public) the nature as well as the existence of the interest is disclosed.

A member or co-opted member who has disclosed a pecuniary interest at a meeting must not participate (or participate further) in any discussion of the matter; and must not participate in any vote or further vote taken; and must withdraw from the room.

Members are asked to continue to pay regard to the following provisions in the code that *“You must serve only the public interest and must never improperly confer an advantage or disadvantage on any person including yourself”* or *“You must not place yourself in situations where your honesty and integrity may be questioned.....”*.

Please seek advice from the Monitoring Officer prior to the meeting should you have any doubt about your approach.

List of Disclosable Pecuniary Interests:

Employment (includes *“any employment, office, trade, profession or vocation carried on for profit or gain”*.), **Sponsorship, Contracts, Land, Licences, Corporate Tenancies, Securities.**

For a full list of Disclosable Pecuniary Interests and further Guidance on this matter please see the Guide to the New Code of Conduct and Register of Interests at Members’ conduct guidelines.

<http://intranet.oxfordshire.gov.uk/wps/wcm/connect/occ/Insite/Elected+members/> or contact Glenn Watson on **07776 997946** or glenn.watson@oxfordshire.gov.uk for a hard copy of the document.

If you have any special requirements (such as a large print version of these papers or special access facilities) please contact the officer named on the front page, but please give as much notice as possible before the meeting.

AGENDA

1. **Apologies for Absence and Temporary Appointments**
2. **Declarations of Interest - see guidance note**
3. **Minutes (Pages 1 - 10)**

To approve the minutes of the meetings held on 10 March 2017 (**PF3**) and 16 May 2017 (**TO FOLLOW**) and to receive information arising from them.

4. **Minutes of the Local Pension Board**

The unconfirmed Minutes of the Local Pension Board which met on 7 April 2017 are attached for information only at **PF4 (TO FOLLOW)**.

5. **Petitions and Public Address**

6. **Overview of Past and Current Investment Position (Pages 11 - 16)**

12:00

Tables 1 to 4 are compiled from the custodian's records. The custodian is the Pension Fund's prime record keeper. He accrues for dividends and recoverable overseas tax within his valuation figures and may also use different exchange rates and pricing sources compared with the fund managers. The custodian also treats dividend scrip issues as purchases which the fund managers may not do. This may mean that there are minor differences between the tabled figures and those supplied by the managers.

The Independent Financial Adviser will review the investment activity during the past quarter and present an overview of the Fund's position as at 31 March 2017, and highlight any key performance issues using the following tables:

Table 1	Provides a consolidated valuation of the Pension Fund at 31 March 2017
Table 2	Shows net investments/disinvestments during the quarter
Table 3	Provides investment performance for the consolidated Pension Fund for the quarter ended 31 March 2017
Table 4	Provides details on the pension Fund's top holdings

In addition to the above tables, the performance of the Fund Managers has been produced graphically as follows:

Graph 1 – Market value of the Fund over the last three years

The Committee is RECOMMENDED to receive the tables and graph, and that the information contained in them be borne in mind, insofar as they relate to items 9, 10 and 11 on the agenda.

7. EXEMPT ITEMS

The Committee is RECOMMENDED that the public be excluded for the duration of items 8, 9, 10, 11, 12 and 13 in the Agenda since it is likely that if they were present during those items there would be disclosure of exempt information as defined in Part I of Schedule 12A to the Local Government Act 1972 (as amended) and specified in relation to the respective items in the Agenda and since it is considered that, in all the circumstances of each case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

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

NOTE: In the case of item 9 there are no reports circulated with the Agenda. Any exempt information will be reported orally.

8. Overview and Outlook for Investment Markets (Pages 17 - 24)

12:10

This report of the Independent Financial Adviser (**PF8**) sets out an overview of the current and future investment scene and market developments across various regions and sectors. The report provides the context for consideration of the reports from the Fund Managers.

The report itself does not contain exempt information and is available to the public. The Independent Financial Adviser will also report orally and any information reported orally will be exempt information.

The public should be excluded during this item because its discussion in public would be likely to lead to the disclosure to members of the public present of information in the following prescribed category:

3. Information relating to the financial or business affairs of any particular person (including the authority holding that information) and since it is considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information, in that such disclosure would prejudice the trading activities of the fund managers involved and

would prejudice the position of the authority's investments in funding the Pension Fund.

The Committee is RECOMMENDED to receive the report, tables and graphs, to receive the oral report, to consider any further action arising on them and to bear the Independent Financial Adviser's conclusions in mind when considering the Fund Managers' reports.

9. Insight

12:20

- (1) The Independent Financial Adviser will report orally on the performance and strategy of Insight drawing on the tables at Agenda Items 6 and 8.
- (2) The representatives (Sherilee Mace and Steve Waddington) of the Fund Manager will:
 - (a) report and review the present investments of their part of the Fund and their strategy against the background of the current investment scene for the period which ended on 31 March 2017;
 - (b) give their views on the future investment scene.

In support of the above is their report for the period to 31 March 2017.

At the end of the presentation, members are invited to question and comment and the Fund Managers to respond.

The public should be excluded during this item because its discussion in public would be likely to lead to the disclosure to members of the public present of information in the following prescribed category:

3. *Information relating to the financial or business affairs of any particular person (including the authority holding that information) and since it is considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information, in that such disclosure would prejudice the trading activities of the fund managers involved and would prejudice the position of the authority's investments in funding the Pension Fund.*

The Committee is RECOMMENDED to note the main issues arising from the presentation and to take any necessary action, if required.

10. Report of Main Issues arising from Reports of the Fund Managers not represented at this meeting (Pages 25 - 30)

12:50

The Independent Financial Adviser will report on the officer meetings with Insight,

Baillie Gifford and Legal & General, as well as update the Committee on any issues relating to the Private Equity portfolio (**PF10**).

The public should be excluded during this item because its discussion in public would be likely to lead to the disclosure to members of the public present of information in the following prescribed category:

3. *Information relating to the financial or business affairs of any particular person (including the authority holding that information) and since it is considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information, in that such disclosure would prejudice the trading activities of the fund managers involved and would prejudice the position of the authority's investments in funding the Pension Fund.*

The Committee is RECOMMENDED to note the main issues arising from the reports and to take any necessary action, if required.

11. Summary by the Independent Financial Adviser

12:55

The Independent Financial Adviser will, if necessary, summarise any issues arising from the previous discussions.

The public should be excluded during this item because its discussion in public would be likely to lead to the disclosure to members of the public present of information in the following prescribed category:

3. *Information relating to the financial or business affairs of any particular person (including the authority holding that information) and since it is considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information, in that such disclosure would prejudice the trading activities of the fund managers involved and would prejudice the position of the authority's investments in funding the Pension Fund.*

LUNCH

12. Brunel Pension Partnership - Update (Pages 31 - 42)

14:00

The report (**PF12**) updates the Committee on the work of Project Brunel to develop the Brunel Pension Partnership and seeks the approval of the Committee to the execution of the legal documents to establish the Brunel Pension Partnership (BPP) Limited Company; and to appoint an individual to act as Oxfordshire's shareholder representative to the Company and to sit on the Oversight Board for the Company.

The report itself does not contain exempt information and will be available to the public. However, the Annex contained within the report does contain exempt information.

The public should therefore be excluded during discussion of the Annex because its discussion in public would be likely to lead to the disclosure to members of the public present of information in the following prescribed category:

3. *Information relating to the financial or business affairs of any particular person (including the authority holding that information) and since it is considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.*

The Committee is RECOMMENDED to:

(a) delegate to the Director of Finance and the Director of Law and Governance, in consultation with the Committee Chairman, Deputy Chairman and Opposition Spokesperson the decision to execute the legal documents for the establishment of the Brunel Pension Partnership Limited;

(b) agree an individual to represent the Committee on the Oversight Board;

(c) agree an individual to act as the Shareholder's representative to attend the Shareholders' annual general meeting and to cast Oxfordshire's vote in accordance with the Committee's decision;

(d) agree a virement to the annual budget to allow for the latest proposal for the initial funding of the company as set out in paragraph 28 above; and

(e) note the progress set out in the other updates above.

13. Administration Report (Pages 43 - 60)

14:30

The report (**PF13**) updates the Committee on the latest position in relation to administration issues, including:

- progress against the Data Improvement Plan and the processing of the end of year returns from employers;
- the latest position on new admissions to the Fund;
- employer cessations; and
- any debt write offs.

The report itself and Annex 1 do not contain exempt information and are available

to the public. However, the report contains two further Annexes which are exempt in that they include exempt information.

The public should therefore be excluded during discussion of Annexes 2 and 3 because their discussion in public would be likely to lead to the disclosure to members of the public present of information in the following prescribed category:

3. *Information relating to the financial or business affairs of any particular person (including the authority holding that information) and since it is considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.*

The Committee is RECOMMENDED to:

- (a) note current team performance;**
- (b) note the position regarding end of year processes and the issue of annual benefit statements;**
- (c) approve the write off of £7.96;**
- (d) note the current positions with applications for admission to the fund and other employer changes; and**
- (e) decide whether to approve the release of deferred benefits in the case detailed in exempt Annex 3.**

ITEMS FOLLOWING THE RE-ADMISSION OF THE PRESS AND PUBLIC

14. Risk Register (Pages 61 - 68)

14:50

At its meeting on 11 March 2016, the Committee agreed that the risk register should form a standard item for each quarterly meeting. A copy of the report also goes to each meeting of the Pension Board for their review. This report (**PF14**) 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.

The Committee is RECOMMENDED to note the current risk register.

15. Review of Pension Fund Policies (Pages 69 - 178)

15:00

The report (**PF15**) provides an opportunity for the Committee to undertake a formal annual review of its major policy documents held in line with the LGPS (Local Government Pension Scheme) Regulations. The Committee has previously agreed to review all such documents on a minimum of an annual basis at their June meeting. The attached policies are as follows:

- The Funding Strategy Statement – Annex 1
- The Investment Strategy Statement – Annex 2
- The Governance Policy and the Governance Compliance Statement – Annex 3
- The Communications Policy – Annex 4
- Early Release of Deferred Benefits Policy – Annex 5
- Scheme of Delegation – Annex 6
- Administration Strategy – Annex 7
- Procedure for reporting breaches of the law to the Pensions Regulator – Annex 8
- Administering Authority Discretions – Annex 9

The Committee is RECOMMENDED to approve the revised policy documents as set out in Annexes 1-9 to this report, noting the main changes in the documents as discussed above, and the future changes required in the Governance Policy on the establishment of the Brunel Pension Partnership and the transition of Funds.

16. Corporate Governance and Socially Responsible Investment

15:30

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

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PENSION FUND COMMITTEE

MINUTES of the meeting held on Friday, 10 March 2017 commencing at 10.15 am and finishing at 3.07 pm

Present:

Voting Members: Councillor Stewart Lilly – in the Chair

Councillor Patrick Greene (Deputy Chairman)

Councillor Jean Fooks

Councillor Nick Hards

Councillor Sandy Lovatt

Councillor Neil Owen

Councillor Les Sibley

District Councillor Bill Service

Councillor Gill Sanders (In place of Councillor Surinder Dhesi)

District Council Representatives: District Councillor Bill Service

By Invitation: Alistair Bastin (Beneficiaries Observer)
Peter Davies (Independent Financial Adviser)

Officers:

Whole of meeting J. Dean (Resources Directorate); Chief Finance Officer, S. Collins, S. Fox and G. Ley (Corporate Finance)

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

1/17 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS

(Agenda No. 1)

Cllr Gill Sanders attended for Cllr Surinder Dhesi and apologies were received from Cllr Richard Langridge and Cllr James Fry.

2/17 DECLARATIONS OF INTEREST - SEE GUIDANCE NOTE

(Agenda No. 2)

Councillors Fooks, Lilly, Owen, Sanders, Service and Sibley each declared personal interests as members of the Pension Fund Scheme under the provisions of Section 18 of the Local Government Act 1989.

3/17 MINUTES
(Agenda No. 3)

The Minutes of the last meeting held on 2 December 2016 were approved and signed as a correct record.

4/17 MINUTES OF LAST MEETING OF THE LOCAL PENSION BOARD
(Agenda No. 4)

5/17 PETITIONS AND PUBLIC ADDRESS
(Agenda No. 5)

A large number of requests to address the Committee had been received with regard to Agenda Item 12 'Investment Strategy Statement'. The Chairman, in the interests of fairness and the lengthy Agenda, had instead invited each individual to send in a written statement expressing their views. Each statement had then been sent to all members of the Committee and the Board prior to the meeting.

6/17 COLLABORATION UPDATE
(Agenda No. 6)

The Committee were updated on the latest position in respect of the establishment of the Brunel Pension Partnership, in line with the full business case approved at the last meeting of the Committee. The report (PF6) also highlighted the key issues to be determined in advance of the next round of Committee meetings following the May election.

It was noted that it would be unlikely that a special meeting of the Committee would be required prior to the next meeting.

RESOLVED: to note the position in respect of key decisions to be taken over the next few months.

7/17 BUSINESS PLAN 2017/18
(Agenda No. 7)

Members considered the Business Plan for the Pension Fund Committee for the forthcoming financial year which included the key objectives for the forthcoming year, the proposed Budget and the Cash Management Strategy (PF7).

The Committee thanked the Pensions Team for all their hard work, particularly in light of the number of recent office moves they have had to undergo in recent years.

RESOLVED: to

- (a) approve the Business Plan and Budget for 2017/18 as set out at Annex 1;
- (b) approve the Pension Fund Cash Management Strategy for 2017/18;
- (c) delegate authority to the Chief Finance Officer to make changes necessary to the Pension Fund Cash Management Strategy during

the year, in line with changes to the County Council's Treasury Management Strategy;

- (d) delegate authority to the Chief Finance Officer to open separate pension fund bank, deposit and investment accounts as appropriate; and
- (e) delegate authority to the Chief Finance Officer to borrow money for the pension fund in accordance with the regulations.

8/17 ADMINISTRATION REPORT

(Agenda No. 8)

The Committee had before them a report (PF8) which gave an update on the latest position on administration issues, including the quality and timeliness of returns from employers, the latest position on new admissions to the Fund and any debt write-offs.

RESOLVED to:

- (a) note current team performance;
- (b) approve the write off of £10,770.67;
- (c) note the proposed actions in respect of data retention issues;
- (d) agree to the destruction of the paper records which have been scanned to the Altair system; and
- (e) note the current positions with applications for admission to the fund and other employer changes.

9/17 RISK REGISTER

(Agenda No. 9)

The Committee considered the latest position on the Fund's Risk Register which gave an update on the risks reported to the last meeting and which added in new risks that had been identified in the intervening period (PF9).

RESOLVED: to note the report.

10/17 FUND VALUATION 2016

(Agenda No. 10)

The Committee had before them a report which gave an update on key issues arising from the draft results of the 2016 Fund Valuation (PF10).

RESOLVED: to note the report.

11/17 FUNDAMENTAL REVIEW OF ASSET ALLOCATION

(Agenda No. 11)

The Committee considered a report (PF11) from the Independent Financial Adviser which informed the Committee of any potential changes required in the Strategic Asset Allocation of the Fund following the 2016 Valuation results.

The public was excluded during consideration of Annexes 1-10 because its discussion in public was likely to lead to the disclosure to members of the public present of information in the following prescribed category:

3. *Information relating to the financial or business affairs of any particular person (including the authority holding that information) and since it is considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information, in that such disclosure would prejudice the trading activities of the fund managers involved and would prejudice the position of the authority's investments in funding the Pension Fund.*

RESOLVED to:

- (a) retain the existing asset classes, but de-risk by reducing the Equity allocation by 5% and increasing the Fixed Interest allocation by 5% [paras 22, 23]
- (b) switch the holding in LGIM's FTSE 100 Index Fund into LGIM's FTSE All-Share Index Fund [para 31]
- (c) maintain a specific allocation to UK Equities [para 34]
- (d) maintain the existing external investment managers until the introduction of the Brunel Company, but then scrutinise the choice of mandates available within Brunel [paras 20, 26]

12/17 INVESTMENT STRATEGY STATEMENT

(Agenda No. 12)

The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 require all LGPS administering authorities to publish a new Investment Strategy Statement (ISS) by 1 April 2017. This ISS (PF12) replaces the Statement of Investment Principles (SIP) that the Fund previously produced.

In order to meet this timeframe the document needs to be approved at the current Committee meeting. The ISS must be drafted following receipt of appropriate advice. The fundamental review of the Fund's strategic asset allocation strategy, which is also presented to this Committee, constitutes this formal advice from the Fund's Independent Financial Adviser. The fundamental review is taken to Committee in March to tie in with the timetable for receiving the results of the triennial valuation of the Fund from the Fund's Actuary. At the time of writing the ISS, the contents of the fundamental review had not been approved, and as such, all references were to the strategic asset allocation currently in place. Following consideration of the fundamental review at this Committee, any changes agreed would be reflected in an updated ISS.

In future, the intention was for the review of the ISS to align with the cycle of other related reports and so would ordinarily be included on the Agenda for June Committee meetings, along with the Funding Strategy Statement, to allow any fundamental review changes to be reflected. The ISS must be reviewed at least every

three years. As was the case with the SIP the intention was that the ISS would be approved on an annual basis by the Committee and may be reviewed in intervening periods if required.

The Chairman then addressed the meeting referring to the large number of written representations on the ESC Policy (Environmental, Social & Corporate Governance) that both he and members of the Committee had received over the last 4 years, including the 21 representations received prior to this meeting. He stated how important it was to endeavour to do what was best for all and on that basis he proposed a motion, which was duly seconded and agreed unanimously), to **RESOLVE** to approve the Investment Strategy subject to the addition of the following to the first sentence of the Committee's Environmental, Social and Corporate Governance Policy to read as follows (amendment in bold italics):

'The Committee recognises that environmental, social and corporate governance (ESG) issues, ***including that of climate change***, can have materially significant investment implications.'

13/17 OVERVIEW OF PAST AND CURRENT INVESTMENT POSITION

(Agenda No. 13)

The Independent Financial Adviser reviewed the investment activity during the past quarter and presented an overview of the Fund's position as at 31 December 2016 (PF13).

Mr Davies reported that the overall value of the Fund at 31 December 2016 had increased by £82m, of which equities had risen by £70m and private equities by £15m and there had been a small gain in property. Bonds had depreciated by £12m. As at the end of February 2017, it had been estimated that there had been a further rise of approximately £50m, due to a rise in overseas equities, though this situation could change.

The Committee **RESOLVED** to receive the tables and graphs, and that the information contained in them be borne in mind, insofar as they related to agenda items 15, 16, 17, 18, 19 and 20 on the Agenda.

14/17 EXEMPT ITEMS

(Agenda No. 14)

The Committee RESOLVED that the public be excluded for the duration of items 15, 16, 17, 18, 19 and 20 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 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 was considered that, in all the circumstances of each case, the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

15/17 OVERVIEW AND OUTLOOK FOR INVESTMENT MARKETS

(Agenda No. 15)

The report (PF15) set out an overview of the current and future investment scene and market developments across various regions and sectors. The report itself did not contain exempt information and was available to the public. It also set out the context for consideration of the reports from the Fund Managers. The Independent Financial Adviser also reported orally and this information was exempt information.

The public was excluded during this item because its discussion in public would be likely to lead to the disclosure to members of the public present of information in the following prescribed category:

3. *Information relating to the financial or business affairs of any particular person (including the authority holding that information) and since it was considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighed the public interest in disclosing the information, in that such disclosure would prejudice the trading activities of the fund managers involved and would prejudice the position of the authority's investments in funding the Pension Fund.*

RESOLVED: to receive the report, tables and graphs, to receive the oral report, to consider any further action arising on them and to bear the Independent Financial Adviser's conclusions in mind when considering the Fund Managers' reports.

16/17 UBS

(Agenda No. 16)

The Independent Financial Adviser reported orally on the performance and strategy of UBS drawing on the tables at Agenda Items 13 and 15.

The representatives, Malcolm Gordon and Jean-Luc Seidenberg presented their approach to investments in relation to their part of the Fund and their strategy against the background of the current investment scene. They also gave their views on the future investment scene.

At the end of the presentation they responded to questions from members.

The public was excluded during this item because its discussion in public would be likely to lead to the disclosure to members of the public present of information in the following prescribed category:

3. *Information relating to the financial or business affairs of any particular person (including the authority holding that information) and since it was considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighed the public interest in disclosing the information, in that such disclosure would prejudice the trading activities of the fund managers involved and would prejudice the position of the authority's investments in funding the Pension Fund.*

The Committee **RESOLVED** to note the main issues arising from the presentation.

17/17 WELLINGTON

(Agenda No. 17)

The Independent Financial Adviser reported orally on the performance and strategy of Wellington drawing on the tables at Agenda Items 13 and 15.

The representatives, Nicola Staunton, Ian Link and Louise Kooy-Henckel presented their approach to investments in relation to their part of the Fund and their strategy against the background of the current investment scene. They also gave their views on the future investment scene.

At the end of the presentation they responded to questions from members.

The public was excluded during this item because its discussion in public would be likely to lead to the disclosure to members of the public present of information in the following prescribed category:

3. *Information relating to the financial or business affairs of any particular person (including the authority holding that information) and since it was considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighed the public interest in disclosing the information, in that such disclosure would prejudice the trading activities of the fund managers involved and would prejudice the position of the authority's investments in funding the Pension Fund.*

RESOLVED: to note the main issues arising from the presentation.

18/17 REPORT OF MAIN ISSUES ARISING FROM REPORTS OF THE FUND MANAGERS NOT REPRESENTED AT THIS MEETING

(Agenda No. 18)

The Independent Financial Adviser reported on the main issues arising from the officer meetings with Insight, Baillie Gifford and Legal & General in conjunction with information contained in the tables (PF18). This included issues in respect of the Private Equity portfolio.

The public were excluded during this item because its discussion in public would be likely to lead to the disclosure to members of the public present of information in the following prescribed category:

3. *Information relating to the financial or business affairs of any particular person (including the authority holding that information) and since it was considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighed the public interest in disclosing the information, in that such disclosure would prejudice the trading activities of the fund managers involved and would prejudice the position of the authority's investments in funding the Pension Fund.*

RESOLVED: to note the main issues arising from the report.

19/17 SUMMARY BY THE INDEPENDENT FINANCIAL ADVISER

(Agenda No. 19)

The Independent Financial Adviser reported that there were no further issues which required discussion.

20/17 ANNUAL REVIEW OF THE INDEPENDENT FINANCIAL ADVISER

(Agenda No. 20)

The Committee considered a report (PF20) which reviewed the work undertaken by the Independent Financial Adviser over the course of the past year and which invited Members to provide any feedback on the levels of service received and/or changes going forward.

The public were excluded during this item because its discussion in public would be likely to lead to the disclosure to members of the public present of information in the following prescribed category:

3. *Information relating to the financial or business affairs of any particular person (including the authority holding that information) and since it is considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.*

RESOLVED: to note the review report and to wholeheartedly agree to thank Mr Davis for his valuable knowledge and valued opinions, his frankness and his approachability during the past year.

READMISSION OF PRESS AND PUBLIC

21/17 CORPORATE GOVERNANCE - VOTING

(Agenda No. 21)

Members considered a report (PF21) which provided information on the voting records of the Fund Managers which they had exercised on behalf of the Fund over the year to 31 July 2016.

RESOLVED: to

- (a) note the Fund's voting activities; and
- (b) commit to becoming signatories to the UK Stewardship Code and request that officers prepare a Stewardship Code statement to be considered at the next Pension Fund Committee meeting.

22/17 VOTE OF THANKS TO CHAIRMAN AND DEPUTY CHAIRMAN

Cllr Nick Hards proposed a vote of thanks to the Chairman, Cllr Stewart Lilly, and the Deputy Chairman, Cllr Patrick Greene, for all their hard work and commitment during the past 4 years.

..... in the Chair

Date of signing

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TABLE 1

OXFORDSHIRE COUNTY COUNCIL PENSION FUND
OVERALL VALUATION OF FUND AS AT 31st MARCH 2017

Investment	COMBINED PORTFOLIO 01.01.17		Baillie Gifford UK Equities		Wellington Global Equities		Legal & General Global Equity Passive		Legal & General Fixed Interest		UBS Global Equities and Property		Other Investments		COMBINED PORTFOLIO 31.03.17		Target %
	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	
EQUITIES																	
UK Equities	597,661	392,313	95.4%	27,632	9.6%	181,237	46.7%	0	0.0%	31,625	7.1%	0	0.0%	632,807	28.2%	29.0%	
<u>Overseas Equities</u>																	
North American Equities	157,598	0	0.0%	165,291	57.5%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	165,291	7.37%		
European & Middle Eastern Equities	55,923	0	0.0%	48,699	16.9%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	48,699	2.17%		
Japanese Equities	13,236	0	0.0%	11,630	4.1%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	11,630	0.52%		
Pacific Basin Equities	2,681	0	0.0%	3,138	1.1%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	3,138	0.15%		
Emerging Markets Equities	12,428	0	0.0%	23,209	8.1%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	23,209	1.04%		
UBS Global Pooled Fund	286,187	0	0.0%	0	0.0%	0	0.0%	0	0.0%	293,734	66.2%	0	0.0%	293,734	13.10%		
L&G World (ex UK) Equity Fund	195,780	0	0.0%	0	0.0%	207,026	53.3%	0	0.0%	0	0.0%	0	0.0%	207,026	9.24%		
Total Overseas Equities	723,833	0	0.0%	251,967	87.7%	207,026	53.3%	0	0.0%	293,734	66.2%	0	0.0%	752,727	33.6%	30.0%	
BONDS																	
UK Gilts	82,359	0	0.0%	0	0.0%	0	0.0%	96,591	28.9%	0	0.0%	0	0.0%	96,591	4.3%	3.0%	
Corporate Bonds	72,127	0	0.0%	0	0.0%	0	0.0%	76,261	22.8%	0	0.0%	0	0.0%	76,261	3.4%	6.0%	
Overseas Bonds	59,166	0	0.0%	0	0.0%	0	0.0%	48,497	14.5%	0	0.0%	0	0.0%	48,497	2.2%	2.0%	
Index-Linked	104,583	0	0.0%	0	0.0%	0	0.0%	104,704	31.3%	0	0.0%	0	0.0%	104,704	4.7%	5.0%	
Total Bonds	318,235	0	0%	0	0.0%	0	0.0%	326,053	97.5%	0	0.0%	0	0.0%	326,053	14.5%	16.0%	
ALTERNATIVE INVESTMENTS																	
Property	143,137	0	0.0%	0	0.0%	0	0.0%	0	0.0%	115,647	26.0%	28,957	7.7%	144,604	6.5%	8.0%	
Private Equity	196,342	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	200,001	53.1%	200,001	8.9%	9.0%	
Hedge Funds	-	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%	
Multi Asset - DGF	97,589	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	100,383	26.7%	100,383	4.5%	5.0%	
Infrastructure	-	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	3.0%	
Total Alternative Investments	437,068	0	0.0%	0	0.0%	0	0.0%	0	0.0%	115,647	26.0%	329,341	87.5%	444,988	19.9%	25.0%	
CASH	80,608	18,944	4.6%	7,635	2.7%	0	0.0%	8,227	2.5%	3,111	0.7%	47,005	12.5%	84,922	3.8%	0.0%	
TOTAL ASSETS	2,157,405	411,257	100.0%	287,234	100.0%	388,263	100.0%	334,280	100.0%	444,117	100.0%	376,346	100.0%	2,241,497	100.0%	100.0%	

% of total Fund

18.35%

12.82%

17.32%

14.91%

19.81%

16.79%

100.00%

TABLE 2

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

Asset	Market Value 01.01.17	%	Net Purchases and Sales					Changes in Market Value					Market Value 31.03.17	%
			UBS	Baillie Gifford	Legal & General	Wellington	Other	UBS	Baillie Gifford	Legal & General	Wellington	Other		
EQUITIES	£000		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
UK Equities	597,661	28	0	1,335		2,625	0	6,841	16,425	6,799	1,121	0	632,807	28
US Equities	157,598	7	0	0	0	2,748	0	0	0	0	4,945	0	165,291	8
European & Middle Eastern Equities	55,923	2	0	0	0	(10,712)	0	0	0	0	3,488	0	48,699	2
Japanese Equities	13,236	1	0	0	0	(978)	0	0	0	0	(628)	0	11,630	1
Pacific Basin Equities	2,681	0	0	0	0	33	0	0	0	0	424	0	3,138	0
Emerging Market Equities	12,428	1	0	0	0	7,592	0	0	0	0	3,189	0	23,209	1
Global Pooled Funds	481,967	22	0	0	0		0	7,547	0	11,246	0	0	500,760	22
Total Overseas Equities	723,833	33	0	0	0	(1,317)	0	7,547	0	11,246	11,418	0	752,727	34
BONDS														
UK Gilts	82,359	4	0	0	11,035		0	0	0	3,197	0	0	96,591	4
Corporate Bonds	72,127	3	0	0			0	0	0	4,134	0	0	76,261	3
Overseas Bonds	59,166	3	0	0	(8,354)		0	0	0	(2,315)	0	0	48,497	2
Index-Linked Bonds	104,583	5	0	0	(1,736)		0	0	0	1,857	0	0	104,704	5
ALTERNATIVE INVESTMENTS														
Property	143,137	7	441	0	0		(1,107)	1,716	0	0	0	417	144,604	6
Private Equity	196,342	9	0	0	0		(1,565)	0	0	0	0	5,224	200,001	9
Hedge Funds	0	0	0	0	0		0	0	0	0	0	0	0	0
Multi Asset - DGF	97,589	4	0	0	0		0	0	0	0	0	2,794	100,383	5
SUB TOTAL	2,076,797	96	441	1,335	945	1,308	(2,672)	16,104	16,425	24,918	12,539	8,435	2,156,575	96
CASH *	80,608	4	455	1,898	(2,348)	789	3,520	0	0	0	0	0	84,922	4
GRAND TOTAL	2,157,405	100	896	3,233	(1,403)	2,097	848	16,104	16,425	24,918	12,539	8,435	2,241,497	100

* Movement in cash is not confined to investment transactions but also includes dividend income and the payment of fees. Further details of cash movements can be found in the Managers' individual valuations.

TABLE 3

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

PERFORMANCE TO 31st MARCH 2017

COMBINED PORTFOLIO (BY FUND MANAGER)

FUND MANAGER	% Weighting of Fund as at 31st March 2017	QUARTER ENDED 31st March 2017	12 MONTHS ENDED 31st March 2017	THREE YEARS ENDED 31st March 2017	FIVE YEARS ENDED 31st March 2017	TEN YEARS ENDED 31st March 2017
		RETURN	RETURN	RETURN	RETURN	RETURN
		%	%	%	%	%
BAILLIE GIFFORD UK EQUITIES	18.3%	5.0	21.5	7.9	10.9	7.5
BENCHMARK		4.0	22.0	7.7	9.7	5.7
VARITAION		1.0	-0.5	0.2	1.2	1.8
WELLINGTON GLOBAL EQUITIES	12.8%	5.4	32.6	14.7		
BENCHMARK		5.6	32.3	15.7		
VARITAION		-0.2	0.3	-1.0		
L&G UK EQUITIES - PASSIVE	8.1%	3.9	23.9	7.7	9.0	
BENCHMARK		3.7	23.3	7.5	8.9	
VARITAION		0.2	0.6	0.2	0.1	
L&G GLOBAL EX UK EQUITIES - PASSIVE	9.2%	5.8	33.6	17.1	15.3	
BENCHMARK		5.8	33.6	17.1	15.3	
VARITAION		0.0	0.0	0.0	0.0	
L&G FIXED INCOME	14.9%	1.7	11.1	9.4	7.2	7.7
BENCHMARK		1.6	11.4	9.3	7.2	7.3
VARITAION		0.1	-0.3	0.1	0.0	0.4
IN-HOUSE PROPERTY	1.3%	1.8	12.4	11.6	8.4	
BENCHMARK		2.0	3.7	10.2	8.6	
VARITAION		-0.2	8.7	1.4	-0.2	
PRIVATE EQUITY	9.0%	3.0	31.1	18.9	17.3	8.4
BENCHMARK		5.6	17.5	8.0	13.5	3.7
VARITAION		-2.6	13.6	10.9	3.8	4.7
UBS GLOBAL EQUITIES	14.5%	5.3	34.2	13.2	12.4	8.3
BENCHMARK		5.8	33.0	15.8	14.1	8.8
VARITAION		-0.5	1.2	-2.6	-1.7	-0.5
UBS PROPERTY	5.3%	2.3	4.1	10.9	9.0	3.4
BENCHMARK		2.0	3.7	10.2	8.6	2.3
VARITAION		0.3	0.4	0.7	0.4	1.1
INSIGHT DIVERSIFIED GROWTH FUND	4.5%	3.0	8.0			
BENCHMARK		0.8	3.3			
VARITAION		2.2	4.7			
IN-HOUSE CASH	2.1%	0.1	0.3	0.4	0.6	1.7
BENCHMARK		0.1	0.4	0.4	0.4	1.2
VARITAION		0.0	-0.1	0.0	0.2	0.5
TOTAL FUND	100.0%	3.8	22.5	11.2	11.0	6.4
BENCHMARK		4.0	20.8	10.9	11.0	7.1
VARIATION		-0.2	1.7	0.3	0.0	-0.7

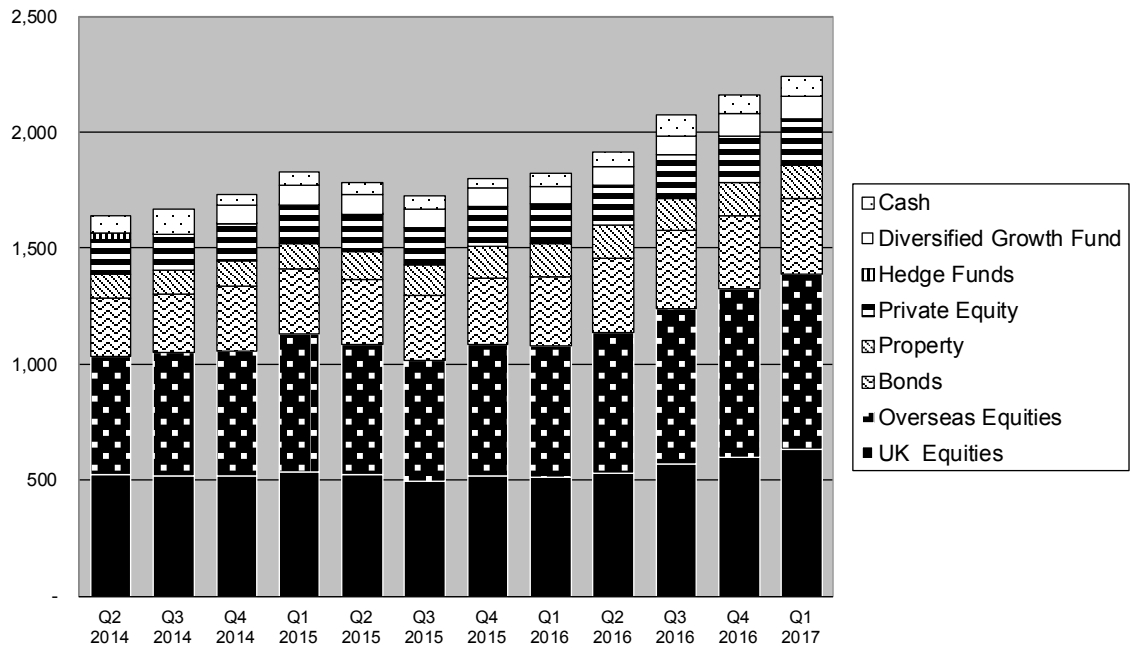
OXFORDSHIRE COUNTY COUNCIL PENSION FUND**TOP 20 HOLDINGS AT 31/03/2017**

ASSET DESCRIPTION	MARKET VALUE £	TOTAL FUND %
<u>DIRECT HOLDINGS</u>		
1 ELECTRA PRIVATE EQUITY PLC	47,178,426	2.10
2 HG CAPITAL TRUST PLC	30,402,480	1.36
3 BRITISH AMERICAN TOBACCO PLC	26,303,264	1.17
4 ROYAL DUTCH SHELL B SHS EUR0.07	24,560,465	1.10
5 ASHTEAD GROUP PLC	16,802,200	0.75
6 PRUDENTIAL PLC	16,486,028	0.74
7 UK (GOVT OF) 0.5% 22/07/22 GBP	15,663,890	0.70
8 ST JAMESS PLACE PLC	15,058,650	0.67
9 BUNZL PLC	15,046,105	0.67
10 STANDARD LIFE PRIVATE EQ ORD	14,302,160	0.64
11 F&C PRIVATE EQTY TST ORD GBP0.01	13,270,400	0.59
12 AUSTRALIAN (COMMONWEALTH OF) 5.75% 15/05/21	11,686,843	0.52
13 LEGAL & GENERAL GROUP PLC	10,866,362	0.48
14 UNILEVER PLC	10,512,319	0.47
15 HSBC HOLDINGS PLC	10,419,607	0.46
16 REED ELSEVIER PLC	10,407,122	0.46
17 CARNIVAL PLC	9,453,570	0.42
18 RIO TINTO	9,146,850	0.41
19 INCHCAPE GBP0.1	8,557,230	0.38
20 3I GRP	8,429,724	0.38
TOP 20 HOLDINGS MARKET VALUE *	324,553,695	14.47
* Excludes investments held within Pooled Funds		
<u>POOLED FUNDS AT 31/03/2017</u>		
1 UBS LIFE GLOBAL EQUITY ALL COUNTRY FUND A	325,359,486	14.52
2 L&G WORLD (EX UK) EQUITY INDEX	207,025,906	9.24
3 L&G HP UK FTSE 100 EQUITY INDEX	181,236,976	8.09
4 LEGAL AND GENERAL TD CORE PLUS	125,708,447	5.61
5 INSIGHT BROAD OPPORTUNITIES FUND	100,383,258	4.48
TOTAL POOLED FUNDS MARKET VALUE	939,714,073	41.94
TOTAL FUND MARKET VALUE	2,241,497,258	

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

MARKET VALUE OF TOTAL FUND

TOTAL FUND MARKET VALUE BY ASSET CLASS



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QUARTERLY REVIEW PREPARED FOR

Oxfordshire Council Pension Fund

Q1 2017

17th May 2017

Peter Davies

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PENSION FUND COMMITTEE – 23 JUNE 2017

OVERVIEW AND OUTLOOK FOR INVESTMENT MARKETS

Report by the Independent Financial Adviser

Economy

1. The UK economy grew by just 0.3% in the first quarter of 2017, after growing by 0.7% in the final quarter of 2016, as consumer demand slowed. Meanwhile the rate of UK inflation continues to rise as the effect of the weaker pound comes through into prices. Growth in the Eurozone continues to improve.

(In the table below, bracketed figures show the forecasts made in February)

Consensus real growth (%)						Consumer prices latest (%)
	2014	2015	2016	2017E	2018E	
UK	+2.8	+2.3	+2.0	+1.6 (+1.2)	+1.2	+2.7(CPI)
USA	+2.4	+2.4	+1.6	+2.2 (+2.3)	+2.5	+ 2.4
Eurozone	+0.8	+1.5	+1.6	+1.7 (+1.4)	+1.5	+ 1.9
Japan	+0.3	+0.6	+0.9	+1.3 (+1.1)	+1.1	+0.2
China	+7.4	+6.9	+6.7	+6.6 (+6.4)	+6.2	+0.9

[Source of estimates: The Economist, May 6th, 2017]

2. In the UK Budget in March, the forecast for GDP growth in 2017 was raised to 2.0%, but lowered in the four subsequent years to an average of 1.8%. Estimates of public sector borrowing in the next four years were slightly lower than those forecast last November, but still accounting for 1% of GDP in 2019-20. The most eye-catching Budget proposal – to increase National Insurance contributions for the self-employed – was later dropped in the face of Conservative opposition.
3. On March 29th, the Prime Minister triggered Article 50, setting in motion the process for the UK's withdrawal from the EU, and three weeks later she called a General Election for June 8th, ostensibly to strengthen her hand in negotiations with the EU.
4. On March 15th the Federal Reserve raised US interest rates by 0.25% (having previously raised them in December 2016), and indicated that two further rises were likely in 2017. The Bank of England does not expect to increase UK interest rates for at least a year.

5. The early months of Donald Trump's presidency were not short of incident; his plan to halt immigration from seven countries was blocked by the courts, and his bill to repeal 'Obamacare' was withdrawn when it became clear that Republican opposition would prevent approval by the House of Representatives. This will in turn delay the passage of his tax plans, possibly until the autumn, and the accompanying incentives for infrastructure investment will also be delayed.
6. In Europe, attention was focused on elections in Holland and France. In March the Holland's Prime Minister Mark Rutte appeared to have repelled the advance of the far-right Geert Wilders, but recent difficulties in forming a coalition have made the position more uncertain. In France the second round of the Presidential Election pitted Emmanuel Macron against Marine Le Pen, neither of them representing mainstream parties. Mr Macron won the run-off convincingly, but his freedom of manoeuvre as President will depend on the outcome of the parliamentary elections in June.

Markets

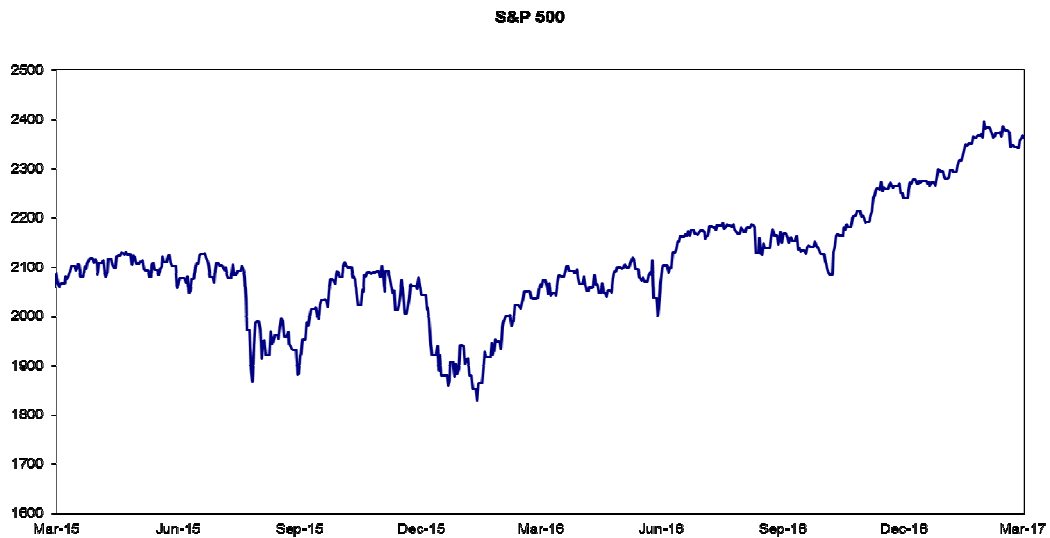
Equities

7. Global Equities registered solid gains for the 6th successive quarter, giving a cumulative rise of 42% in the All-World Index (in £) in the 18 months to end-March. The backdrop of low interest rates, and sizeable quantitative easing programmes in Europe and Japan, has continued to boost equities. The main UK and US market indices have recently attained all-time highs.

	Capital return (in £, %) to 31.3.17		
Weight %	Region	3 months	12 months
100.0	FTSE All-World Index	+5.1	+29.7
55.5	FTSE All-World North America	+4.3	+32.1
8.2	FTSE All-World Japan	+2.7	+30.0
11.9	FTSE All-World Asia Pacific ex Japan	+10.7	+32.5
15.6	FTSE All-World Europe (ex-UK)	+6.3	+24.0
6.1	FTSE All-World UK	+2.6	+18.4
9.2	FTSE All-World Emerging Markets	+8.5	+31.5

[Source: FTSE All-World Review, March 2017]

8. US Equities have risen slowly but steadily since autumn 2015.



9. All sectors, with the exception of Oil & Gas gained ground in the quarter. Within the Financials sector, Banks have been particularly strong, partly on hopes that the US Administration will relax some of the regulations imposed after the crisis of 2007/08.

Capital return (in £, %) to 31.3.17		
Industry Group	3 months	12 months
Basic Materials	+6.5	+41.7
Technology	+11.3	+41.4
Financials	+3.8	+35.9
Industrials	+5.8	+33.1
FTSE All-World	+5.1	+29.7
Oil & Gas	-5.3	+29.0
Consumer Goods	+6.9	+23.3
Consumer Services	+5.2	+22.8
Health Care	+6.2	+22.5
Utilities	+5.1	+17.3
Telecommunications	+0.2	+12.0

[Source: FTSE All-World Review, March 2017]

10. In the **UK equity market**, the medium- and small-cap sections outpaced the large-caps during the quarter, but the FTSE 100 Index has still been stronger than the All-Share Index over the past year.

(Capital only%, to 31.3.17)	3 months	12 months
FTSE 100	+2.5	+18.6
FTSE 250	+4.9	+12.1
FTSE Small Cap	+5.6	+19.5
FTSE All-Share	+3.0	+17.5

[Source: Financial Times]

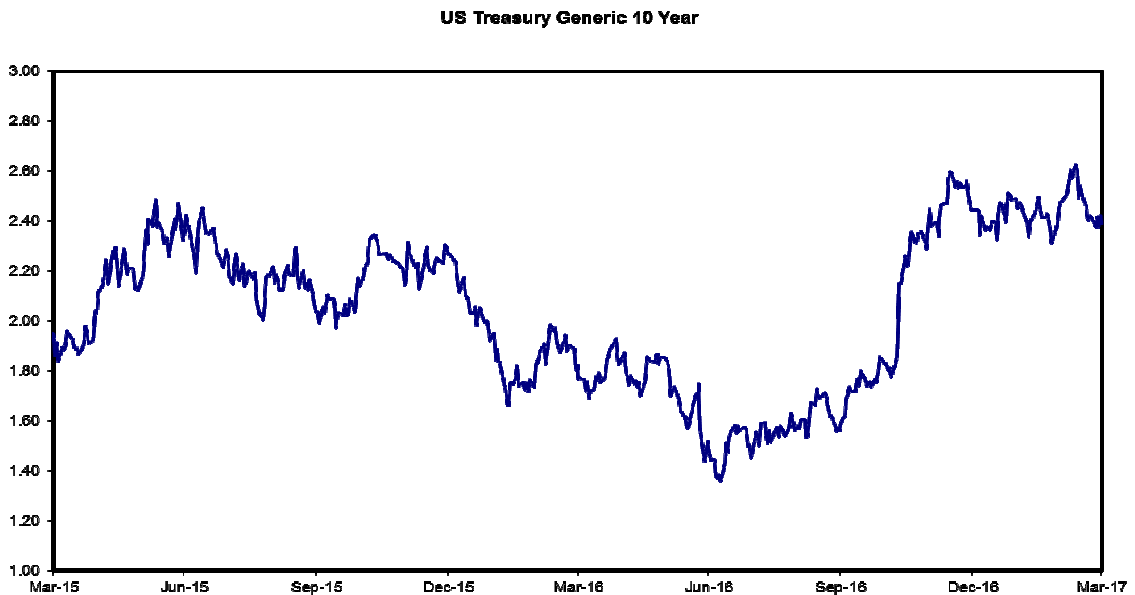
Bonds

11. The main **Government bond** yields were little changed during the quarter, although within Europe the gap between French and German bonds widened on uncertainty about the outcome of the French Presidential Election.

10-year government bond yields (%)					
	Dec 13	Dec 2014	Dec 2015	Dec 2016	Mar 2017
US	3.03	2.17	2.27	2.46	2.41
UK	3.04	1.76	1.96	1.24	1.22
Germany	1.94	0.54	0.63	0.11	0.33
Japan	0.74	0.33	0.27	0.04	0.07

[Source: Financial Times]

12. After its sharp rise on the election of Donald Trump, the US 10-year bond yield has traded in a narrow range around 2.4%.



Currencies

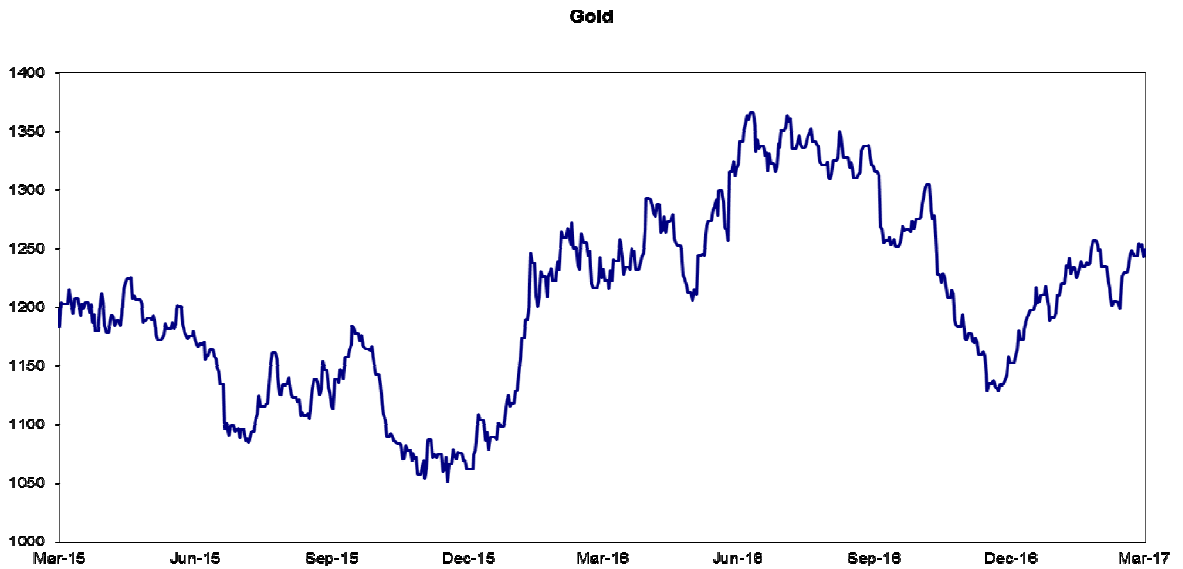
13. After trading at close to \$1.25 during the first quarter, the pound has risen to the \$1.29 level since the announcement of the UK General Election.

				£ move (%)	
				3m	12m
	31.3.16	31.12.16	31.3.17		
\$ per £	1.437	1.236	1.251	+1.2	-12.9
€ per £	1.261	1.172	1.189	+1.5	- 5.7
¥ per £	161.5	144.1	139.3	-3.3	-13.7

[Source: Financial Times]

Commodities

14. The Oil price, as measured by Brent Crude, has stayed within the \$50-55 range, with occasional upward moves when the oil-producers appear to be close to agreement on limiting output. The price of Copper was stable, while Gold gained nearly 9% during the quarter, bringing it back to its March 2016 level of \$1240 oz (see graph below).



Property

15. The first quarter saw a slight revival in **UK Property**, with positive (albeit small) capital returns from each of the three main sectors. The 12-month returns, however, show that in Retail and Office the falls in capital values were offset by the income returns.

	3-month	12-month
All Property	+ 2.3%	+ 3.8%
Retail	+ 1.8%	+ 2.3%
Office	+ 1.8%	+ 1.4%
Industrial	+ 3.8%	+ 9.4%

[IPD Monthly Index of total returns, March 2017]

Outlook

16. With equity markets having taken the surprise outcomes of the EU Referendum and the US Presidential Election in their stride, it is tempting to downplay the degree of influence exercised on markets by political events. This, however, would be too sanguine a view to take. Whether prompted by the various elections taking place in Europe, the course of President Trump's domestic and foreign policy or the Syrian conflict, we must expect some

disruption to the smooth upward path which equities have travelled in the past year.

17. After the UK General Election has taken place, attention will focus once more on the Brexit negotiations with the EU and their impact on the UK economy and corporate sector.
18. With further increases in US short-term interest rates predicted for 2017 and 2018, yields on medium-dated US government bonds seem unlikely to fall from their present levels. Any signs of a slowdown in the pace of quantitative easing in Europe or Japan could also have an adverse effect those bond markets.

Peter Davies
Senior Adviser – AllenbridgeEpic Investment Advisers

May 17th, 2017

[All graphs supplied by Legal & General Investment Management]

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

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Division(s):N/A

PENSION FUND COMMITTEE – 23 JUNE 2017

BRUNEL PENSION PARTNERSHIP - UPDATE

Report by the Director of Finance

Introduction

1. Under The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, all LGPS Funds in England and Wales are required to enter into pooling arrangements for the management of their investment assets. The previous Committee alongside the Fund's officers undertook a significant amount of work since the initial Government announcement of the pooling requirement in July 2015.
2. This work led to an initial decision to notify Government in February 2016 that the Oxfordshire LGPS Fund was minded to join the Brunel Pension Partnership. This Partnership comprised 9 other LGPS Funds, being Avon, Buckinghamshire, Cornwall, Devon, Dorset, the Environment Agency, Gloucestershire, Somerset and Wiltshire. This decision was re-confirmed in a second return to Government in July 2016, and then endorsed by the full Council in December 2016 after consideration of the full business case for the establishment of the partnership.
3. A key element of the business case was the setting up of a Financial Conduct Authority (FCA) regulated company to be named Brunel Pension Partnership Limited (BPP Ltd.). The project has now reached the key point at which the company needs to be formally established to allow work to continue to meet the Government's timetable for the new pooled arrangements to be operational by April 2018.

Establishment of Brunel Pension Partnership Limited

4. The Business Case envisaged the creation of Brunel Pension Partnership Limited ("BPP Ltd" or the "Company"), which is the company to be set up to manage the pooling of the assets of the 10 BPP Administering Authorities. The structure and constitution of the company was to be determined to meet the needs of the 10 authorities in terms of their pooling responsibilities, as well as meeting the requirements of the Financial Conduct Authority.
5. As would be expected given the complexity of the project and the involvement of the 10 Funds, the documents have been subject to a considerable level of review and comment. This includes review by the s151 officers / chief finance officers, monitoring officers / legal directors, heads of pensions, the pension committee representatives of each of the Funds, and BPP Ltd through its chair and interim managing director.

6. The legal documents have mostly been prepared by Osborne Clarke (legal advisers to the project), with input from PricewaterhouseCoopers (PwC – commercial advisers to the project) and Alpha Financial Markets Consulting (specialist financial advisers, including support for the FCA application).
7. BPP Ltd will be a private company limited by shares, registered in England and Wales and with its registered office in Bristol. The Company will be one tenth owned by each of the 10 Funds and each of the Funds will be responsible for providing one tenth of the capital required by the Company to be set up. Once operational, each Fund will be charged a service fee depending on the services taken up and assets under management.
8. The key documents required for the creation of BPP Ltd are as follows:
 - Articles of Association
 - Shareholders' Agreement
 - Services Agreement
 - Business plan
 - Terms of reference of the Oversight Board
 - Terms of reference of the Client Group
 - Terms of reference of the Audit, Risk and Compliance Committee
 - Terms of reference of the Remuneration Committee
 - Remuneration Policy
 - Pricing Policy

Further detail of each of these is given below. The full documents are available to Members of the Committee on request to Sean Collins, Service Manager (Pensions).

Articles of Association

9. This document is required by company law, and will set out the Company's constitution and regulate the relationship between the Administering Authorities and BPP Ltd. It sets out the Company's powers and procedures and will be filed at Companies House. It is mostly procedural and mechanical, with the vast majority of the substance in the Shareholders' Agreement.

Shareholders' Agreement

10. This regulates key aspects of the relationship between the Administering Authorities as shareholders of the Company as well as with the Company itself. BPP Ltd will be a party to this agreement and it will define contractually the manner in which the shareholders will control BPP Ltd, and include contractual restrictions on what the company can do rather than limiting the power of the Company itself. Key provisions are:
 - Reserved matters and special reserved matters: The Shareholders' Agreement sets out certain matters which cannot be undertaken by the Company without first obtaining the approval of shareholders. There are two lists – "special reserved matters" which cannot be undertaken without the approval of all shareholders (including approval of the

business plan/budget and other matters considered fundamental to the structure and rationale of the project) and other matters which require the approval of 80% of the shareholders (i.e. eight out of the ten) (matters which are considered less significant but over which some measure of control is considered desirable without the ability for any one (or two) Funds to veto). It is worth noting that if any action is included in the business plan (which must be unanimously approved) then it is considered approved for the purposes of the reserved/special reserved matters. A full list of the Special Reserved Matters and Reserved Matters is included in exempt Annex 1 (which is confidential until such time as all legal negotiations are concluded).

- Initial funding: The Shareholders' Agreement sets out the requirement for each Administering Authority to provide the capital required for the Company to be set up and become operational, which is to be provided one tenth each by each Administering Authority. This may be payable in tranches rather than all up front.
- Exit charge: One of the matters subject to the most debate has been the proposal for there to be an exit charge. This would be a charge payable by an Administering Authority which exits from the pool operated by BPP Ltd. The proposal is intended to model an estimate of the loss incurred by the Company in the event that an Administering Authority was to exit. This covers both direct costs of disinvestment together with a formula for calculating the anticipated loss resulting from loss of scale and the operating costs / overheads of the Company (which will then fall to be borne by the remaining authorities). This would be expressed as a maximum or default amount, which would be subject to a duty to mitigate by BPP Ltd and would be reduced to reflect any such mitigation and to the extent otherwise agreed by the remaining Administering Authorities. This approach should provide certainty of a maximum outcome upon exit for any exiting authority together with a reasonable degree of protection for the remaining pool members that the economics of the model should not be disadvantaged too significantly by any exit.
- Directors: The Shareholders' Agreement sets out the agreed structure of the board of the Company, being four executive directors, one non-executive chair, two non-executive directors and a shareholder representative non-executive director. Directors must be approved by shareholders by 80% majority.

Services Agreement

11. The Services Agreement will be entered into between the 10 Funds and BPP Ltd when the pool becomes operational in April 2018 (or shortly before).
12. This is a comprehensive document which sets out in detail the key operational and technical aspects. It covers such matters as the following: definition of services to be provided, duty of care obligations, the portfolio construction terms, FCA authorisation obligations, pricing terms, managing conflicts of interest, reporting and valuation provisions. Key provisions are:

- Investment Objectives and Portfolios: The Services Agreement sets out the portfolios into which the Administering Authorities' assets will be invested and the procedure whereby new portfolios can be created (at the request of Administering Authorities) and portfolios can be deleted if no longer required. There has been a level of debate around whether Administering Authorities will be able to continue holding segregated mandates – i.e. investments which cannot themselves be pooled (for example closed-ended private equity funds). The agreed position is that the Services Agreement will not prohibit such holdings, and the Client Group will have the ability to approve these on a case-by-case basis, after undertaking appropriate cost/benefit analysis.
- Services: Schedules to the Services Agreement set out the Core Services and the Elective Services to be provided by BPP Ltd. The Core Services will be provided to all Administering Authorities and these cover the design of portfolios, transitioning of assets, asset management and reporting. Administering Authorities may separately agree with BPP Ltd. to be provided with Elective Services for an additional fee. Elective Services include reviewing an Administering Authority's investment strategy statement, project support, and additional levels of reporting.
- Reporting: BPP Ltd. will provide each Administering Authority with quarterly and annual reports containing financial information, investment performance analysis and written commentary. An example form of report will be attached to the Services Agreement.
- Liability: There has been debate around whether Administering Authorities should be able to bring a claim against BPP Ltd. should it be in breach of its obligations under the Services Agreement (in the same way that would be seen in a usual investment management agreement). The position has been agreed where a claim can be brought, but subject to the terms of the Shareholders' Agreement (under which there is a duty to keep all other Administering Authorities informed of any such claim).

Business Plan

13. The Business Plan is not a legal document but is important in that it defines the purpose and freedom of the Company to operate. As noted above, to the extent that an action is included within the Business Plan, the Company need not come back to the Administering Authorities to request permission to undertake the relevant action.

Terms of reference for Oversight Board

14. These set out the procedures and responsibilities of the Oversight Board, which is intended to have a supervisory function. It will include representatives of each of the Funds, together with two representatives of fund members. It will not be a joint committee and does not have formal decision making powers.

Terms of reference for Client Group

15. These set out the procedures and responsibilities for the Client Group, which will provide practical and technical support, guidance and assistance to the

Oversight Board. It will comprise one representative of each of the 10 Funds. As with the Oversight Board, the Client Group has no formal decision-making powers.

Terms of reference for the Audit, Risk and Compliance Committee

16. These set out the procedures and responsibilities of the Audit, Risk and Compliance Committee, which is a committee of the board of directors of the Company. This committee will be comprised of at least three members all of whom must be non-executive directors of the Company (including the Shareholder non-executive director).

Terms of reference of the Remuneration Committee

17. These set out the procedures and responsibilities of the Remuneration Committee, which is a committee of the board of directors of the Company. This committee will be comprised of at least three members all of whom must be non-executive directors of the Company (including the Shareholder non-executive director) and shall be chaired by the chair of the Company.

Remuneration policy

18. The remuneration policy defines the key elements of remuneration, particularly for senior executives. Changes to that policy (or remuneration which is inconsistent with that policy) will be a special reserved matter, and hence will require unanimous express shareholder approval. Key provisions are:
 - Remuneration caps: Remuneration caps will be included for different levels of employees, reflecting a consistency with the approach for the public sector.
 - Performance related pay: There will be no performance related pay (though with the ability to give recognition awards).
 - LGPS membership: Membership of the LGPS will be offered as part of the remuneration package for new employees. The LGPS is to be open for the first three years, and revisited thereafter.

Pricing Policy

19. The pricing policy sets out the basis on which the company will charge the 10 administering authorities. The initial pricing policy is seen as an interim document to cover the transition period. As the partnership will still be very much in development as the new portfolios are created, and assets transitioned, costs will continue to be re-charged on an equal tenth basis where general overheads, and on a pro-rata to total assets under management for those costs deemed to vary on the basis of size of investments. Only exception will be those staff specifically employed to develop in-house capacity for managing private market investments which will be recharged based on private market allocations. All elective services will be charged at cost.
20. The Pricing Policy includes a built in review to move as many costs as possible to a portfolio specific charge, with portfolio costs then recharged to the administering authorities' pro-rata to their allocation to each portfolio.

Decisions required

21. As noted above, the legal documents have been subject to considerable discussion over recent months, and it is understood that all key issues have now been resolved, and final versions of the documents were being drafted at the time this report was written. The Finance and Legal Officers Assurance Group (FLAG) and the Shadow Oversight Board are both due to meet once more before the Committee meeting on 23 June, and any significant issues will be raised with the Committee.
22. The Company needs to be in place by 17 July 2017 if the project is to stick with the current timetable. It is therefore necessary for the Committee to delegate the final decision to execute the legal documents to the Director of Finance and the Director of Law and Governance in consultation with the Committee Chairman, Vice Chairman and Opposition Spokesperson.
23. On the assumption that the legal documents are agreed by all 10 administering authorities, it will then be necessary to appoint a representative to attend the Oversight Board and any Shareholders meetings on behalf of Oxfordshire. As noted above, the Oversight Board is not a formal decision making body, so no additional delegations need to be assigned to the individual representing Oxfordshire there. However, the Shareholder Representative will be required to exercise a vote and the Committee therefore need to determine the extent of any delegations.
24. It is envisaged that Shareholders will meet for the Annual General Meeting which will involve a number of routine and non-contentious resolutions plus approval of the annual business plan and budget. This last item is seen as a Special Reserved Matter.
25. For the AGM, it is likely that the date will be known well in advance, and papers made available in advance, which would allow the Pension Committee to meet to discuss and approve any resolutions in advance. In the case of any unplanned reserved matters raised during the year, these will, if the timings permit, either be brought before the next scheduled Pension Fund Committee meeting or before an extraordinary Pension Fund Committee meeting.
26. Having approved the relevant resolutions, it is proposed that, in the case of the AGM, the Pension Fund Committee appoint and delegate responsibility to a Shareholder representative to attend the AGM and cast Oxfordshire's vote.
27. , As noted above, the legal documents include a proposal for the initial funding of the company through all 10 administering authorities making a payment for their share. Following advice from our commercial advisers, the proposal differs from that assumed in producing the business case, as the latest option is deemed to offer greater tax advantages in the future.
28. As a consequence, the payment due from Oxfordshire will be structured differently to that assumed when the budget was approved by Committee in March 2017, with a contribution to the share capital of c£900,000 required to be made, alongside a c£300,000 reimbursement from the Company in respect of development costs incurred in establishing the Company. Whilst this matches the net figure of £600,000 included in the budget, the Committee are recommended to agree the necessary amendment to the budget to reflect the new structure of the payments.

Other Updates

29. The reasons for the Company to be established by 17 July relate to progress on other elements of the project. In particular, the tender for the Administrator/Custodian for the Partnership closed on 5 June 2017, and responses are currently being evaluated with a view to selecting a preferred supplier by 17 July 2017. The issue of the standstill notice to confirm the preferred supplier, and allow unsuccessful tenderers to raise any objections to the process, will require the Company to be formally constituted as the notice is published in their name.
30. Interviews for the three remaining non-executive positions, including the Shareholder non-executive director were held on 1 and 2 June. Appointments are subject to ratification by the Shadow Oversight Board at their meeting on 20 June 2017, and again the company needs to exist to enable contracts to be issued. Similarly, the advertisements for the four executive posts have been issued with a closing date of 9 June 2017. Interviews for all roles are planned for the first two weeks in July, and again require the establishment of the company for contracts to be issued.
31. A third key area of focus over recent months has been the identification of suitable office accommodation for the new company. Unfortunately, the space initially identified is no longer available as the main leaseholder has determined to expand into the space once ear-marked. However, a second site identified in the initial trawl of properties is still available, and this is being progressed. The site is within Bristol, in very close proximity to Temple Meads Railway Station.

RECOMMENDATION

32. **The Committee is RECOMMENDED to:**
 - (a) **delegate to the Director of Finance and the Director of Law and Governance, in consultation with the Committee Chairman, Deputy Chairman and Opposition Spokesperson the decision to execute the legal documents for the establishment of the Brunel Pension Partnership Limited;**
 - (b) **agree an individual to represent the Committee on the Oversight Board;**
 - (c) **agree an individual to act as the Shareholder's representative to attend the Shareholders' annual general meeting and to cast Oxfordshire's vote in accordance with the Committee's decision;**
 - (d) **agree a virement to the annual budget to allow for the latest proposal for the initial funding of the company as set out in paragraph 28 above; and**
 - (e) **note the progress set out in the other updates above.**

Lorna Baxter
Director of Finance

Contact Officer: Sean Collins, Service Manager (Pensions), Tel: 07554 103465

June 2017

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

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Division(s): N/A

PENSION FUND COMMITTEE – 23 JUNE 2017

ADMINISTRATION REPORT

Report by the Director of Finance

Introduction

1. This report is to update members of current issues within the Pension Services team from both management and operational perspectives. It also sets out the latest position in respect of the employers within the Oxfordshire Fund. The report includes information about data retention issues.
2. The report also includes new requests for admission to the Fund, an update on previously approved applications and the write off of any amounts due to the Fund.

Performance Data / Data Quality

3. To enable Pension Services to administer the benefits for scheme members, scheme employers are required to provide the information in the following formats:
 - Contribution Returns – monthly return to detail the employee and employer contributions collected during the pay period.
 - Monthly Administration Return Spreadsheet (MARS) – as a minimum scheme employers are required to make a return showing the CARE pay for each scheme member. This report is also used to report on starters; leavers; absences; changes to hours or changes of address.

Both of the above reports must be submitted by the 19th of the month following payroll.

- End of Year Return – requires scheme employers to give details of contributions paid over and final pay calculated under the definition of the 2007 Regulations, which is required to be maintained in line with transitional protections when the scheme changed in 2014.
4. Aside from the day to day administration of leavers, retirements, transfers and so on, the most visible and monitored output from this data is the production of annual benefit statements (ABS) which have to be sent to scheme members by 31 August.
 5. Whilst this requirement has been in place for some years, the focus changed in 2015 when The Pension Regulator (TPR) first became responsible for public sector pension schemes. At that time schemes were asked to report the numbers of ABS sent to scheme members by 31 August. This Fund, alongside many of the LGPS Fund, reported that no ABS had been issued by the due date, largely due to the complexities resulting from the introduction of the new CARE scheme and the

requirement to return data in respect of two schemes with different definitions of pensionable pay etc. However the Fund was subsequently able to report the issue of 13,348 statements which was just shy of 69.50% of the active membership.

6. At the end of the following year the numbers reported to TPR and this committee were the issue of 11,243 statements which amounted to 58.22% of the active membership. Of the outstanding ABS just over 90% related to three main employer groups: - Academy schools (4,090 outstanding statements, Brookes University (2,129) and the County Council (1,077). In respect of the County Council it should be noted that 87.5% of statements have been issued, with the number outstanding reflecting the records being queried.
7. During this time there have been regular updates to both TPR (a copy of the latest telephone note is attached to this report) and this committee about the actions being taken to address the issues which have contributed to the non-issue of ABS: -
 - Setting up a dedicated team to manage and monitor all incoming data both for monthly and annual returns. This team has suffered from both staff absences and relative inexperience, but has made a very good proactive start in engaging with scheme employers to make returns and deal with queries.
 - Setting out how these returns will be checked / returned if not correct – so employer is clear on what is needed / able to check before submission
 - Documentation has been sent to all scheme employers with the appropriate returns.
 - Ensuring training is available on how forms should be completed / what information is required. Specific training was offered for end of year processes. Scheme employers can attend one of the quarterly training sessions / employer meeting or request a further ad-hoc training session.
 - Central inbox for returns. This has been created and is now used for both contribution and information returns.
 - A clearer process for escalation both within employer and the Fund, and the use of fines in line with Administration Strategy.
 - No more than two chases before the issue is escalated to Team Manager to follow up. Where information has not been provided scheme employers have been advised that charges will be made in line with administration strategy.
8. In terms of the end of year processes, outstanding data has been chased with a final deadline of 5 June for receipt. Employers have been told that fines will be levied where no returns are received. Currently for 2016/2017 the MARS returns are missing for 31 scheme employers. In terms of number of members affected this is significant for 6 of those scheme employers with the other 25 only having one or two members of staff.

9. For End of Year returns the data, as at 06 June 2017, shows:

Returns due	182
Received	152
Outstanding	30
Balanced	134
Not balanced	18
Posted	53
Posting errors	

10. Of the 30 scheme employers who have yet to make an End of Year return –the majority of these scheme employers only have one or two members of staff. Whilst chases / fines are being made, resources are being concentrated on processing the larger scheme employer returns.
11. The overall workload in Pension Services remains high with incoming work keeping pace with completed tasks. Recruitment continues to be a priority.

Write Offs

12. In June 2015, the Committee reviewed the scheme of financial delegation and agreed the following:
- Write off of outstanding debts to the Local Government Pension Scheme above £10,000 need the approval of the Pension Fund Committee.
 - The authorisation of debt write offs up to and including £10,000 is delegated to the Service Manager (Pensions). For debts between £7,500 and £10,000 authorisation is in conjunction with the Director of Finance.
 - For Debts below £500, authorisation of debt write off is delegated to the Pension Services Manager
 - All debts below £10,000 need to be reported to Committee following write off. This report provides the details of those debts written off in the last quarter.
13. In the current period, the Pension Services Manager has approved the write off of £7.96 chargeable to the pension fund in respect of four cases where the member has died. This brings the total written off over the past year to £10,841.04. This covers 26 cases where the member has died plus one case of non-repayment.

Employer Issues

14. Changes within scheme employers whether due to restructuring, outsourcing or the creation of an academy school remains at a high level – many of these are now moving away from the “standard approach” to outsourcing and so are requiring much more administrative effort to finalise.

Update on Previous Applications for Admission

15. Admission agreements need to be finalised in respect of:
- The outsourcing from William Fletcher School to Carillion on 01 April 2016. This has been referred to Legal.
 - Optalis Ltd, second generation contract following on from Leonard Cheshire Disability, which was effective from 15 February.
 - The admission agreement between Age UK and Oxfordshire County Council is outstanding.
 - Civicare Oxford, a second generation contract following on from Allied Healthcare, effective 14 March 2016
 - The long outstanding admission agreement between Carillion and Oxfordshire County Council for the second transfer of staff has not yet been resolved despite reminders and meetings with Carillion.
 - Outsourcing from VWHDC / SODC to Capita, Vinci, Arcadis and Indigo.

New Outsourcings / Academy Conversions

16. The following are new requests for admission of a new out-sourced body or academy school:
- Mill Academy Trust – Queen Emma’s School to Alliance in Partnership Ltd
 - Kings Meadow School to Clean Genie
 - Launton School to Freshstart Catering
 - WODC Parking Services to APOCA Parking
 - Wheatley Park to Chartwells
17. All of the above have been made on basis of pass through arrangements with the pension risk retained by the ceding employer, and so have been approved by the Service Manager – Pensions, under their delegated powers.

Closures

18. Community Voice has gone into administration. Pension Services are in contact with the administrators. However, this admission was made under a pass through arrangement and therefore any costs not recovered will be charged to the ceding employer.
19. One other scheme employer has also been in discussions with officers of the pension fund in respect of ceasing its membership of the Fund. A confidential briefing on the status of the current legal negotiations is included at Annex 2.

Non-Active Scheme Employers

20. In instances where records are held for deferred members and the scheme employer no longer exists the Pension Fund Committee is required to make decisions which would have fallen to that scheme employer. Pension Services has received an application for release of deferred benefits which is attached as Annex 3 to this report.

RECOMMENDATIONS

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

- (a) note current team performance;**
- (b) note the position regarding end of year processes and the issue of annual benefit statements;**
- (c) approve the write off of £7.96;**
- (d) note the current positions with applications for admission to the fund and other employer changes; and**
- (e) decide whether to approve the release of deferred benefits in the case of the scheme member detailed in exempt Annex 3 of the report.**

Lorna Baxter
Chief Finance Officer

Background papers: Nil

Contact Officer: Sally Fox, Pension Services Manager;
Tel: (01865) 323854

June 2017

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Annex 1 - Note of Telephone Conversation with the Pension Regulator – 26 May 2017

On call

Sally Fox – Oxfordshire Pension Fund
Michael Burton – The Pension Regulator
Pauline Lancum – The Pension Regulator

- TPR is now at the educate & enablement stage
- Asked for an update on progress – explained where we were in getting 2016/2017 MARS returns – statistics, excluding academies (explained separate issue re multiple payroll providers)
- Then updated on end of year returns – as at 25.05.17

Returns due	175
In / balanced	130 of which 11 have been posted
In / not balanced	15
Still due	30

Explained that had been very open with scheme employers about having reported breaches – that TPR is likely to take action this year if we do not produce ABS by end of August. So, should come as no shock that I have sent out emails for outstanding returns to be in by today (26.05.17) and failure to do so will incur charge in line with administration strategy.

Went through administration strategy charges & that these seemed to be helping – TPR thought that they would focus scheme employers.

TPR sought confirmation of roles for PFC and Pension Board (some confusion?)

Explained new PFC – TPR asked if any members had pension experience & what training they would be taking to meet their responsibilities. Note re breach would be responsible / fined / be given improvement notice.

Said about the number of errors and staffing issues so this year still a juggling act.....but well aware of what needs to be achieved.

Talked about processes – making sure that these are clear / robust & that we do not take on role or work of scheme employer.

I also talked about scheme member responsibility which they didn't like – said members don't engage / understand & it is our responsibility to make sure data is ok. I have disagreed with this – people do know & understand their pay and should be

encouraged to look at / query ABS data since this then enhances understanding & engagement.

Team will need to have up to date statistics available as at end of day on Monday 19 June to enable me to update both TPR and PFC

W/C 19 June 2017 TPR would like:

- Copy of report to PFC
- List of scheme employers
- Statistics
- Templates of emails sent to scheme employers
- Copy of administration strategy
- Update on matrix sent to TPR previously

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Division(s): N/A

PENSION FUND COMMITTEE – 23 JUNE 2017

RISK REGISTER

Report by the Director of Finance

Introduction

1. At their meeting on 11 March 2016, the Committee agreed that the risk register should form a standard item for each quarterly meeting. A copy of the report also goes to each meeting of the Pension Board for their review. 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.

Progress since Last Committee

2. The risk register presented to the March 2016 committee meeting was the first produced in the new format, which introduced the concept of a target level of risk and the need to identify mitigation action plans to address those risks that were currently not at their target score. Many of the action plans were focused on long term improvements, and were dependent on the information to be produced following the 2016 Valuation Exercise.
3. The Actuary has now completed his work on the 2016 Valuation, and work is now underway to address those long term risks which were currently not at their target score. This work, which forms a major part of the 2017/18 Business Plan includes
 - the requirement to complete a new cash flow model with the Actuary;
 - discussions with the major employers to understand their future strategic direction and the impact on LGPS membership;
 - a review of employer covenants
 - a more robust process to ensure the timely and accurate receipt of scheme member data from employers.
4. In the short term, the provisional results of the 2016 Valuation alongside the on-going cash flow monitoring have indicated that the likelihood of any key risks has not increased over the past year. The investment returns over the last valuation period exceeded those assumed in the valuation, thereby leading to a reduction in the funding shortfall. Cash flow continues to be positive, with a monthly average of just under £1m more by way of contributions than is paid out in benefits, reducing the risk of emergency sales of assets.

5. A key area of concern remains around the risks associated with incomplete and/or inaccurate scheme member data. In line with the Improvement Plan submitted to the Pension Regulator as discussed at the March meeting of the Pension Committee, work undertaken by the new Employer Team is beginning to show results. Improved management reports have been put in place alongside more robust escalation processes which includes the use of the range of charges included in the Administration Strategy. Further details of this work are included in the Administration strategy report elsewhere on this agenda, and in light of the improvements identified the likelihood of risk 8 has been reduced to possible from likely and both risk 8 and 9 are showing as improving.
6. No new risks have been added to the register this quarter, but one risk from the old register has been deleted as the risk has now become a live issue with the loss of all County Council members from this Committee following the recent election. The impact of the loss of knowledge and experience will need to be assessed, as will the impact on risk 11 regarding insufficient skills and knowledge on the new Committee.
7. Other key actions completed since the last review of the risk register include the asset allocation review and the removal of some investment risk by the switch in allocation between equities and fixed income (risk 5), a data audit and the resolution of all issues identified (risk 14) and a review of the disaster recovery arrangements (risk 13). Work is also on-going with Oxford City Council on potential implications of changes to their service delivery model to ensure no unforeseen risks to either the City Council or the Pension Fund.

RECOMMENDATION

8. **The Committee is RECOMMENDED to note the current risk register.**

Lorna Baxter
Director of Finance

Contact Officer: Sean Collins, Service Manager, Pensions; Tel: 07554 103465

June 2017

Risk Register

Identification of Risks:

These are the risks that threaten the achievement of the Pension Fund's 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)

Ref	Risk	Risk Category	Cause	Impact	Risk Owner	Controls in Place to Mitigate Risk	Current Risk Rating			Further Actions Required	Date for completion of Action	Target Risk Rating			Date of Review	Direction of Travel
							Impact	Likelihood	Score			Impact	Likelihood	Score		
1	Investment Strategy not aligned with Pension Liability Profile	Financial	Pension Liabilities and asset attributes not understood and matched.	Long Term - Pension deficit not closed.	Service Manager	Triennial Asset allocation Review after Valuation.	4	2	8	Develop cash flow Model with Actuary. Gain greater understanding of employer changes. Review asset allocation.	September 2017	4	1	4	September 2017	→
2	Investment Strategy not aligned with Pension Liability Profile	Financial	Pension Liabilities and asset attributes not understood and matched.	Short Term – Insufficient Funds to Pay Pensions.	Service Manager	Monthly cash flow monitoring and retention of cash reserves.	4	2	8	Develop cash flow Model with Actuary. Gain greater understanding of employer changes. Review asset allocation.	September 2017	4	1	4	September 2017	→
3	Investment Strategy not aligned with Pension Liability Profile	Financial	Poor understanding of Scheme Member choices.	Long Term - Pension deficit not closed. Short Term – Insufficient Funds to Pay Pensions.	Service Manager	Monthly cash flow monitoring and retention of cash reserves.	3	2	6	Develop Improved Management Reports to benchmark, and monitor opt outs, 50:50 requests etc.	September 2017	3	1	3	September 2017	→
4	Under performance of asset managers or asset classes	Financial	Loss of key staff and change of investment approach.	Long Term - Pension deficit not closed.	Financial Manager	Quarterly review Meeting, and Diversification of asset allocations.	3	2	6			3	2	6		→
5	Actual results varies to key financial assumptions in Valuation	Financial	Market Forces	Long Term - Pension deficit not closed.	Service Manager	Moderation of assumptions at point of valuation. Asset allocation to mirror risk. Sensitivity analysis included in Valuation report.	3	2	6			3	2	6		→
6	Loss of Funds	Financial	Poor Control	Long Term -	Finan	Review of	3	1	3			3	1	3		→

	through fraud or misappropriation.		Processes within Fund Managers and/or Custodian	Pension deficit not closed	cial Manager	Annual Internal Controls Report from each Fund Manager. Clear separation of duties.										
7	Employer Default - LGPS	Financial	Market Forces, increased contribution rates, budget reductions.	Deficit Falls to be Met By Other Employers	Pension Services Manager	All new employers set up with ceding employing under-writing deficit, or bond put in place.	3	2	6	Review all employers where there is no statutory covenant. Meeting held with actuaries	September 2017	2	2	4	September 2017	→
8	Inaccurate or out of date pension liability data – LGPS and FSPS	Financial & Administrative	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	4	2	8	Develop improved management reporting to highlight data issues at an earlier point in time. Develop escalation issues to ensure data issues are resolved at earliest point, including new charges, and improved training/guidance. Actions in progress	March 2017	3	1	3	June 2017	↑
9	Inaccurate or out of date pension liability data – LGPS and FSPS	Administrative	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	2	6	Develop improved management reporting to highlight data issues at an earlier point in time. Develop	March 2017	3	1	3	June 2017	↑

										escalation issues to ensure data issues are resolved at earliest point, including new charges, and improved training/guidance. In progress						
10	Insufficient resources to deliver responsibilities- LGPS and FSPS	Administrative	Budget Reductions	Breach of Regulation	Service Manager	Annual Budget Review as part of Business Plan.	4	3	12	Need to address backlog of work which is impacting on ability of staff to meet statutory deadlines. External resources to be employed.	September 2017	4	1	4	September 2017	→
11	Insufficient Skills and Knowledge on Committee – LGPS and FSPS	Governance	Poor Training Programme	Breach of Regulation	Service Manager	Training Review	4	2	8	Develop Needs Based Training Programme.	June 2017	4	1	4	June 2017	→
12	Insufficient Skills and Knowledge amongst – LGPS and FSPS Officers	Administrative	Poor Training Programme and/or high staff turnover	Breach of Regulation and Errors in Payments	Service Manager	Training Plan. Control checklists.	3	1	3			3	1	3		→
13	Key System Failure – LGPS and FSPS	Administrative	Technical failure	Inability to process pension payments	Pension Services Manager	Disaster Recovery Programme	4	1	4			4	1	4		→
14	Breach of Data Security – LGPS and FSPS	Administrative	Poor Controls	Breach of Regulation	Pension Services Manager	Security Controls, passwords etc.	3	1	3			3	1	3		→
15	Failure to Meet Government Requirements on Pooling	Governance	Inability to agree proposals with other	Direct Intervention by Secretary of State	Service Manager	Full engagement in Project Brunel	5	1	5			5	1	5		→

			administering authorities.													
16	Failure of Pooled Vehicle to meet local objectives	Financial	Sub-Funds agreed not consistent with our liability profile.	Long Term - Pension deficit not closed	Service Manager	Full engagement in Project Brunel	4	1	4			4	1	4		→
17	Significant change in liability profile or cash flow as a consequence of Structural Changes	Financial	Significant Transfers Out from the Oxfordshire Fund, leading to loss of current contributions income.	In sufficient cash to pay pensions requiring a change to investment strategy and an increase in employer contributions	Service Manager	Engagement with One Oxfordshire project and with other key projects to ensure impacts fully understood	4	2	8	Work with Fund Actuary to Understand Potential Implications to feed into project and investigate potential changes to investment strategy that can be implemented within required timescales		4	1	4	September 2017	→

Division(s): N/A

PENSION FUND COMMITTEE – 23 JUNE 2017
ANNUAL REVIEW OF PENSION FUND POLICIES
Report by the Director of Finance

Introduction

1. Under the Local Government Pension Scheme Regulations, the Pension Fund Committee, acting as the Administering Authority of the Oxfordshire Pension Scheme, is required to produce and maintain a number of key policy documents. These policies are subject to an annual review, which is scheduled for the June meeting of the Committee cycle. This report presents the latest version of these policies for them to be formally endorsed by the Committee.
2. Whilst not a formally required policy under the LGPS Regulations, this report also presents a formal Scheme of Delegation to be endorsed by the Committee. This Scheme of Delegation brings together those areas previously agreed by this Committee where decisions have been delegated to officers of the Council.

Policies for Endorsement

3. The key policies to be reviewed and endorsed are set out as Annexes to this report. The key issues with each policy, including any changes to the Policy is set out below.

Annex 1 – The Funding Strategy Statement.

4. The Funding Strategy Statement sets out the Fund's approach to managing the solvency of the Fund, and is the framework which guides the work of the Fund Actuary in completing the Triennial Valuation of the Pension Fund.
5. The initial Funding Strategy Statement was prepared in 2005 with considerable support from the Fund's then Actuary. The Committee carried out a consultation exercise as part of a fundamental review of the Statement in 2009/10 and agreed a number of changes to the Statement to increase flexibility around recovery periods, stepping arrangements and the treatment of admitted bodies. In March 2013 the Committee determined changes in respect of the pooling arrangement for academy schools.
6. There have been no significant changes to the Funding Strategy Statement as part of this current review, other than to relax the requirement for all small employers to meet their deficit contributions by way of cash sums rather than as a percentage of pensionable pay. The change allows those small

employers who are either pooled, or grouped with a sponsoring employer to meet their deficit contributions by way of a percentage of pensionable pay. The Actuary suggested this change as part of the 2016 Valuation as it reduces the instability of the deficit payments for an individual employer within the pool/group whilst still protecting the Fund as a whole from reductions in overall pensionable pay levels. The only other changes were to reflect the renaming of the Statement of Investment Principles as the Investment Strategy Statement

Annex 2 – The Investment Strategy Statement

7. The Investment Strategy Statement replaced the Statement of Investment Principles, and sets out the Committee's approach to the investment of the Fund's resources.
8. Under the new Regulations the prescriptive nature under the old Regulations was replaced by a more prudential framework, whereby the Committee is not constrained by any particular restrictions on asset allocations, but needs to provide the rationale for all decisions within the Investment Strategy Statement.
9. As the initial Investment Strategy Statement was only agreed by the Committee at its March 2017 meeting, and no changes were proposed by the subsequent meeting of the Pension Board, there are no changes to draw to this Committee's attention.

Annex 3 - Governance Policy and Governance Compliance Statement

10. The Governance Policy sets out the arrangements for the management of the Pension Fund, and the Governance Compliance Statement sets out the extent that this policy complies with best practice.
11. The Governance Policy Statement has been amended to change references to the statement of Investment Principles to the Investment Strategy Statement. Whilst no other changes are proposed at this time, there are a number of areas which will need to be amended once the Brunel Pension Partnership is established. In particular, the Terms of Reference for this Committee will need to be amended to remove the responsibility for the appointment of Fund Managers, and the monitoring of their performance. In addition the operational procedures will need to be amended to remove the references to Fund Managers being invited to attend Committee and present information of the performance of their portfolio. The role of the independent financial adviser will also need to be reviewed.
12. No changes have been made to the Governance Compliance Statement. The Compliance Statement therefore continues to identify the areas where we remain only partially compliant with best practice, a position the Committee has been happy to accept in the past. These areas cover representation of all key stakeholders, the skills and knowledge required of substitute Committee

members and the agreement of a formal annual training plan for Committee Members.

Annex 4 – Communication Policy

13. The Communication Policy sets out the Fund's key communication messages and channels.
14. There continue to be considerable changes to the LGPS picture. The number of employers in the fund continues to increase as larger employers break into smaller units, through service outsourcing or through the conversion from maintained schools to independent Academies. Each move creates a new fund employer, with statutory roles under the LGPS regulations.
15. Our challenge therefore remains to keep communication and guidance appropriate for employers at all stages of their membership. Maintaining this supportive role to cover all the eventualities for all types of employers has the potential for long and complicated website and guidance pages and training sessions. Our local information is in addition to the support provided by the national Local Government Association.
16. This is further complicated by the need for support during the extended period while the LGPS presents itself as two concurrent schemes.
17. The Fund must also communicate with and support our members as the scheme becomes more complex and membership groups more fragmented. The challenge remains to engage and interest members in their pension provision and for them to understand the benefits of the Scheme.
18. The Communications Policy has been reviewed in light of this context and a consultation exercise with scheme members and employers. The key findings of the consultation are set out in the appendix to this report.
19. The results of the consultation simply reflected the diverse requirements of scheme members and employers with contrasting comments on the move away from paper presentations to electronic communications and self service.
20. The amended Policy though does reflect the move to an on-line member self service tool for pensioner members of the Fund implemented in April 2017, and which is due to be rolled out to deferred and active members during 2018. Alternative options have been retained for those pensioners who opted out of receiving their communications in electronic format..

Annex 5 – Early Release of Benefits Policy

21. The Early Release of Pension Benefits Policy covers the Administering Authorities approach to dealing with cases for early release of pension benefits where the last employer of the scheme member is no longer in existence. This Policy was initially approved by the Pension Fund Committee at its meeting in December 2012. There are no significant changes as part of this annual review.

Annex 6 - Scheme of Delegation

22. The Scheme of Delegation was introduced in June 2012 to bring together all areas where the Pension Fund Committee has previously delegated decisions to Officers of the Council.
23. The Committee last approved the Pension Fund Scheme of Delegation at their meeting in March 2016. A number of minor amendments have been made to the scheme of delegation to reflect structural changes since the last approved version. References to the Head of Paid Service have been replaced with the Chief Executive, references to the Chief Finance Officer have been replaced with the Director of Finance, and references to the Service Manager – Pensions, Insurance and Money Management have been replaced with the Service Manager – Pensions.

Annex 7 – Administration Strategy

24. The Fund is required to produce an Administration Strategy to set out the various responsibilities of the Administering Authorities, and the Scheme employers, and to establish a charging policy to allow the Administering Authority to recover costs of additional work where scheme employers fail to meet their responsibilities in an accurate and timely manner.
25. The charges included in the Administration Strategy were amended in June 2016 following a consultation exercise with employers. Following their introduction, the service operated a transition year where the focus was on engagement and education of employers to achieve results. With the establishment of the new employer team, and the need to report breaches of the regulations to the Pension Regulator for the second successive year, we are now looking to apply charges on a regular basis where employers fail to respond to initial requests for information etc.
26. It is not proposed to amend the Administration strategy this year to allow time to assess the impact of the application of the charging policy.

Annex 8 – Procedure for Reporting Breaches of Law to the Pension Regulator

27. We were required to develop a Procedure for the Reporting of Breaches of Law to the Pension Regulator during 2015/16. This procedure was agreed by the Committee at its meeting in September 2015. No further changes have been proposed at this time.

Annex 9 – Administering Authority Discretions

28. There are a number of areas under the LGPS Regulations where the Administering Authority is required to publish a discretionary policy. These are included in Annex 9.

29. The only change proposed within the Discretionary Policies is to remove the ability of scheme employers to phase payments of the additional pension costs of an early retirement over a period up to 5 years. This change is proposed to reduce the administrative burden on the Fund associated with monitoring and accounting for the phased payments. Whilst there is an additional cashflow burden on the scheme employers, there should be no budgetary implication as the full cost of the early retirement should be accounted for in the period the decision is made.

RECOMMENDATION

30. **The Committee is RECOMMENDED to approve the revised policy documents as set out in Annexes 1-9 to this report, noting the main changes in the documents as discussed above, and the future changes required in the Governance Policy on the establishment of the Brunel Pension Partnership and the transition of Funds.**

LORNA BAXTER
Director of Finance

Background papers: Nil

Contact Officer: Sean Collins, Service Manager (Pensions) – 07554 103465

June 2017

Appendix – Results of Consultation on Communication Policy

Objectives of Consultation

Pension Services need to know what LGPS scheme members think about current communications and what type of communication they may wish for in the future. Your comments will help us prepare the communication policy review.

Results of online consultation

Summary of Responses

Summary Graphs List Responses Cross Tabulate Export

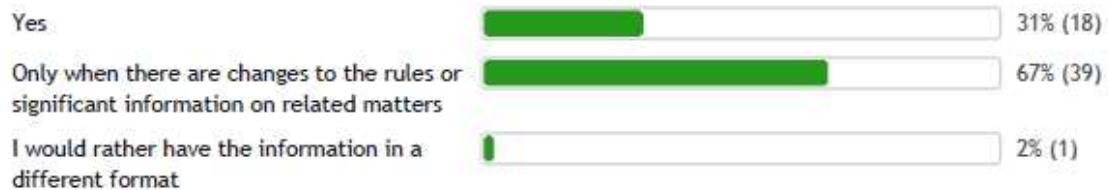
1

How would you prefer to get information about changes to your LGPS pension? Choose from the following options



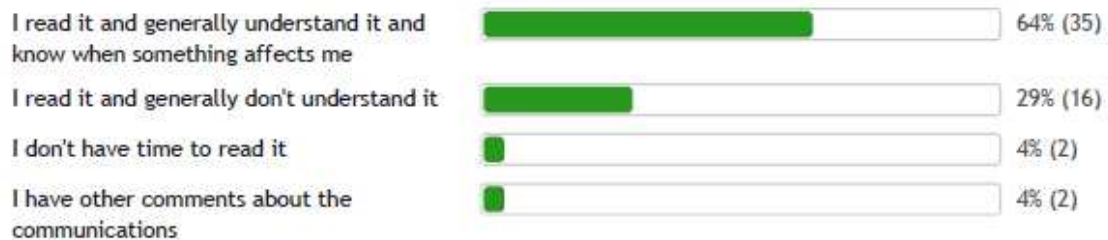
2

In addition to your annual benefit statement, do you want to receive separate newsletter(s)?



3

What do you think about the pension information we send you?



4

When you visit our website pages www.oxfordshire.gov.uk/pensions do you generally find what you are looking for?

Yes 61% (33)

No 39% (21)

5

If you do not generally find what you are looking for on the pensions website pages www.oxfordshire.gov.uk/pensions , is this because

I find the pages difficult to navigate 23% (7)

The information I look for is not there 7% (2)

The basic information is there, but I need more detail 27% (8)

Other reasons 43% (13)

6

Have you visited www.lgpsmember.org - the national website for members of the LGPS?

Yes 45% (25)

No 55% (31)

7

Would you like a secure log-in to see your personal information on your pension record?

Yes 82% (47)

No 18% (10)

8

Would you like to make any other comments about the LGPS communications provided by Pension Services?

This question has been answered 20 times.

Comments made by members (Where appropriate we have responded in italics)

How would you prefer to receive information

- Carrier pigeon – *there are no plans to introduce this*
- Yammer – *we have not yet used Yammer but would consider under the right circumstances*
- By letter to my home address
- I would like a workshop face to face with someone who would explain my pension information – *this is available by arrangement*
- I would like a messenger system so I can email the pensions people with questions – *this is unlikely to be introduced. A messenger system would be difficult to monitor and disruptive to day to day working practices*
- Employers should have greater involvement in pension communication - *we are trying to encourage this*

Do you want to receive a separate newsletter

- Online - *Planned*
- I would like to be able to log in and see my account when I want to - not rely on some distant body that is difficult to communicate with. *Planned*
- Internet access please. *Planned*

What do you think about the information we send you

- Can i have an audio version – *no plans to introduce this*
- The information is not difficult in itself - the tricky bit is knowing how it applies to you because of the numerous changes.
- Make it more simple for us to understand. *This is a very complex area but we try to explain and keep things as simple as possible*
- Other than a welcome letter in July 2014, I've not received any further personal communication from you. *unfortunately no contact details were provided*
- Just started so have not seen any info to comment
- Don't generally receive much information from you.
- I don't generally read it but this time i did as we were told there was important info about pensions reporting

If you don't find what you are looking for, why do you think this is?

- there is nothing relevant for me
- the order is not always clear and logical
- I can find the info I need, but it can take a while because some pages are difficult to navigate
- I find it difficult to understand
- I want personal information about my account.
- I didn't know about the website
- Have not used the website
- I haven't needed to use the pensions website yet.
- I have not visited it yet
- While I find what I'm looking for in the end the website is not clearly sign posted and can have outdated information on some of the pages.
- I have not used the website
- I have not visited this website
- I haven't visited web pages
- I have only just started using it
- I do not use internet
- I don't usually visit the webpages as I haven't had something specific to look for there
- looking in the wrong places

We are aware of the navigation issues with our current website and would like to re-vamp it – this is a long term project.

Would you like a secure log in to see your personal information? What would you like to see?

Under this question, respondents requested the following, all of which are planned as we roll out our online service:

- Estimates of pension based on current contributions and likely future ones.
- Simulations to see impact of varying contributions.
- Information about the scheme and explanations for the lay person
- Documents such as Annual Benefit Statement and topical newsletters etc
- Check my personal details and update these online e.g. address changes.
- Check the pay information held for me.
- Current record of pension contributions and accrual.
- Check accuracy and make sure everything is correct at payment time planned
- Information on transferred pension and current pension and how they will pay out at retirement.
- What my family would get if I died in service etc
- My service record for the LGPS and details of my accumulated pension pot
- Access to any documents linked to pension eg death grant/ expression of wish."

Any other comments

- Employers should have greater involvement in pension communication, Do we gain confirmation from employers they have distributed information etc – *we encourage employers to distribute information and to engage with members regarding the pension scheme*
- Very useful articles and a timely reminder of need to plan ahead and take charge
- It would be good to have the opportunity to discuss pension in person i.e. workshops in the north of Oxfordshire not just oxford city. – *this is available on an ad hoc basis*
- It is time to move into the modern day - access to an internet account please. – *this is being introduced*
- It is very difficult to get hold of somebody via email! *Emails to the team are logged and dealt with in line with the team's KPIs. We discourage members from contacting individual team members*
- The explanation and comments on changes to pension regulation in the newsletters are much appreciated.
- There doesn't seem to be that much of interest to members.
- Generally happy - and I know that if I need to know something, I can ask. Thanks.
- I like the pensions newsletter - always informative and pitched right for me.
- It's very difficult to get answers to questions, and when I do, I don't understand the information. It's very distressing when you are being made redundant and you are trying to sort out your finances and you can't get the information you need to make time critical decisions. *unfortunately no contact details were provided*
- It is important that all relevant pension information/changes are provided to members with all updates highlighting any changes.
- Any personal information should be posted to my home and any general information can be emailed to me
- "I need to be able to understand the information and how the pension is calculated as the info on my annual statement makes no sense and would never be enough to retire comfortably on at all so I question why I bother with it. *unfortunately no contact details were provided*
- I would like to discuss pension information with someone as I fear that my pension will not be enough to live of in my future" one to one meetings are part of our standard offering – *unfortunately no contact details were provided*
- as someone who has acted as an executor for parents and carer I am acutely aware that for the elderly getting information electronically is just far too complex. When ever need to get information to them , it needs to be on paper . Please keep paper for older people including me. - *Members can opt out of online communications*

Comments made by employers

- Newsletter is good – short points with links to find more information
- Should be sent out at key times

- Need to be clearer on roles and responsibilities – *this is now incorporated into our Intro to LGPS training*
- Need improved navigation on website – *a revamp of the website is a long term project*
- Meetings are crucial and potentially need more of them – *employer meetings take place quarterly*
- Website needs higher profile on the calculations – *we received mixed views as to whether website should have more detail or less*
- More sessions for those practitioners new to the scheme – *increased to 8 per year*

Oxfordshire Pension Fund

Funding Strategy Statement

Introduction

1. The Oxfordshire Pension Fund is administered by Oxfordshire County Council under the relevant Local Government Pension Scheme Regulations. Under regulation 58 of the Local Government Pension Scheme Regulations 2013, the Administering Authority must publish and keep under a review a Funding Strategy Statement. The Regulations further stipulate that this statement must be prepared with due reference to the relevant CIPFA guidance as published in 2004 (as revised in 2012).
2. This current version of the Funding Strategy Statement for the Oxfordshire Pension Fund was approved by the Pension Fund Committee at its meeting on 23 June 2017. This statement replaces all previous versions of the Funding Strategy Statement, and is based on the initial version agreed in 2005, plus the changes agreed at the Pension Fund Committee meetings on 19 March 2010 and 8 March 2013 following a full consultation exercise with the scheme employers.
3. The Funding Strategy Statement will be subject to further review to allow for the impact of changes to the Local Government Pension Scheme itself, as well as the changing nature of membership of the Fund and the growing maturity of the Fund. Any material change will only be made after full consultation with all scheme employers.

Purpose of the Funding Strategy Statement

4. The three main purposes of this Funding Strategy Statement are to:
 - Establish a clear and transparent strategy, specific to the Fund, which will identify how employer pension liabilities are best met going forward.
 - Support the regulatory requirement in relation to the desirability of maintaining as nearly constant employer contribution rates as possible.
 - Take a prudent longer-term view of the funding of the Fund's liabilities.

Aims and Purpose of the Pension Fund

5. The aims of the Pension Fund are to:
 - Enable employer contribution rates to be kept as near stable as possible, at a reasonable cost to the scheme employers and taxpayers, whilst ensuring the overall solvency of the Fund. The Administering Authority recognises a number of conflicting aspects within this aim, and is responsible for managing the balance between such conflicts. Balance needs to be struck between investing in higher risk assets which over the long term reduce the cost to scheme employers and the tax-payer, against investing in low risk assets which will reduce short term fluctuations in contribution levels required. Similarly a balance

needs to be struck between maintaining stable contribution rates and raising rates to ensure solvency.

- Ensure there are sufficient resources available to meet all pension liabilities as they fall due. This includes ensuring sufficient liquid resources to meet regular pension payments, transfer payments out of the Fund, lump sum payments on retirement etc. as well as meeting any drawdown calls on the Fund's investments. It is the Administering Authority's policy that all payments are met in the first instance from incoming employer and employee contributions to avoid the expense of dis-investing assets. At the present time the annual contributions to the Fund significantly exceed the payments out, so facilitating this aim. The Fund also retains a working balance of cash to ensure sufficient resources are available to manage the irregular nature of the payments out of the Fund.
- Manage the individual employer liabilities effectively. This is undertaken by receiving regular advice from the actuary, and ensuring employers are separately billed in respect of ad hoc liabilities outside those taken into account as part of the tri-annual valuation e.g. hidden costs associated with early retirements.
- Maximise the income from investments within reasonable risk parameters. As noted above, the achievement of this aim needs to be balanced against the need to maintain as near stable employer contribution rates. To minimise risk, the Fund looks to ensure a diversification of investment classes, and individual assets. The Fund cannot restrict investments solely on social or ethical grounds. The Fund's principal concern is to invest in the best financial interests of its employing bodies and beneficiaries. Investment Managers should monitor and assess the social, environmental and ethical considerations which may impact on the long term financial performance of a company, and/or its reputation. Investment Managers should engage with companies on these issues where appropriate. Such a policy should ensure the sustainability of a company's earnings, and hence its merits as an investment.

6. The purpose of the Fund is to:

- Pay out monies in respect of pension benefits, transfer values and the costs of scheme administration and investments; and
- Receive monies in respect of contributions, transfer values and investment income.

Responsibilities of Key Parties

7. The effective management of the Pension Fund relies on all interested parties fully exercising their duties and responsibilities. The key parties involved are the Administering Authority, the individual employers within the Fund, and the Fund's Actuary.

8. The key responsibilities of the Administering Authority are to:

- Collect all contributions due to the Fund. This includes making sure all employers within the Fund are aware of the requirement under the Pensions Act that all contributions are paid over by the 19th of each month following the month the member was paid, and escalating matters of non-compliance to the Pension Fund Committee. The Administering Authority is also responsible for the collection of final contributions once an employer ceases membership of the Fund.
 - Invest all surplus monies within the Fund in accordance with the relevant Regulations, and the Fund's Investment Strategy Statement.
 - Ensure there is sufficient cash available to meet all liabilities as they fall due.
 - Maintain adequate records for each individual scheme member.
 - Pay all benefits and transfer payments in accordance with the Regulations.
 - Manage the Valuation process in consultation with the Fund's Actuary, providing all membership and financial information as requested by the Actuary, and managing all necessary communication between the Actuary and the individual Scheme Employers.
 - Prepare and maintain all policy documents as required under the Regulations including the Funding Strategy Statement, the Investment Strategy Statement, the Communication Policy, and Governance Compliance Statement, consulting scheme employers and other stakeholders as required.
 - Monitor all aspects of the performance of the Fund, and in particular the funding level of the Fund.
9. The key responsibilities of individual employers are to:
- Correctly deduct contributions from employee pay.
 - Pay all contributions due to the Fund, including both employee and employer contributions, and additional contributions in respect of the hidden costs of early retirements, promptly by their due date.
 - Exercise their discretion in line with the Regulatory Framework, including maintaining policies for early retirement, ill-health retirement, awarding of additional benefits etc.
 - Provide adequate membership records to the Administering Authority as required.
 - Notify the Administering Authority of all changes in membership details.
 - Notify the Administering Authority of all issues which may impact on future funding, or future membership of the scheme at the earliest possible date.
10. The key responsibilities of the Fund Actuary are to:
- Prepare triennial valuations including setting employer contribution rates, after agreeing assumptions with the Administering Authority and having regard to the Funding Strategy Statement.
 - Prepare advice and calculations in connection with bulk transfers and individual benefit-related matters.

Solvency and Target Funding Levels

11. The Fund must determine the level at which the Fund will be deemed solvent, and should then aim for a target funding level whereby the assets of the Fund, and anticipated future income streams (by way of investment income and contributions) meet this solvency level in respect of the anticipated liabilities of the Fund.
12. The Funding Strategy Statement must set out how solvency and target funding issues will be addressed across different classes of scheme employer, and the timescales against which any deficit recovery plan must be delivered.
13. Solvency Level – The Pension Fund Committee has determined that the solvency level should be set such that the value of current assets, and anticipated income streams is equal to 100% of the anticipated value of future liabilities. Any lower figure cannot be sustained in the longer term, and therefore would introduce an unacceptable level of risk into the management of the Fund and the delivery of the Funds aims.
14. Funding Level – The funding level is the percentage the current assets and future income streams form of the anticipated liabilities at any given time. The Actuary will calculate the current funding level based on a series of financial assumptions to be agreed with the Administering Authority. In particular the Actuary will seek to smooth short term variations in asset values rather than taking the strict market value at the point of valuation.
15. In discounting the value of the liabilities back to the point of the valuation, the Actuary will in general allow for an assumed premium investment return from equity and other higher risk assets held in the Fund. Where the future participation within the Fund is not assured, or at the point a cessation valuation is required, the Administering Authority retains the right to instruct the Actuary to complete a valuation on a low risk basis, such that the future liabilities are discounted by reference to current gilt yields, with no allowance for the premium investment return from higher risk assets. Where an employer is pooled, or where another scheme employer is prepared to underwrite the financial risks, valuations can still be undertaken on an on-going/higher risk basis, even where there is a question about the long term participation of an employer within the Fund.
16. The funding level of individual employers will in general be based on a shared investment experience (i.e. it is assumed that the total assets allocated to each employer have an identical proportion of each asset class), but the individual membership experience of each employer's individual scheme members (i.e. liabilities will reflect the individual retirement decisions of scheme employers/members, patterns of ill-health retirements etc, so that no one employer is required to subsidise the decisions of another – although see pooling arrangements below).

17. Deficit Recovery Plans – Where the triennial valuation identifies the funding level of any given employer has fallen below the target funding level a deficit recovery plan must be agreed. The Committee has agreed that in normal circumstances any deficit recovery plan must aim to restore the funding level to the 100% target within a maximum of 25 years.
18. The Administering Authority retains the right to require a shorter recovery period where it has concerns about the financial standing of the employer, or where it has concerns regarding the level of an employer's participation in the Fund going forward (e.g. significant decline in membership numbers, admission is linked to a short term service contract etc). Individual employers have the right to negotiate a lower recovery period than the standard period if they so wish.
19. In cases of exceptional financial hardship, and where the fall in funding level is seen to have been heavily influenced by short term factors which will not remain in the longer term, the Administering Authority does have the discretion to agree a longer recovery period than the standard 25 years, to maintain a more stable employer contribution rate, and maintain the solvency of the scheme employer. It should be noted that this discretion will not be exercised where the Administering Authority believes the nature of the pressure on the funding level is long term in nature, and the extension of the recovery period is simply going to shift the increase in contribution rates to a later period.
20. The Actuary, in consultation with the Administering Authority may choose to vary the recovery period downwards for any individual employer in order to maintain as near stable contribution rate as possible.
21. The Administering Authority also has the discretion to agree stepping arrangements with individual employers, to enable them to manage an increase in their contribution rate over a number of years. The standard stepping period will be a period of 3 years, but in exceptional circumstances the Administering Authority has the discretion to increase this to 6 years. This again should be seen as a mechanism for maintaining as near stable contribution rates as possible, rather than a means for delaying an inevitable increase in contribution rates, so ensuring the long term solvency of the Fund.
22. The Administering Authority has the discretion to instruct the Actuary to set a contribution rate that recovers the deficit to the target funding level by way of a cash figure, rather than the traditional percentage of pensionable pay. This protects the Fund from the risk of under-recovery where the pensionable pay of the employer falls during the recovery period. Since the 2010 Valuation, the Administering Authority agreed that the deficit payments for all smaller employers, unless grouped or pooled, must be made by way of a cash amount, whilst allowing the larger employers, pools and groups to determine between a cash amount and a percentage of pensionable pay.
23. Grouping/Pooling – Whilst in general the funding level of each individual employer will be based on its own membership experience, it is recognised

that this can create high volatility in an employer's contribution rate, and therefore their financial standing and/or their continued participation in the Fund.

24. Some of the most vulnerable employers within the Fund are the small transferee admission bodies, who have been admitted to the Fund following the successful bid for an outsourcing contract from one of the scheduled scheme employers. Not only are such employers exposed to the risks associated with their size, but because of the fixed term nature of their participation in the Fund (in line with the length of their service contract) they are less able to benefit from the discretions available in managing any subsequent deficit recovery plan.
25. The Administering Authority therefore has the discretion, following consultation with the sponsoring scheme employer, to allow such transferee admission bodies to be grouped with their sponsoring employer. As transferee admission agreements require the sponsoring employer to underwrite any future pension costs associated with the transferee admission body, such grouping arrangements involve no greater risk whilst maintaining more stable contribution rates in regards to the delivery of the outsourced service. At the end of any such admission agreement, any cessation valuation can be under-taken on the standard high risk basis, or the assets and liabilities can be retained within the group and the deficit carried forward and allocated as part of the re-tendering of the service.
26. The Fund has also pooled together the smaller scheduled/designated employers, and separately the remaining smaller admitted bodies. Each employer within the pool shares the same membership experience, so for example the costs of a single expensive ill-health retirement are shared across all employers in the pool rather than falling to the employer who employed the scheme member at the point of their retirement.
27. Following a consultation exercise at the beginning of 2013, the Administering Authority determined that all Academy Schools with 50 or less LGPS members should be required to pool as a standalone group. A small Academy School can seek the approval of the Administering Authority to permanently opt out of the pool where the Administering Authority is satisfied there is a suitable financial case, with all future pension liabilities underwritten by the Academy Trust. Any Academy School with over 50 LGPS members has the right to opt to join the pool on a permanent basis.
28. The Administering Authority will also consider applications from individual academy schools under a single Umbrella Trust to operate a single pool for all academies within the Umbrella Trust. (The Administering Authority will treat a Multi-Academy Trust as a single employer and therefore with its own individual employer contribution which applies to all schools within the Trust – subject to total members exceeding 50).
29. If an employer ceases to be a member of the Fund (whether through choice, the ending of a service contract, or the departure of their last active member),

the Administering Authority will instruct the Actuary to carry out a cessation valuation, unless the deficit is held as part of a grouped arrangement for a transferee admission body. As noted above, the cessation valuation will be undertaken on a low risk basis, unless another scheme employer has underwritten the financial risk, or the employer is a member of a pool. The Administering Authority will explore payment plan proposals to meet the cessation cost over an agreed period of time, to reduce the risk of non-payment and ensure the Fund maximises the receipt of money due.

30. Where a scheme employer fails to meet the cessation valuation, the cost will fall to the sponsoring employer in the case of a transferee admission body, the other members of the pool for a pooled body, and the Fund as a whole in all other cases. Similarly, where liabilities accrue in respect of scheme members where their former employer is no longer a scheme employer (orphan liabilities), these liabilities will fall to be met by a sponsoring employer, specific pool or Fund as a whole in line with unmet cessation costs.

Links to Investment Policy as set out in the Investment Strategy Statement

31. This Funding Strategy Statement has been prepared in light of the Fund's Investment Strategy Statement (ISS). This document sets out the strategic allocation of the Fund's investments, the restrictions on investment, and the benchmarks against which Fund Management performance will be measured. A target outperformance of 1.3% above these benchmarks has been set for the Fund as a whole.
32. As noted above, the Actuary takes note of the actual investment allocation and the split between high and low risk assets in determining the discount factor to be applied to scheme liabilities. This allocation is in turn determined by the Investment Strategy Statement. As the Fund becomes more mature (i.e. the ratio of pensioners/deferred members to active members increases), the investment approach as set out in the Investment Strategy Statement will move to reduce the overall level of risk. This in turn may worsen the funding level, and require an increase in contribution rates to ensure solvency of the Fund as a whole.
33. The Fund has previously consulted on changing the Funding Strategy Statement to allow multiple investment approaches to reflect the different levels of maturity of individual scheme employers. The consultation identified no real appetite for such a change, nor a current need, and as such, the Fund maintains a single investment strategy for the whole Fund.

Identification of Risks and Counter-Measures

34. The Administering Authority recognises a number of risk areas in the establishment of its funding strategy. These risks fall broadly under the headings of financial, demographic, regulatory and governance.

35. The key financial risks are around the variations to the main financial assumptions used by the actuary in completing their valuation. This includes the financial markets not achieving the expected rate of return, and/or individual Fund Managers failing to meet their performance targets. The main approach to counter this risk is to ensure diversification of the investment portfolio, and the employment of specialist Fund Managers. The Pension Fund Committee with advice from their officers, and their Independent Financial Advisor monitor performance on a quarterly basis.
36. In completing their valuation, the Actuary does provide a sensitivity analysis around the key financial assumptions, including future inflation forecasts. The Actuary also produces a quarterly monitoring report to consider movements in the Funding Level since the last valuation.
37. The demographic risks largely relate to changing retirement patterns and longevity. The Actuary reviews past patterns at each Valuation and adjusts their future forecasts accordingly. Where possible, employers are charged with the cost of retirement decisions made outside the valuation assumptions and in particular, are required to meet the hidden costs of early retirements.
38. The regulatory risks are in respect of changes to the LGPS Regulations themselves, as well as the impact of changes in taxation and national insurance rules, and national pension issues (e.g. the current auto-enrolment changes). The Administering Authority monitors all consultation documents which impact on the Fund, and responds directly to the Government where appropriate. The Administering Authority will seek advice from the Actuary on the potential impact of regulatory changes.
39. The main governance risks arise through unexpected structural changes in the Fund membership through large scale out-sourcings, redundancy programmes or closure of admission agreements. The main measures to counter such risks are regular communications between the Administering Authority and scheme employers, as well as monitoring of the monthly contribution returns to indicate changing trends in membership.
40. The main governance risks can be mitigated to an extent, by the ability to set shorter recovery periods where there are doubts about an employer's future participation in the Fund, as well as the requirement to pay all deficit contributions by way of a cash figure rather than as a percentage of the pensionable pay bill.

Monitoring and Review

41. The Administering Authority has undertaken to review this Funding Strategy Statement at least once every three years, in advance of the formal valuation of the Fund.
42. The Administering Authority will also monitor key events and consider an interim review of the Funding Strategy Statement where deemed necessary. Such key events include:

- a significant change in market conditions,
- a significant change in Fund membership,
- a significant change in Scheme benefits, and
- a significant change to the circumstances of one or more scheme employers.

June 2017

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Investment Strategy Statement

Introduction

The Pension Fund Committee has drawn up this Investment Strategy Statement (ISS) to comply with the requirements of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 and the accompanying Guidance on Preparing and Maintaining an Investment Strategy Statement. The Authority has consulted its Actuary and Independent Financial Adviser in preparing this statement.

The ISS is subject to periodic review at least every three years and more frequently if there are any developments that impact significantly on the suitability of the ISS currently in place. Investment performance is monitored by the Committee on a quarterly basis and may be used to check whether actual results are in-line with those expected under the ISS.

The Committee will invest any Fund money not immediately required to make payments from the Fund in accordance with the ISS. The ISS should be read in conjunction with the Fund's Funding Strategy Statement.

Governance Overview

Oxfordshire County Council is the designated statutory body responsible for administering the Oxfordshire Pension Fund. The Pension Fund Committee acts on the delegated authority of the Administering Authority and is responsible for setting investment policy, appointing suitable persons to implement that policy and carrying out regular reviews and monitoring of investments.

The Director of Finance has delegated powers for investing the Oxfordshire Pension Fund in accordance with the policies determined by the Pension Fund Committee. The Committee is comprised of nine County Councillors plus two District Council representatives. A beneficiaries' representative attends Committee meetings as a non-voting member.

The Committee meets quarterly and is advised by the Director of Finance and the Fund's Independent Financial Adviser. The Committee members are not trustees, although they have similar responsibilities.

Investment Objectives

The Fund's primary objective is to ensure that over the life of the Fund it has sufficient funds to meet all pension liabilities as they fall due. In seeking to achieve this aim, the investment objectives of the Fund are:

1. to achieve and maintain a 100% funding level;
2. to ensure there are sufficient liquid resources available to meet the Fund's current liabilities and investment commitments;

3. for the overall Fund to outperform the benchmark, set out in the next section, by 1.3% per annum over a rolling three-year period.

Asset Allocation

The decision on asset allocation determines the allocation of the Fund's assets between different asset classes. The Committee believes that this is the single most important factor in the determination of the Fund's investment outcomes. In setting the asset allocation the Fund has considered advice from its Independent Financial Adviser and has used long-term cashflow modelling provided by the Fund's Actuary.

Every three years, following the actuarial valuation, there is a fundamental review of how the assets are managed. This review considers the most appropriate asset allocation for the Fund in order to achieve its investment objectives and considers advice from the Fund's Independent Financial Adviser. A balance is sought between risk, return and liquidity. The most recent review was undertaken in March 2017.

Diversification is the Fund's primary tool for managing investment risk. Diversification can improve returns and reduce portfolio volatility by ensuring that investment risk is not concentrated in a particular asset class or investment style and by reducing exposure to losses through poor performance of an individual asset class. In considering asset class correlations it is acknowledged that these vary over time and as such, are not indicators of how assets will behave relative to each other in the future. Taking this into account, the Committee believes that spreading investments over a wide range of asset classes is the most appropriate way to benefit from diversification having considered the factors that may cause values for various asset classes to move in the future.

The Committee has developed the following guidelines to assist in ensuring appropriate diversification is maintained:

1. Exposure to a single security will be limited to 10% of the total portfolio.
2. No single investment shall exceed 35% of the Fund's total portfolio.
3. Not more than 10% of the Fund may be held as a deposit in any single bank, institution or person.

In considering the asset classes used to build the Fund's overall portfolio, consideration has been given to the suitability of those investments given the Fund's investment objectives and advice has been taken from the Fund's Independent Financial Adviser. The fund broadly defines assets as either return-seeking or liability-matching assets and seeks to develop an appropriate balance between these categories. Each asset class should be understood by the Committee, be consistent with the Fund's risk/return objectives, and provide the most effective solution for delivering a target outcome.

The Fund currently constructs its investment portfolio using eleven distinct asset classes. A target allocation and range is set for each asset class as shown in the table below.

Asset Class	Target Allocation (%)	Range (%)
UK Equities	26	24 - 28
Overseas Equities	28	26 - 30
Total Equities	54	50 - 58
UK Gilts Corporate Bonds Index-Linked Bonds Overseas Bonds	To be Determined	
Total Bonds	21	19 - 23
Property	8	6 - 10
Private Equity	9	6 - 11
Multi-Asset	5	4 - 6
Infrastructure	3	2 - 4
Cash	0	0 - 5
Total Other Assets	25	18 - 31

Investment Implementation

To implement its asset allocation the Fund has a range of options available to access the different asset classes. This ranges from undertaking investments in-house to using external Fund Managers or selecting externally managed pooled funds. Options to manage investments in-house need to be considered against the capacity and skills available to the Fund. At present the majority of assets are managed externally by Fund Managers.

In selecting Fund Managers the Pension Fund considers whether they are suitably qualified to make investment decisions on behalf of the Fund and takes advice as considered appropriate. The fund is primarily interested in the net return delivered by an investment. While the return side of the equation is less controllable the cost side is more certain. The Fund is conscious of the compounding effect that fees have on total investment performance and considers the most cost effective way to invest in an asset class while maintaining the same level of exposure to the desired outcome.

When selecting investments for some asset classes there is a choice available between active and passive management. The Fund believes that active management can provide benefits above passive management in some situations. Active management gives the potential for outperformance relative to the passive benchmark through the selection of holdings expected to outperform the general market and through the use of cash to protect against downside risk. In considering the most appropriate type of mandate the Fund will consider the potential for outperformance, fees and risk. For some investment classes there are not passive investment solutions currently available but the Fund will monitor the market to identify any new products that are developed in the passive arena.

The individual managers' performance, current activity and transactions are monitored quarterly by the Pension Fund Committee.

The assets are currently managed as set out in the following table.

Asset Class	Investment Manager	Benchmark	Annual Target
UK Equities	Baillie Gifford	FTSE All-Share	+1.25%
	Legal & General Investment Management	FTSE All-Share	Passive
Overseas Equities	Legal & General Investment Management	FTSE AW-World (ex-UK) Index	Passive
Global Equities	Wellington	MSCI All Countries World Index	+ 2.0%
	UBS	MSCI All Countries World Index	+ 3.0%
Bonds & Index Linked - UK Gilts - Index Linked - Corporate bonds - Overseas bonds	Legal & General	FTSE A All Gilts Stocks FTSE A Over 5 year IBoxx Sterling Non-Gilts JPMorgan Global Govt (ex UK) traded bond	+ 0.6%
Property	UBS Global Asset Management	IPD UK All Balanced Funds Index	+1.0%
Private Equity - Quoted Inv. Trusts	Director of Finance	FTSE Smaller Companies (Including Investment Trusts)	+ 1.0%
- Limited Partnerships	Adams Street Partners Group		
Diversified Growth Fund	Insight	3 month Libor	+ 3.0 – 5.0%
Cash	Internal	3 month Libor	-

Target performance is based on rolling 3-year periods

Rebalancing

The primary goal of the rebalancing strategy is to minimize risk relative to a target asset allocation, rather than to maximize returns. Asset allocation is the major determinant of the portfolio's risk-and-return characteristics. Over time, asset classes produce different returns, so the portfolio's asset allocation changes. Therefore, to recapture the portfolio's original risk-and-return characteristics, the portfolio needs to be rebalanced.

The Fund has set ranges for the different assets included in the asset allocation, these are not hard limits but there would need to be a clear rationale for maintaining an allocation outside the ranges for any significant length of time. The fund takes a pragmatic approach to rebalancing and is cognisant that rebalancing latitude is important and can significantly affect the performance of the portfolio. Blind adherence to narrow ranges increases transaction costs without a documented increase in performance. While a rebalancing range that is too wide may cause undesired changes in the asset allocation fundamentally altering its risk/return characteristics.

Rebalancing meetings take place on a quarterly basis where the most recent asset allocation is reviewed against the target allocations and the ranges in place. A number of factors are taken into account in the decision on whether to rebalance which includes, but is not limited to; current and forecast market dynamics, and known future investment activity at the Fund level.

Where a decision is made to undertake rebalancing the Fund aims to use cash to rebalance as far as possible, as this will minimise transaction costs and keep the cash holding closer to target avoiding the need for future transactions with associated costs. The rebalancing action will not necessarily take place immediately after a decision has been made as consideration is given to market opportunities and transaction costs.

Restrictions on Investments

The Regulations have removed the previous restrictions that applied under the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009. These restrictions set limits for types of investment vehicles but not for asset classes. The Committee's approach to setting its investment strategy and assessing the suitability of different types of investment takes into account the various risks involved and rebalancing is undertaken as described above to ensure asset allocations are kept at appropriate levels. When making investment decisions the suitability of the proposed investment structure is considered to ensure that it is the most efficient in meeting the Fund's objectives. Therefore, it is not felt necessary to set any additional restrictions on investments.

In accordance with the regulations the Fund is not permitted to invest more than 5% of the total value of all investments of fund money in entities which are connected with the Administering Authority within the meaning of section 212 of the Local Government and Public Involvement in Health Act 2007(d).

Risk

The overall risk for the Fund is that its assets will be insufficient to meet its liabilities. The Funding Strategy Statement, which is drawn up following the triennial actuarial valuation of the Fund, sets out how any deficit in assets compared with liabilities is to be addressed.

Underlying the overall risk, the Fund is exposed to demographic risks, regulatory risks, governance risks and financial risks (including investment risk). The measures taken by the Fund to control these risks are included in the Funding Strategy Statement and are reviewed periodically by the Committee via the Fund's risk register. Further details on the risk management process and risks faced by the Pension Fund are also included in the Annual Report and Accounts document produced by the Fund. The primary investment risk is that the Fund fails to deliver the returns anticipated in the actuarial valuation over the long term. The Committee anticipates expected market returns on a prudent basis to reduce the risk of underperforming expectations.

It is important to note that the Fund is exposed to external, market driven, fluctuations in asset prices which affect the liabilities (liabilities are estimated with reference to government bond yields) as well as the valuation of the Fund's assets. Holding a proportion of the assets in government bonds helps to mitigate the effect of falling bond yields on the liabilities to a certain extent. Further measures taken to control/mitigate investment risks are set out in more detail below:

Concentration

The Committee manages the risk of exposure to a single asset class by holding different categories of investments (e.g. equities, bonds, property, alternatives and cash) and by holding a diversified portfolio spread by geography, currency, investment style and market sectors. Each asset class is managed within an agreed permitted range to ensure that the Fund does not deviate too far away from the Benchmark, which has been designed to meet the required level of return with an appropriate level of exposure to risk, taking into consideration the level of correlation between the asset classes.

Volatility

The Benchmark contains a high proportion of equities with a commensurate high degree of volatility. The strong covenant of the major employing bodies and the current forecast cashflow position enables the Committee to take a long term perspective and to access the forecast inflation plus returns from equities.

Performance

Investment managers are expected to outperform the individual asset class benchmarks detailed in the overall Strategic Asset Allocation Benchmark. The Committee takes a long term approach to the evaluation of investment performance but will take steps to address persistent underperformance. Investment managers are required to implement appropriate risk management measures and to operate in such a way that the possibility of undershooting the performance target is kept within acceptable limits. The Fund Managers report on portfolio risk each quarter and are required to provide internal control reports to the Fund for review on an annual basis.

A proportion of assets are invested passively to reduce the risks from manager underperformance.

Illiquidity

Close attention is paid to the Fund's projected cash flows; the Fund is currently cash flow positive, in that annually there is an excess of cash paid into the Fund from contributions and investment income after pension benefits are paid out. The Fund expects to be cash flow positive for the short to medium term. Despite the significant proportion of illiquid investments in the Fund, a large proportion of the assets are held in liquid assets and can be realised quickly, in normal circumstances, in order for the Fund to pay its immediate liabilities.

Currency

The Fund's liabilities are denominated in sterling which means that investing in overseas assets exposes the Fund to a degree of currency risk. The Committee regards the currency exposure associated with investing in overseas equities as part of the return on the overseas equities; the currency exposure on overseas bonds is hedged back to sterling.

Custody

The risk of losing economic rights to the Fund's assets is managed by the use of a global custodian for custody of the assets. Custodian services are provided by BNP Paribas Securities Services. In accordance with normal practice, the Scheme's share certificates are registered in the name of the custodian's own nominee company with designation for the Scheme. Officers receive and review internal control reports produced by the custodian. The custodian regularly reconciles their records with the investment manager records, providing a regular report to officers which they in turn review.

Stock Lending

The Council allows the Custodian to lend stock and share the proceeds with the Council. This is done to generate income for the Fund and to minimise the cost of custody. To minimise risk of loss the counterparty is required to provide suitable collateral to the Custodian. The levels of collateral and the list of eligible counterparties have been agreed by the Fund. The Committee will ensure that robust controls are in place to protect the security of the Fund's assets before entering into any stock lending arrangements.

Pooling

The Oxfordshire Pension Fund is working with nine other administering authorities to pool investment assets through the Brunel Pension Partnership Ltd. (BPP Ltd). This is currently work in progress with the intention of meeting the Government's requirement for the pool to become operational and for the first assets to transition to the pool from April 2018.

Once the Brunel Pension Partnership Ltd. is established the Oxfordshire Pension Fund, through the Pension Committee, will retain the responsibility for setting the detailed Strategic Asset Allocation for the Fund and allocating investment assets to the portfolios provided by BPP Ltd.

The Brunel Pension Partnership Ltd will be a new company which will be wholly owned by the Administering Authorities. The company will seek authorisation from the Financial Conduct Authority (FCA) to act as the operator of an unregulated Collective Investment Scheme. It will be responsible for implementing the detailed Strategic Asset Allocations of the participating funds by investing Funds' assets within defined outcome focused investment portfolios. In particular it will research and select the Manager Operated Funds needed to meet the requirements of the detailed Strategic Asset Allocations. These Manager Operated Funds will be operated by professional external investment managers. The Oxfordshire Pension Fund will be a client of BPP Ltd and as a client will have the right to expect certain standards and quality of service. A detailed service agreement is being drafted which will set out the duties and responsibilities of BPP Ltd, and the rights of the Oxfordshire Pension Fund as a client. It includes a duty of care of BPP to act in its clients' interests.

An Oversight Board will be established. This will be comprised of representatives from each of the Administering Authorities. It will be set up by them according to an agreed constitution and terms of reference. Acting for the Administering Authorities, it will have ultimate responsibility for ensuring that BPP Ltd delivers the services required to achieve investment pooling. It will therefore have a monitoring and oversight function. Subject to its terms of reference it will be able to consider relevant matters on behalf of the Administering Authorities, but will not have delegated powers to take decisions requiring shareholder approval. These will be remitted back to each Administering Authority individually.

The Oversight Board will be supported by the Client Group, comprised primarily of pension investment officers drawn from each of the Administering Authorities but will also draw on Administering Authorities finance and legal officers from time to time. It will have a primary role in reviewing the implementation of pooling by BPP Ltd, and provide a forum for discussing technical and practical matters, confirming priorities, and resolving differences. It will be responsible for providing practical support to enable the Oversight Board to fulfil its monitoring and oversight function.

The proposed arrangements for asset pooling for the Brunel pool have been formulated to meet the requirements of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 and Government guidance. Regular reports have been made to Government on progress towards the pooling of investment assets, and the Minister for Local Government has confirmed that the pool should proceed as set out in the proposals made.

Oxfordshire County Council has approved the full business case for the Brunel Pension Partnership. It is anticipated that investment assets will be transitioned across from the Oxfordshire Pension Fund's existing investment managers to the portfolios managed by BPP Ltd between April 2018 and March 2020 in accordance with a timetable that will be agreed with BPP Ltd. Until such time as transitions take place, the Oxfordshire Pension Fund will continue to maintain the relationship with its current investment managers and oversee their investment performance, working in partnership with BPP Ltd. where appropriate.

Following the completion of the transition plan outlined above, it is envisaged that all of the Oxfordshire Pension Fund's assets will be invested through BPP Ltd. However, the Fund has certain commitments to long term illiquid investment funds which will take longer to transition across to the new portfolios to be set up by BPP Ltd. These assets will be managed in partnership with BPP Ltd. until such time as they are liquidated, and capital is returned.

ESG Policy

The Committee recognises that environmental, social and corporate governance (ESG) issues, including climate change, can have materially significant investment implications. The Fund therefore seeks to be a responsible investor and to consider ESG risks as part of the investment process across all investments. The objective of responsible investment is to decrease investor risk and improve risk-adjusted returns. Responsible investment principles are at the foundation of the Fund's approach to stewardship and underpin the Fund's fulfilment of its fiduciary duty to scheme beneficiaries.

The Committee's principal concern is to invest in the best financial interests of the Fund's employing bodies and beneficiaries. Its Investment Managers are given performance objectives accordingly. The Council requires its Investment Managers to monitor and assess the environmental, social and governance considerations, which may impact on financial performance when selecting and retaining investments, and to engage with companies on these issues where appropriate. The Council believes that the operation of such a policy will ensure the sustainability of a company's earnings and hence its merits as an investment.

The Investment Managers report at quarterly intervals on the selection, retention and realisation of investments on the Council's behalf and on any engagement activities undertaken. These Reports/Review Meetings provide an opportunity for the Council to influence the Investment Manager's choice of investments and to review/challenge their stewardship activities but the Council is careful to preserve the Investment Manager's autonomy in pursuit of their given performance.

Just because concerns have been registered about a company's performance on ESG issues, doesn't mean our fund managers will be instructed not to invest in that company. It is then through active ownership we aim to drive change. Where engagement is not seen to be resulting in sufficient progress, and so the risk associated with a holding is increasing or not reducing sufficiently, the Fund will consider divesting.

As a passive investor, the Fund accepts that it will hold companies of varying ESG quality due to the requirement to hold all securities in the target index. The committee believes that passive investing offers a number of benefits that need to be weighed against this and requires passive managers to demonstrate effective engagement, as is the case for active managers. It is important to note that ownership of a security in a company does not signify that the Oxfordshire Pension Fund approves of all of the company's practices or its products

The Committee is open to investing in Social Investments; investments where social impact is delivered alongside financial return. The Committee further believes that the goal of social impact is inherently compatible with generating sustainable financial returns by meeting societal needs. The Fund has made investments in this area and will continue to review whether further opportunities are available that offer an appropriate risk/return profile. Stakeholders' views are taken into account through the representation of different parties on the Pension Fund Committee, which includes a beneficiaries' representative, and the Local Pension Board, which consists of equal numbers of employer and member representatives.

The Fund will not use pension policies to pursue boycotts, divestment and sanctions against foreign nations and UK defence industries, other than where formal legal sanctions, embargoes and restrictions have been put in place by the Government.

One of the principal benefits, outlined in the Brunel Pension Partnership business case, achieved through the enhanced scale and resources as a result of pooling is the improved implementation of responsible investment and stewardship. Once established and fully operational the Brunel Company will deliver best practice standards in responsible investment and stewardship as outlined in the BPP Investment Principles.

Every portfolio under the Brunel Pension Partnership explicitly includes responsible investment and an assessment of how social, environment and corporate governance considerations may present financial risks to the delivery of the portfolio objectives. These considerations will therefore be taken into account in the selection, non-selection, retention and realisation of assets. The approach undertaken will vary in order to be the most effective in mitigating risks and enhancing investor value in relation to each portfolio and its objectives.

Policy on Exercise of Rights

As an investor with a very long-term investment horizon and expected life, the success of the Oxfordshire Pension Fund is linked to long term global economic growth and prosperity. Actions and activities that detract from the likelihood and potential of global growth are not in the long-term interests of the Fund. Since the Fund is a long-term investor, short-term gains at the expense of long-term gains are not in the best interest of the Fund. Sustainable returns over long periods are in the economic interest of the Fund.

The Fund recognises that encouraging the highest standards of corporate governance and promoting corporate responsibility by investee companies protects the financial interests of pension fund members over the long term. Stewardship activities include monitoring and engaging with companies on matters such as strategy, performance, risk, capital structure and corporate governance, including culture and remuneration.

The Fund's commitment to actively exercising the ownership rights attached to its investments reflects the Fund's conviction that responsible asset owners should maintain oversight of the way in which the enterprises they invest in are managed

and how their activities impact upon customers, clients, employees, stakeholders, and wider society.

The routes for exercising ownership influence vary across asset types and a range of activities are undertaken on the Fund's behalf by Fund Managers including engagement with senior management of companies, voting of shares, direct representation on company boards, presence on investor & advisory committees and participation in partnerships and collaborations with other investors. Where the Pension Fund invests in pooled vehicles it will seek to gain representation on investor committees if considered appropriate.

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.

The Fund will exercise its voting rights in all markets and its investment managers are required to vote at all company meetings where practicable. Market conventions in some countries may mean voting shares is not in the best interests of the Fund, for example where share-blocking is in operation.

The Fund has appointed an external company to monitor the Fund's proxy voting at the whole fund level. The Fund receives reports detailing where votes cast by Fund Managers differ to the template vote recommended by the provider. The monitoring service also includes the production of an annual report for the Fund summarising and analysing the voting activity for the Fund including at Fund Manager level. These reports are used to inform the Fund and to enable discussion with Fund Managers where appropriate.

Our approach to Stewardship, including the exercising of rights attached to investments is outlined above and is consistent with the requirements of the UK Stewardship Code. During 2017 we will develop this further by becoming signatories to the code and clearly demonstrating our position in relation to all seven principles. As part of the Brunel Pension Partnership (BPP) we are actively exploring opportunities to enhance our stewardship activities.

March 2017

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Oxfordshire Pension Fund

Governance Policy Statement

Introduction

1. This is the Governance Policy Statement of the Oxfordshire Local Government Pension Scheme (LGPS) Pension Fund, as required under Section 55 of the Local Government Pension Scheme Regulations 2013.
2. As required by the Regulations, the Statement covers:
 - Whether the Administering Authority delegates its functions in relation to maintaining a pension fund to a committee, sub-committee or officer of the Authority;
 - The frequency of any committee/sub-committee meetings;
 - The terms of reference, structure and operational procedures in relation to the use of the delegated powers; and
 - Whether the Committee includes representatives of scheme employers, and scheme members, and if so, whether they have voting rights.

Governance of the Oxfordshire Pension Fund

3. Under the Government requirements for a Cabinet structure in local government, the management of the pension fund is seen as a non-executive function i.e. the Cabinet or equivalent body should not carry it out.
4. Oxfordshire County Council, acting as Administering Authority for the Fund, has determined to delegate all functions relating to the maintenance of a pension fund to the Pension Fund Committee.

Oxfordshire Pension Fund Committee – Terms of Reference

5. Under the terms of the County Council's constitution, the terms of reference for the Pension Fund Committee are:
 - The functions relating to local government pensions etc specified in Paragraph 1 in Schedule H of Schedule 1 to the Functions Regulations, together with functions under Section 21 of the Oxfordshire Act 1985 (division of county superannuation fund).
 - The functions under the Fireman's Pension Scheme specified in Paragraph 2 in Section H of Schedule 1 to the Functions Regulations.

6. A more detailed interpretation of these terms of reference includes the following:
 - a) respond as appropriate to the Government on all proposed changes to the Local Government Pension Scheme
 - b) regularly review and approve the asset allocation for the pension fund's investment
 - c) approve and maintain the fund's Investment Strategy Statement
 - d) approve and maintain the fund's Funding Strategy Statement
 - e) approve and maintain the fund's Governance Policy Statement
 - f) approve and maintain the fund's Communications Policy Statement
 - g) appoint fund managers to manage the fund's investments, and to agree and review the terms of appointment for each fund manager
 - h) review the performance of the fund, and its fund managers
 - i) appoint an actuary, independent financial advisor(s), and custodians for the fund
 - j) approve an annual report and statement of accounts for the fund
 - k) approve an annual budget and business plan for the investment and administration of the fund
 - l) consider, and if appropriate, approve applications of employers to become admitted bodies to the fund
 - m) consider all other relevant matters to the investment and administration of the fund.

Membership of the Committee

7. The Committee's members shall be appointed by full Council and shall comprise
 - 9 County Councillors
 - 2 Representatives of the City and District Councils of Oxfordshire.

These 11 members of the Committee shall have full voting rights. The County Councillors will be appointed such that the majority party on the Council has a majority of seats on the Committee before taking into account the political party of the City/District representatives.

8. The beneficiaries of the Fund will also have the right to be represented by an observer to the Committee. As employees of the County Council are prohibited from having voting rights on Council Committees, and as active employees of the County Council are the single largest group of stakeholders within the Fund, providing voting rights to the Observer could prejudice the appointment against the largest stakeholder group. Therefore the Observer will not have any voting rights, but has the right to speak on any issue, subject to the approval of the Chairman of the Committee. The Beneficiaries Observer will be appointed through the appropriate trade union(s).

Operational Procedures

9. The Committee will operate under the terms of conduct set out for all Committees of the County Council. The Committee will meet quarterly, with formal agendas published in advance according to the requirements on all County Council Committees. The Committee will meet in public, unless required to go into exempt session in accordance with Part 1 of Schedule 12A of the Local Government Act 1972.
10. At each meeting, the Committee will receive reports on the investment performance of the Fund. Fund Managers will be invited to attend to present information on the performance of their own portfolio, and to answer all appropriate questions from the Committee. The Committee shall determine the frequency by which each fund manager will be required to attend its meetings.
11. Each meeting of the Committee will be attended by the appointed independent financial advisor(s) who will provide advice on all investment matters. This advice will include drawing to the committee's attention, all appropriate matters associated with the performance of the individual fund managers.
12. Any member of the public has the right to seek to address the Committee by making a formal request in advance of the meeting.

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

Local Pension Board

14. Under the Local Government Pension Scheme (Amendment) (Governance) Regulations 2015, the Committee have established a Local Pension Board. The role of the Board is to assist the Pension Committee (in its role as Scheme Manager), to secure compliance with the Regulations and all associated legislation, and to ensure the efficient and effective governance and administration of the scheme.
15. The Board has been established with 3 employer representatives, 3 scheme member representatives and a non-voting independent chairman.
16. The Board will meet on a quarterly basis, or more frequently as required. The full constitution of the Board is available on the Pension Fund's website.

Informal Governance Arrangements

17. As well as the formal governance arrangements as set out above, the Pension Fund Committee will hold an Annual Forum to which all scheme employers are invited. This Forum will cover a review of investment performance, as well as any other items relevant at that time.
18. The Committee will also hold ad hoc communication and consultation meetings to which all employers will be invited, and issue ad hoc communication and consultation documents to all employers, where it is deemed appropriate to obtain the views of all employers, before undertaking the responsibilities as set out above.

June 2017

Oxfordshire Pension Fund

Governance Compliance Statement

Principle A – Structure

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

Please use this space to explain reasons for non-compliance

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

Oxfordshire County Council acting as Administering Authority has determined to delegate all functions relating to the management of the Pension Fund to the Pension Fund Committee.

Principle B – Representation

a.	<p>That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include:</p> <ul style="list-style-type: none"> • Employing authorities (including non-scheme employers e.g. admitted bodies) • Scheme members (including deferred and pensioner scheme members) • Where appropriate, Independent professional observers, and • Expert advisors (on an ad hoc basis) 	Partly compliant
b.	<p>That where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers and meetings, training and are given full opportunity to contribute to the decision making process, with or without voting rights.</p>	Compliant

Please use this space to explain reasons for non-compliance

The Pension Fund Committee contains representatives of the County Council (9 Members) and the 5 City and District Councils (2 Members). The Committee is also attended by a Beneficiaries Observer, appointed by the Unions to represent all scheme members (including deferred and pensioners). The Committee though does not include any representation from other key stakeholders, including Brookes University, the colleges, the Housing Associations, the small scheduled bodies and small admitted bodies, and the Academy schools. It has been determined that given the decision to manage all functions through a single Committee, increasing representation to cover these other key stakeholder groups would make the Committee unworkable. These stakeholders are afforded the opportunity to contribute to significant decisions through consultation exercises, and the annual Forum for all employers.

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

Principle C – Selection and Role of Lay Members

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

Please use this space to explain reasons for non-compliance

A briefing is provided to all new members of the Committee members clearly setting out their role and responsibilities on the Pension Fund Committee. However this briefing is not given where substitute members attend the Committee.

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

Principle D – Voting

a.	The policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.	Compliant
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Please use this space to explain reasons for non-compliance

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

Voting rights have been extended to the two District Council representatives on the Pension Fund Committee. As current employees of the County Council cannot have voting rights on a Council Committee, and as this group forms the largest single stakeholder group within the Fund, it has been determined that the Beneficiaries Observer does not have voting rights, to avoid any perverse incentive to appointing a current employee of the County Council to the position. This decision is clearly stated in the Fund's Governance Policy.

Principle E – Training/Facility Time/Expenses

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

Please use this space to explain reasons for non-compliance

The Committee considers each year the allocation to be provided as part of the annual budget to be spent on Committee member training, but it does not adopt a specific training programme.

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

The Committee approve a training budget each year as a specific part of the business planning purpose. Training sessions are arranged to take place before all Committee meetings. External training courses are brought to the attention of Committee members. Training is provided free of charge, with all legitimate expenses reimbursed.

Principle F – Meetings (frequency/quorum)

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

Please use this space to explain reasons for non-compliance

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

In addition to the quarterly meetings of the main Pension Fund Committee, the Fund arranges an annual Pension Fund Forum, attended by Committee Members, to which all employers are invited.

Principle G – Access

a.	That subject to any rules in the council's constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee.	Compliant
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Please use this space to explain reasons for non-compliance

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

All information on which decisions at the main Committee are based is equally available to all Members. Under the Council's Constitution, the Chairman, Deputy Chairman and Opposition Spokesperson are invited to a briefing meeting in advance of each Committee meeting, and as such receive a briefing not available to other members, including representatives of the third political party.

Principle H – Scope

a.	That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.	Compliant
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Please use this space to explain reasons for non-compliance

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

The Pension Fund Committee is responsible for all aspects of managing the pension fund, and receives reports on both investment and scheme administration issues. The terms of reference include the wide power to consider all relevant investment and administration issues.

Principle I – Publicity

a.	That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed can express an interest in wanting to be part of those arrangements.	Compliant
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Please use this space to explain reasons for non-compliance

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

OXFORDSHIRE PENSION FUND

COMMUNICATION POLICY STATEMENT

Introduction

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

Purpose

2. This policy sets out the Oxfordshire Pension Fund's strategy for its communications with members and employing authorities.
3. The policy applies, in the context of LGPS administration, to members as defined in Schedule 1 of the principal regulations and, in turn, by section 124(1) of the Pensions Act 1995 to include:
 - Active members
 - Deferred members, and
 - Pensioner members
 - Pensioner credit members
4. Employing authorities, as defined within the regulations, and including Teckal companies : -
 - Statutory Scheduled Bodies such as the County and District Councils, Colleges of Further Education and Oxford Brookes University; Academies
 - Designating Bodies being the Town and Parish Councils
 - Admission Bodies, where the Pension Fund Committee have granted scheme admission within the terms of Part 3 Schedule 2 of the Regulations
5. The Regulations require the policy statement is prepared, written and published, and for these purposes publish means being accessible on the publically available pensions website.

Aim

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

7. To ensure that scheme members have access to scheme information, notice about proposed and actual changes and are made aware of the process to lodge questions and appeals.
8. To enable the Scheme Manager / Administering Authority to discharge efficiently their respective responsibilities in accordance with the Local Government Pension Scheme Regulations 2013 (as amended); The Occupational and Personal Pension Schemes (Disclosure of Information Regulations 2013 (as amended) and The Pension Regulator Guidance.

Communication Policy

9. The development and introduction of the 2013 scheme was supported nationally by websites and guidance for both employers and scheme members. Our Fund communications will continue to reference these central resources as well as reference material provided by the Fund's advisors..
10. Local communication will focus on specific administration for employers and members of the Fund. The key local communications, intended audience, publication media and frequency are detailed in the annex to this policy.
11. This emphasis does not materially alter this policy but will affect the content of local communications. The continuing encouragement to use the national websites will avoid duplication of development. Oxfordshire Pension Fund supports those national developments financially and by active engagement with the working group, which concentrates on member communications. This fund will continue to support collaboration and development of communication media with other administering authorities.
12. The Fund maintains a website which provides access to member guides, forms and information. The fund requests that employers provide a copy of the member Brief Guide or the link to the website to all new employees on commencing employment, helping to ensure that scheme information is available within disclosure timetable to members and prospective members.
13. The Fund maintains a dedicated area of the website to provide resources and information for employers.
14. The Fund has not created a profile on any social media such as Twitter or Facebook; no requests for such access have been received and there is currently no perceived benefit for these to be created.
15. This policy reflects the introduction of Member Self Service (My Oxfordshire Pension) using a secure online web portal hosted by Aquila Heywood. This will allow all members a) to look at generic scheme information and b) to view

and make some changes to their personal pension accounts. Access was made available to Pensioner Members from April 2017 with Deferred and Active Members to follow at a later date.

16. Once My Oxfordshire Pension (MOP) is in place across the entire scheme membership, we will conduct a further review of the Communications Policy to reflect format and delivery of communications material

Review of This Policy

17. This policy was reviewed in January 2017 following feedback from members and employers, a Fund-wide consultation and with reference to the disclosure regulations.

Annex A

Fund Publications

	Available to:	Media	Frequency
Pension Fund Report & Accounts	Scheme employers Pension Fund Committee DCLG Scheme members	Website Paper on request Post / Email My Oxfordshire Pension (MOP)	Annual
Pension Fund Report & Accounts Summary Leaflet	Scheme members* SF TO CONFIRM	Website Paper Post / Email MOP	Annual
Annual Benefit Statement	Scheme members*	Paper Post MOP	Annual
Newsletter – Members	Active Scheme members,	Website Paper Post / Email (assisted by employers) As MOP develops will move to email notice and MOP access	Twice a year(min
	Deferred	Printed and posted to home addresses As MOP develops will move to email notice and MOP access	Annual
	Pensioner members	Printed and posted to home address will move to e mail and MOP as members sign up	Annual to tie in with pensions Increase notification

	Available to:	Media	Frequency
Newsletter - Employers	Scheme employers	Website Paper (request only) Email	Monthly
P60	Pensioner members	Paper MOP	Paper – on request MSS – always available to view
Payslip	Pensioner members	Paper MOP	Posted where variance is >£1 Every May MSS – always available to view
Guides for New Employers	Scheme employers	On line employer toolkit, includes essential guidance for new employers Paper Post / Email	As required

Meetings and forums

Meeting Type	Available to:	Purpose of meeting	Frequency
Employer Forum	Scheme employers	Review of topical issues in fund investment and scheme administration affecting fund employers and members benefits	Annual
Employer User Group	Scheme employers	Review administration, regulation changes, share experience with peer group	Quarterly
Intro to LGPS Training	Scheme employers	Brief course to cover the statutory employer role and regular returns	8 per year
Ad hoc training	Scheme employers	Cover specific subjects for either single employer or a group of employers	By agreement
Presentations	Scheme members * Scheme employers		By agreement
Attendance at employer pre-retirement seminars or new member/ employee inductions	Scheme members*		By agreement
One to one meetings	Scheme members*		By agreement
Prudential Meetings	Scheme members* Employers	Information on AVCs Sessions run by Prudential, enabled by Pension Services	By agreement

Other

Telephone helpline to Pension Services (Low call rate) Pensioner payroll enquiry help line Employer helpline	Scheme members* Scheme employers
Dedicated email addresses to Pension Services Member and employer enquiries	Scheme members* Scheme employers
Dedicated email address for employer monthly returns	
Member Self Service web portal dedicated telephone help line	Scheme members*

Oxfordshire Pension Fund website (promoted in our publications above)	Scheme members* Scheme employers
National websites (promoted in our publications above)	Scheme members* Scheme employers

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

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Oxfordshire County Council Pension Fund

Early Release of Benefits Policy Statement

Introduction

1. This Early Release of Benefits Policy Statement of the Oxfordshire County Council Local Government Pension Scheme Pension Fund is published under Regulation 38(2) of the Local Government Pension Scheme Regulations 2013. SI 2013 No. 2356 (as last amended by SI 2014 No. 44)

2. The Local Government Pension Scheme Regulations 2013 refers only to members with a deferred benefit due under the LGPS Regulations 2013. However, to ensure consistency the Oxfordshire County Council Pension Fund will also apply this policy to deferred and pensioner members to whom the 1995, 1997 and 2007 Regulations apply.

Purpose

3. This policy sets out the Oxfordshire County Council Pension Fund's strategy to deal with request for the early release of member benefits in cases where the former employer no longer exists, and there is no successor body, within the Oxfordshire County Council Pension Fund.

4. The policy applies, in the context of LGPS administration, to members as defined in Schedule 1 of the principal regulations to include:

- Deferred members
- Pensioner members with deferred benefits
- Credit members

5. Employing authorities, as defined within the regulations: -

- Statutory Scheduled Bodies such as the County and District Councils, Colleges of Further Education and Oxford Brookes University; Academies
- Designating Bodies being the Town and Parish Councils
- Admission Bodies, where the Pension Fund Committee have granted scheme admission

Aim

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

7. To ensure that all scheme members, who left before 01 April 2014, whose former employer is no longer an active scheme employer, have access to a procedure to request early payment of their benefits, in the following circumstances: -

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

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

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

Decision Making

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

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

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

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

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

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

Review of this Policy

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

Pension Fund Scheme of Delegation

Introduction

In addition to the responsibilities listed in the Council's schemes of delegation, some additional responsibilities for functions specifically related to pension fund activities have been delegated to officers by the Pension Fund Committee.

Adjudication of Disagreements

Under the Local Government Pension Scheme Regulations 2013, a member of the Pension Scheme has a right to raise a complaint in respect of their pension entitlement with their employer (or previous employer where they have left the employment to which the dispute relates).

The complaints procedure has 3 stages. Stage 1 will be determined by the relevant scheme employer or the Administering Authority depending on the nature of the complaint. Stage 2 is an independent review of the complaint by a person with delegated authority from the Administering Authority. Stage 3 is determined by the Pensions Ombudsman.

At their meeting in December 2012, the Pension Fund Committee delegated authority to the Pensions Services Manager to determine cases on behalf of the Administering Authority at Stage 1, and the Service Manager - Pensions to determine all cases at stage 2. In both cases, the Committee determined that the relevant officer can agree an award of compensation up to £5,000 subject to a report back to the next meeting of the Pension Fund Committee. Any award of compensation above £5,000 must be determined by the full Pension Fund Committee.

Death Benefits

The Local Government Pension Scheme Regulations 2013 state that if a scheme member dies before his 75th birthday, the administering authority at their absolute discretion may make payment, in respect of the death grant to or for the benefit of the member's nominee or personal representatives or any person appearing to the authority to have been his relative or dependant at any time.

Death grant decisions can be made by the Chief Executive in consultation with the Chairman of the Pension Fund Committee.

At their meeting in June 2012, the Pension Fund Committee delegated authority to the Team Leaders in the Pension Services Team to determine all non-contentious cases. (N.B. Delegation was made to this level to avoid potential conflict in the case of complaint which would be heard by the Pension Services Manager at Stage 1 – see complaints delegation above).

Power of Attorney – Custody Accounts

The Pension Fund Committee has delegated the decision to authorise POA's on behalf of the Pension Fund to Officers, after consultation with the Chairman of the Committee.

Fund Management and Custody Agreements

Two signatories are required from the following:

- Service Manager – Pensions
- Financial Manager – Pension Fund Investments
- Authorisers listed in the approved Treasury Management Responsible Officers List.

The following are authorised to approve invoices relating to agreed fund management and custody arrangements:

- Service Manager – Pensions
- Financial Manager – Pension Fund Investments

Pension Fund Cash Management Strategy

The Oxfordshire Pension Fund maintains a balance of cash arising from the receipt of employer and employee contributions exceeding the amount of payments made on behalf of the Fund. The cash balances held by the administering authority are managed by the Council's Treasury Management team and the Pension Fund Investments team. The Pension Fund Committee has delegated authority to the Director of Finance to make changes necessary to the Pension Fund Cash Management Strategy.

The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009, state that the Administering Authority must hold in a separate bank account all monies held on behalf of the Pension Fund and formulate an investment policy to govern how the authority invests any Pension Fund cash.

Day to day management of the Oxfordshire Pension Fund cash balances is delegated to the Treasury Management team. The Treasury Management team responsible officers list is authorised by the Director of Finance.

Officers authorised to enter into Money Market arrangements are listed as Dealers on the Treasury Management Responsible Officers List.

To avoid cashflow deficits or the excessive build-up of cash over the strategic asset allocation, the level of cash balances is reviewed as part of a quarterly asset allocation review by the Independent Financial Adviser and the Pension Fund Investments officers.

Strategic Asset Allocation

The Pension Fund strategic asset allocation is approved by the Pension Fund Committee and is periodically reviewed by the Independent Financial Adviser. Due to market volatility and the varying performance levels of fund managers, the actual asset allocation fluctuates on a daily basis.

The Independent Financial Adviser and officers review the actual asset allocation on a quarterly basis and make arrangements to transfer assets or cash to/from fund managers, to rebalance the fund.

Decisions to rebalance the fund within approved strategic asset allocation ranges are delegated to officers. Arrangements to rebalance the fund outside the strategic asset allocation ranges, are taken after consultation with the Chairman of the Pension Fund Committee, and reported to the next Committee.

Voting rights

Investment Managers are delegated authority to exercise voting rights in respect of the Pension Fund's holdings they manage.

Private Equity

In February 2011, the Pension Fund Committee resolved to transfer the responsibility for private equity fund management decisions to the lead officer for Pension Investments. The Fund's Independent Financial Adviser is responsible for advising officers on the management of the private equity portfolio. Officers consider the advice and decide whether or not to act on the recommendations. In practice, private equity decisions are delegated to the Service Manager – Pensions, or in his absence the Financial Manager – Pension Fund Investments.

In-House Property Investments

Internal property fund decisions are delegated to the Service Manager - Pensions or in their absence to the Financial Manager – Pension Fund Investments. Responsibility for placing internally managed property trades is delegated to the Pension Fund Investments team.

Early Release of Benefits

At its meeting in June 2014, the Pension Fund Committee delegated decision making to the Director of Finance to determine cases under the Early Release of Benefits Policy where the scheme member's previous employer no longer existed.

Admission of new Admitted Bodies

At its meeting in June 2014, the Committee delegated the authority to agree admission of new admitted bodies to the Oxfordshire County Council Pension Fund to the Service Manager – Pensions.

Payment of Benefits to an Authorised Person

At its meeting in September 2012, the Pension Fund Committee delegated to the Director of Finance, following consultation with the Chairman, Deputy Chairman and Opposition Group Spokesperson, the authority to determine payments to an authorised person in instances where the scheme member is incapable of managing their own affairs.

Reports back to the Committee

In all cases where a decision has been delegated to Officers, decisions made will be reported back to the Committee at the next meeting for information only.

Scheme of Financial Delegation

Authority to Sign Purchase Orders, Invoices and Contracts for the Oxfordshire County Council Pension Fund

Sole signatories for Pension Fund Goods and Services

Up to £500,000 for Goods and Services,

Chief Executive

Director of Finance

Service Manager – Pensions (includes pension lump sums and transfer payments out of the Fund)

Financial Manager – Pension Fund Investments (solely for the approval of fund management invoices)

Up to £200,000 for Goods and Services

Service Manager – Pensions

Financial Manager – Pension Fund Investments

Pension Services Manager

Up to £25,000

Team Leader – Pensions Administration

Team Leader – Pensions Administration

Joint signatories for Pension Fund Goods and Services

With the Chief Executive for Goods and Services over £500,000:

Director of Finance

Service Manager – Pensions

Income (Debt) Write Offs

Write off of outstanding debts to the Local Government Pension Scheme above £10,000 need the approval of the Pension Fund Committee.

The authorisation of debt write offs from £500 up to and including £10,000 is delegated to:

Debts below £500

Pension Services Manager

Debts up to £7,500

Service Manager – Pensions

Debts between £7,500 and £10,000

Service Manager – Pensions, in conjunction with the Director of Finance.

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Oxfordshire Pension Fund Administration Strategy Statement

Introduction

Oxfordshire County Council as the scheme manager for the Oxfordshire Pension Fund (the “Administering Authority”) has prepared this administration strategy in line with Regulation 59 and Regulation 70 of the Local Government Pension Scheme Regulations 2013 (the “Regulations”).

This strategy *will* apply to all Employers whether they have signed up, or not. However, we would much rather work with Employers to provide a service that is both efficient and effective and in which scheme members can have confidence.

Purpose

This policy sets out the role and responsibilities of the Scheme Manager (previously known as the Administering Authority) and the role and responsibilities of *all* Scheme Employers to ensure effective administration of the Local Government Pension Scheme.

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Aim

To administer the scheme in line with both the Regulations and The Pension Regulator’s codes of practice by ensuring that Scheme Employers understand and comply with the requirement to submit information to Pension Services for the administration of LGPS 2014 and what records Scheme Employers are required to maintain, in line with the definitions of the 2008 scheme regulations.

Documents Making Up the Strategy

Service Level Agreement, setting out the roles and responsibilities of the Scheme Manager and the Scheme Employer; detailing the KPIs which will be used in reporting performance.

Oxfordshire Pension Fund’s Communication Strategy

Scale of Charges – setting out what charges will be made in certain circumstances

The Agreement – setting out trigger points, the extent and manner in which Scheme Employer contribution rates will be varied under this strategy.

Review of Strategy

This strategy will be reviewed annually or earlier if there are material changes.

Service Level Agreement

The following tasks are the responsibility of the Administering Authority in administering the scheme. The timescale shown is from receipt of *all* information: -

Task	Timescale Working days	Target	Notes
New Entrants	20	95%	
Transfers in	10	90%	
Estimates (member)	10	90%	Limited to one request per annum
General Enquiry (member)	10	90%	
Transfers out	10	95%	
Retirement	10	95%	
Deferred Benefits	40	90%	
Refund of Benefits – Payment	10	95%	
Death	10	95%	
Divorce - PSO	10	95%	
Estimates (employer)	10	90%	
General Enquiry (employer)	10	90%	
APCs	10	90%	
Re-employments	40	90%	
Changes e.g. address; name	10	90%	
Pension Adjustments – PI; MOD; GMP	Payroll Deadline	90%	
Annual Allowance	10	90%	

Scheme Employer responsibilities:-

<p>Data retention and submission</p>	<ul style="list-style-type: none"> • Keep final pay details in line with 2008 definition of final pay • Keep pay information to comply with any Regulation 10 decisions • Submit monthly data return (MARS) to pension.returns@oxfordshire.gov.uk by 19th of the month following payroll
<p>Data queries</p>	<p>Oxfordshire Pension Fund is <u>not responsible</u> for verifying the accuracy of the data provided.</p> <ul style="list-style-type: none"> • Any queries arising will be referred back to the scheme employer. • Scheme employers will be responsible for recovering any overpayments arising from provision of incorrect information. <p style="text-align: center;">This page is intentionally left blank</p>
<p>Pay over monies due</p>	<ul style="list-style-type: none"> • Monthly contributions to be paid correctly and on time. Payment to clear Oxfordshire Pension Fund bank account by 19th of the month following payroll. Should the 19th fall on a weekend or bank holiday the deadline date changes to the immediately preceding working day. • Deficit contributions • Rechargeable benefits • Retirement strain costs <p>All payments to be made to the Oxfordshire Pension Fund A/C.</p> <p>All paperwork supporting payments to be submitted when payment is processed to : pension.returns@oxfordshire.gov.uk</p>
<p>End of Year Returns</p>	<p>You must submit your end of year return by 30th April at the latest, after the end of each financial year.</p> <p>This return must include a figure for pensionable</p>

	remuneration that reflects the full time equivalent pay (plus any other pensionable salary additions) for the period 01 April to 31 March of each tax year, in line with the 2008 definition of pay.
End of Year Errors	<p>From April 2015 Oxfordshire Pension Fund will be limited in the checks it is able to carry out on the data submitted.</p> <ul style="list-style-type: none"> • Any queries arising will be referred back to the Scheme Employer • Scheme Employers will be responsible for recovering any overpayments arising from provision of incorrect information.
Discretionary Policies	<p>Discretionary Policies must be</p> <ul style="list-style-type: none"> • Made within three months of a material change • Published • Reviewed
Pension Contacts	<p>Notify Pension Services of any new contact within one month of the change – form on website - https://www.oxfordshire.gov.uk/cms/content/pension-scheme-forms-employers</p>
Outsourcing of Services	<p>Most Scheme Employers have a responsibility through either Fair Deal or Best Value Directions Orders to ensure that staffs pension rights are protected on transfer of scheme eligible staff to another employer, even if not currently in the pension scheme. Please contact Pension Services if you are considering outsourcing.</p>

Communication and Liaison

Scheme Employers are required to provide contact details of any nominated staff dealing with pension issues. The Scheme Employer is required to notify the Scheme Manager of any changes as soon as they occur.

In line with the Oxfordshire Pension Fund Communication Policy, the Scheme Manager will:

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

Payments & Charges

Payment of all contributions, AVC and early strain costs, if applicable, each month should be paid to the Oxfordshire Pension Fund bank account. Payment and the return detailing the contributions deducted must be received and cleared through the account by the Pension Investment Team by 19th month following deduction.

AVC contributions should be paid directly to the scheme's AVC provider – The Prudential Assurance Company.

Scheme Employers will be sent a separate invoice for any early strain costs arising from redundancy, early or flexible retirement, or the waiving of any actuarial percentage reductions along with a proposed payment schedule. Early strain costs arising from ill-health retirements will not be charged directly, but assessed as part of the triennial valuation exercise.

Interest on late payments will be charged at 1% above base rate and compounded with three-monthly rests in line with Regulation 71.

The schedule of charges is:

Making payment to Oxfordshire County Council bank account rather than Oxfordshire Pension Fund bank account	£75 per case
Late receipt of contributions	Interest at 1% above bank rate as per regulation 71*
Failure to provide contribution return by 19 th month following deduction	1-50 scheme members - £100 plus £50 for each subsequent chase

	51-500 scheme members - £500 plus £250 for each subsequent chase Over 500 scheme members - £1,000 plus £500 for each subsequent chase.
Failure to provide MARS return by 19 th month	1-50 scheme members - £100 plus £50 for each subsequent chase 51-500 scheme members - £500 plus £250 for each subsequent chase Over 500 scheme members - £1,000 plus £500 for each subsequent chase.
Failure to provide End of Year return by 30 April	1-50 scheme members - £100 per day 51-500 scheme members - £500 per day Over 500 scheme members - £1,000 per day
Failure to provide information requested within 10 working days.	£50 per case
Re-do of work due to incorrect information supplied by scheme employer	£50 per case
Where a retirement payment is paid late due to scheme employer providing information	The interest payable will be recharged to the scheme employer

*The Local Government Pension Scheme Regulations 2013

Dated (Please write date)

(1) THE OXFORDSHIRE PENSION FUND

And

(2) (EMPLOYER – Please write name of organisation)

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The Agreement
In relation to the Oxfordshire Pension Fund
County Hall
New Road
Oxford
OX1 1TH

Pensions Administration Strategy (PAS)

This Agreement is made the day of 201

Between:

- (1) **THE OXFORDSHIRE PENSION FUND** of County Hall, New Road, Oxford OX1 1TH (the “**Scheme Manger**”); and
- (2) **xx of xx** (the “Employer”)

Whereas

(A) The Scheme manager is an administering authority for the purposes of the Local Government Pension Scheme Regulations 2013 (the “Regulations”). It administers and maintains the Oxfordshire Pension Fund (the “Fund”) in accordance with the Regulations.

(B) The Scheme Employer is a body listed in Schedule 2 of the Regulations and, in the case of a body listed in Part 3 of Schedule 2 of the Regulations, has entered into one or more admission agreements with the Scheme Manager.

(C) In accordance with Regulation 59 of the Regulations, the Scheme Manager has prepared the Pension Administration Strategy Statement setting out amongst other things the Service Level Agreement.

(D) In preparing the Pension Administration Strategy Statement, the Scheme Manager consulted the employing authorities in the Fund (including the Employer) [and such other persons it considered appropriate]. The Scheme Manager published the Pension Administration Strategy Statement and sent a copy of it to each of the employing authorities in the Fund (including the Scheme Employer) and to the Secretary of State for Communities and Local Government.

(E) The Scheme Manager will keep the Pension Administration Strategy Statement (including the Service Level Agreement) under review and will make such revisions as are appropriate following any material change in its policies in relation to any of the matters contained in the Pension Administration Strategy Statement.

(F) The Scheme Manager and the Scheme Employer have agreed to enter into this Agreement to document their agreement to comply with and be bound by the terms of the Service Level Agreement.

Now it is agreed as follows:

1. Interpretation

Terms not otherwise defined herein shall bear the meaning ascribed to them in the Regulations.

2. The Service Level Agreement

2.1 With effect from the date of this Agreement, the Scheme Manager and the Scheme Employer agree to use their reasonable endeavours to comply with and be bound by the terms of the Service Level Agreement.

2.2 In consideration of this Agreement the Scheme Manager will charge the Scheme Employer a contribution towards the cost of the administration of the Fund which reflects the fact that compliance with the Service Level Agreement will result in greater efficiencies and lower administration costs for the Fund.

2.3 If in the opinion of the Scheme Manager the Scheme Employer has not complied with the terms of the Service Level Agreement the Scheme Manager may charge the Scheme Employer a higher contribution towards the cost of the administration of the Fund.

2.4 When considering whether to charge the Scheme Employer a higher contribution towards the cost of the administration of the Fund in accordance with Clause 2.3 the Scheme Employer shall take into account any failure on its own part to comply with the terms of the Service Level Agreement.

2.5 Clause 2.3 shall not affect the Scheme Manager's ability under Regulation 70 of the Regulations to give written notice to the Scheme Employer where it has incurred additional costs which should be recovered from the Scheme Employer because of the Scheme Employer's level of performance in carrying out its functions under the Regulations or the Service Level Agreement.

2.6 The Scheme Employer acknowledges that the Service Level Agreement may be revised from time to time by the Scheme Manager in accordance with Regulation 59 of the Regulations and that the Scheme Employer will comply with and be bound by the terms of the revised Service Level Agreement.

3. Other Charges

3.1 The Scheme Employer acknowledges that the contribution it is required to pay towards the cost of the administration of the Fund is to cover the cost of meeting the Core Scheme Functions.

3.2 Where the Scheme Employer requests that the Scheme Manager provides services beyond these functions the Scheme Manager reserves the right to charge the Scheme Employer for the provision of such services. Non-core services include by way of example and without limitation the provision of FRS17 reports, bulk redundancy calculations, bulk information requests, member presentations, site visits and the payment of compensatory added year's benefits. Such services will be provided on terms agreed at the time between the Scheme Manager and the Scheme Employer.

4. Notices

4.1 Any notices under this Agreement shall be in writing and shall be served by sending the same by first class post, facsimile or by hand or leaving the same at the headquarter address of the Scheme Employer or the headquarter address of the Scheme Manager.

5. Waiver

Failure or neglect by the Scheme Manager to enforce at any time any of the provisions of this Agreement shall not be construed nor shall be deemed to be a waiver of the Scheme Manager's rights nor in any way affect the validity of the whole or any part of this Agreement nor prejudice the Scheme Manager's rights to take subsequent action.

6. More than one Counterpart

This Agreement may be executed in more than one counterpart, which together constitutes one agreement. When each signatory to this Agreement has executed at least one part of it, it will be as effective as if all the signatories to it had executed all of the counterparts. Each counterpart Agreement will be treated as an original.

7. Laws

7.1 This Agreement will be governed by and interpreted in accordance with the laws of England and subject to the exclusive jurisdiction of the English courts.

7.2 Any rights that a third party may have under the Contracts (Rights of Third Parties) Act 1999 are excluded.

AS WITNESS the hands of the parties hereto have been set the day and year first before written.

.....
**SIGNED FOR AND ON BEHALF OF
THE OXFORDSHIRE PENSION FUND**

For and on behalf of the [Name of Employer]:

SIGNED by [name]

Signature

Position

(and duly authorised signatory)

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

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Oxfordshire Pension Fund

Introduction

- 1 In April 2015 the Pensions Regulator (the Regulator) published its Code of Practice no 14 (the Code) *Governance and administration of public service pension schemes*. This is not a statement of law of itself, but nonetheless it carries great weight. In some respects it is like the Highway Code, in that some of its contents refer to statutory items, whilst others are advisory. The Courts may however also rely on the latter. In the same way, if determining whether any pensions related legal requirements have been met, a court or tribunal must take into account the Code.
- 2 There are many and various laws relating to the Local Government Pension Scheme, with many and various people having a statutory duty to report material breaches of the law to the Regulator. To assist, the Code states that a procedure should be established to ensure that those with a responsibility to make reports are able to meet their legal obligations. This document is that procedure, which relates to all of the Fund's areas of operation.
- 3 Much of the text herein is drawn from the Code itself. Where it has been, the Regulator's copyright applies.
- 4 If you have any questions about this procedure and:
 - You are a member of the Pension Fund Committee, Local Pension Board or you are an external adviser, please contact the Head of Pensions
 - You are an actuary, auditor or other external agent; please contact the Head of Pensions
 - You represent an employer; please contact the Pensions Services Manager;
 - You are an officer of the Fund, and you work in Administration, please contact Pension Services Manager or Head of Pensions

Legal requirements

- 5 Certain people are required to report breaches of the law to the Regulator where they have reasonable cause to believe that:
 - A legal duty which is relevant to the administration of the scheme has not been, or is not being, complied with;
 - The failure to comply is likely to be of material significance to the Regulator in the exercise of any of its functions.

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

Reasonable cause

- 7 Having 'reasonable cause' to believe that a breach has occurred means more than merely having a suspicion that cannot be substantiated.
- 8 Reporters should ensure that where a breach is suspected, they carry out checks to establish whether or not a breach has in fact occurred. For example, a member of a funded pension scheme may allege that there has been a misappropriation of scheme assets where they have seen in the annual accounts that the scheme's assets have fallen. However, the real reason for the apparent loss in value of scheme assets may be due to the behaviour of the stock market over the period. This would mean that there is not reasonable cause to believe that a breach has occurred.
- 9 Where the reporter does not know the facts or events around the suspected breach, it will usually be appropriate to consult the Head of Pensions or Pension Services Manager, regarding what has happened. It would not be appropriate to check in cases of theft, suspected fraud or other serious offences where discussions might alert those implicated or impede the actions of the police or a regulatory authority. Under these circumstances the reporter should alert the Regulator without delay.

- 10 If the reporter is unclear about the relevant legal provision, they should clarify their understanding of the law to the extent necessary to form a view.
- 11 In establishing whether there is reasonable cause to believe that a breach has occurred, it is not necessary for a reporter to gather all the evidence which the Regulator may require before taking legal action. A delay in reporting may exacerbate or increase the risk of the breach.

Material significance

- 12 In deciding whether a breach is likely to be of material significance to the Regulator, it would be advisable for the reporter to consider the:
 - Cause of the breach;
 - Effect of the breach;
 - Reaction to the breach; and
 - The wider implications of the breach.
- 13 When deciding whether to report, those responsible should consider these points together. Reporters should take into account expert or professional advice, where appropriate, when deciding whether the breach is likely to be of material significance to the Regulator.
- 14 The breach is likely to be of material significance to the Regulator where it was caused by:
 - Dishonesty;
 - Poor governance or administration;
 - Slow or inappropriate decision making practices;
 - Incomplete or inaccurate advice; or
 - Acting (or failing to act) in deliberate contravention of the law.
- 15 When deciding whether a breach is of material significance, those responsible should consider other reported and unreported breaches of which they are aware. However, historical information should be considered with care, particularly if changes have been made to address previously identified problems.

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

Effect of the breach

- 17 Reporters need to consider the effects of any breach, but with the Regulator's role in relation to public service pension schemes and its statutory objectives in mind, the following matters in particular should be considered likely to be of material significance to the Regulator:
- Local Board members not having the appropriate degree of knowledge and understanding, which may result in the Board not fulfilling its role, the Fund not being properly governed and administered and/or the Pension Fund Committee breaching other legal requirements;
 - Local Board members having a conflict of interest, which may result in them, being prejudiced in the way they discharge their role, ineffective governance and administration of the scheme and/or the Pension Fund Management Panel breaching legal requirements;
 - Adequate internal controls not being established and operated, which may lead to the Fund not being run in accordance with the Scheme's Regulations and other legal requirements, risks not being properly identified and managed and/or the right money not being paid to or by the Fund at the right time;
 - Accurate information about benefits and Scheme administration not being provided to Scheme members and others, which may result in members not being able to effectively plan or make decisions about their retirement;
 - Appropriate records not being maintained, which may result in member benefits being calculated incorrectly and/or not being paid to the right person at the right time;
 - Anyone involved with the administration or management of the Fund misappropriating any of its assets, or being likely to do so, which may result in assets not being safeguarded; and
 - Any other breach which may result in the Fund being poorly governed managed or administered.

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

Reaction to the breach

- 19 Where prompt and effective action is taken to investigate and correct the breach and its causes and, where appropriate, notify any affected members, the Regulator will not normally consider this to be materially significant.
- 20 A breach is likely to be of concern and material significance to the Regulator where a breach has been identified and those involved:
- Do not take prompt and effective action to remedy the breach and identify and tackle its cause in order to minimise risk of recurrence;
 - Are not pursuing corrective action to a proper conclusion;
 - Fail to notify affected scheme members where it would have been appropriate to do so.

Wider implications of the breach

- 21 Reporters should consider the wider implications of a breach when they assess which breaches are likely to be materially significant to the Regulator. For example, a breach is likely to be of material significance where the fact that the breach has occurred makes it appear more likely that other breaches will emerge in the future. This may be due to the scheme manager or pension board members having a lack of appropriate knowledge and understanding to fulfil their responsibilities or where other pension schemes may be affected. For instance, public service pension schemes administered by the same organisation may be detrimentally affected where a system failure has caused the breach to occur.

Examples of breaches

Example 1

- 22 An employer is late in paying over employee and employer contributions, and so late that it is in breach of the statutory period for making such payments. It is contacted by officers from the administering authority, it immediately pays the moneys that are overdue, and it improves its procedures so that in future contributions are paid over on time. In this instance there has been a breach but members have not been adversely affected and the employer has put its

house in order regarding future payments. The breach is therefore not material to the Regulator and need not be reported.

Example 2

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

Example 3

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

Example 4

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

Example 5

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

Submitting a report to the Regulator

- 27 Before you submit a report you should obtain clarification of the law around the suspected breach. If:
- You are a member of the Pension Fund Management Panel, Advisory Panel, Local Board or you are an external adviser, please contact the Head of Pensions
 - You are an actuary, auditor or other external agent; please contact the Head of Pensions
 - You represent an employer; please contact the Pensions Services Manager;
 - You are an officer of the Fund and you work in Administration, please contact your Pension Services Manager or Head of Pensions.
- 28 The person you contact will consider in the round whether the Regulator would regard the breach as being material. (S) he will also clarifying any facts, if required. If the case is a difficult one (s) he will seek advice, as required.
- 29 Some matters could be urgent, if for example a fraud is imminent, whilst others will be less so. Non-urgent but material breaches should be reported to the Regulator within 30 working days of them being confirmed, and in the same time breaches that are not material should be recorded (see later).
- 30 Some breaches could be so serious that they must always be reported, for example a theft of funds by anyone involved with the administration or management of the Fund. It is difficult to be definitive about what constitutes a breach that must always be reported, but one test is: might it reasonably lead to a criminal prosecution or a serious loss in public confidence?
- 31 Any report that is made (which must be in writing and made as soon as reasonable practicable) should be dated and include as a minimum:
- Full name of the Fund;
 - Description of the breach or breaches;
 - Any relevant dates;
 - Name of the employer or scheme manager (where known);
 - Name, position and contact details of the reporter; and

- Role of the reporter in relation to the Fund.
- 32 Additional information that would help the Regulator includes:
- The reason the breach is thought to be of material significance to the Regulator;
 - The address of the Fund;
 - The pension scheme's registry number (if available); and
 - Whether the concern has been reported before.
- 33 Reporters should mark urgent reports as such and draw attention to matters they consider particularly serious. They can precede a written report with a telephone call, if appropriate.
- 34 Reporters should ensure they receive an acknowledgement for any report they send to the Regulator. Only when they receive an acknowledgement can the reporter be confident that the Regulator has received their report.
- 35 The Regulator will acknowledge all reports within five working days of receipt, however it will not generally keep a reporter informed of the steps taken in response to a report of a breach as there are restrictions on the information it can disclose.
- 36 The reporter should provide further information or reports of further breaches if this may help the Regulator to exercise its functions. The Regulator may make contact to request further information.
- 37 Breaches should be reported as soon as reasonably practicable, which will depend on the circumstances. In particular, the time taken should reflect the seriousness of the suspected breach.
- 38 In cases of immediate risk to the Fund, for instance, where there is any indication of dishonesty, the Regulator does not expect reporters to seek an explanation or to assess the effectiveness of proposed remedies. They should only make such immediate checks as are necessary. The more serious the potential breach and its consequences, the more urgently reporters should make these necessary checks. In cases of potential dishonesty the reporter should avoid, where possible, checks which might alert those implicated. In serious cases, reporters should use the quickest means possible to alert the Regulator to the breach.

Recording breaches that have not been reported to the Regulator

- 39 Breaches that are found not to be material to the Regulator must still be recorded. This is so that if similar breaches continue, then they become material. Recording all breaches also highlights where improvements are required, to try and prevent similar breaches.
- 40 Breaches that are not being reported should be recorded here: (being a link to an in-house spreadsheet designed to capture all the relevant data).

Whistleblowing protection and confidentiality

- 41 The Pensions Act 2004 makes clear that the statutory duty to report overrides any other duties a reporter may have such as confidentiality and that any such duty is not breached by making a report. The Regulator understands the potential impact of a report on relationships, for example, between an employee and their employer.
- 42 The statutory duty to report does not, however, override 'legal privilege. This means that oral and written communications between a professional legal adviser and their client, or a person representing that client, while obtaining legal advice, do not have to be disclosed. Where appropriate a legal adviser will be able to provide further information on this.
- 43 The Regulator will do its best to protect a reporter's identity (if desired) and will not disclose the information except where lawfully required to do so. It will take all reasonable steps to maintain confidentiality, but it cannot give any categorical assurances as the circumstances may mean that disclosure of the reporter's identity becomes unavoidable in law. This includes circumstances where the regulator is ordered by a court to disclose it.
- 44 The Employment Rights Act 1996 (ERA) provides protection for employees making a whistleblowing disclosure to the regulator. Consequently, where individuals employed by firms or another organisation having a statutory duty to report disagree with a decision not to report to the regulator, they may have protection under the ERA if they make an individual report in good faith. The Regulator expects such individual reports to be rare and confined to the most serious cases.

Oxfordshire County Council whistleblowing procedure

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

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Discretion	Regulation	Exercised by	Decision
Whether to agree to an admission agreement with a Care Trust, NHS Scheme employing authority or care Quality Commission	R4(2)(b)		In cases where a pass through arrangement has been agreed this decision has been delegated to Service Manager, Pensions with details being reported to the Pension Fund Committee. In all other cases a report will be submitted to the Pension Fund Committee for decision.
Whether to agree to an admission agreement with a body applying to be an admission body	R5(5) & RSch 2, Part 3, para 1		In cases where a pass through arrangement has been agreed this decision has been delegated to Service Manager, Pensions with details being reported to the Pension Fund Committee. In all other cases a report will be submitted to the Pension Fund Committee for decision.
Whether to terminate a transferee admission agreement in the event of - insolvency, winding up or liquidation of the body - breach by that body of its obligations under the admission agreement - failure by that body to pay over sums due to the Fund within a reasonable period of being requested to do so	RSch 2, Part 3, para 9(d)		A report will be submitted to the Pension Fund Committee to advise of options available and to seek approval for course of action.
Define what is meant by “employed in connection with”	RSch 2, Part 3, para 12(a)		The Committee has determined that this would mean that work would be same as prior to any TUPE and relate to Oxfordshire.
Whether to turn down a request to pay an APC/SCAPC over a period of time where it would be impractical to allow such a request (e.g. where the sum being paid is very small and could be paid as a single payment)	R16(1)		Pension Fund Committee has delegated this decision making to officers
Whether to require a satisfactory medical before agreeing to an application to pay an APC / SCAPC	R16(10)		Pension Fund Committee has determined that in cases where payment is made over a period of 12 months, or less no medical assessment is required. However, a medical assessment is required in all other cases.

Discretion	Regulation	Exercised by	Decision
Whether to turn down an application to pay an APC / SCAPC if not satisfied that the member is in reasonably good health.	R16(10)		In cases where a medical assessment causes concern this will be referred to the Pension Fund Committee for decision.
Whether to charge member for provision of estimate of additional pension that would be provided by the Scheme in return for transfer of in house AVC/SCAVC funds (where AVC/SCAVC arrangement was entered into before 1/4/14)	TP15(1)(d) & A28(2)		The Pension Fund Committee has determined that since information is provided at retirement there is no need to introduce a charge.
Decide to whom any AVC/SCAVC monies (including life assurance monies) are to be paid on death of the member	R17(12)		This links to TP17 (5) to (8) & R40 (2), R43(2) & R46(2). Pension Fund Committee has delegated decision making to Officers unless a contentious case, in which instance the decision would be referred to the Pension Fund Committee
Pension account may be kept in such form as is considered appropriate	R22(3)(c)		Pension accounts will kept in line with regulatory and system requirements
Decide, in the absence of an election from the member within 12 months of ceasing a concurrent employment, which on-going employment benefits from the concurrent employment which has ceased should be aggregated (where there is more than one on-going employment)	TP10(9)		That all records are merged with next record, as determined by start date of employment

Page 10

Discretion	Regulation	Exercised by	Decision
Whether to require any strain on Fund costs to be paid “up front” by employing authority following payment of benefits under R30(6) (flexible retirement), R30(7) (redundancy / business efficiency), or the waiver (in whole or in part) under R30(8) of any actuarial reduction that would otherwise have been applied to benefits which a member voluntarily draws before normal pension age or to benefits drawn on flexible retirement	R68(2)		That all costs associated with these decisions are paid in a lump sum once payment has been processed.
Whether to require any strain on Fund costs to be paid “up front” by employing authority following waiver of actuarial reduction under TPSch 2, para 2(3)	TPSch 2, para 2(5)		That all costs associated with these decisions are paid in a lump sum once payment has been processed.
Whether to extend the time limits within which a member must give notice of the wish to draw benefits before normal pension age or upon flexible retirement	R32(7)		The Pension Fund Committee has determined that a period of 3 months’ notice should be given in line with regulations.
Decide whether to commute small pension	R34(1)		The Pension Fund Committee has determined that small pension values can be commuted, at member request, in line with HMRC rules and limits.
Approve medical advisors used by employers (for ill health benefits)	R36(3)		The Pension Fund Committee has delegated this approval process to Officers
Whether to use a certificate produced by an IRMP under the 2008 Scheme for the purposes of making an ill health determination under the 2014 Scheme.	TP12(6)	Employer (or Admin. Authority where Employer has become defunct)	The Pension Fund Committee has approved this use of 2008 certificate.

Discretion	Regulation	Exercised by	Decision
Decide whether deferred beneficiary meets criteria of being permanently incapable of former job because of ill health and is unlikely to be capable of undertaking gainful employment before normal pension age or for at least three years, whichever is sooner	R38(3)	Employer (or Admin. Authority where Employer has become defunct)	A report will be submitted to the Pension Fund Committee to advise of issues to be considered and to seek a decision.
Decide whether a suspended ill health tier 3 member is unlikely to be capable of undertaking gainful employment before normal pension age because of ill health	R38(6)	Employer (or Admin. Authority where Employer has become defunct)	A report will be submitted to the Pension Fund Committee to advise of issues to be considered and to seek a decision.
Decide to whom death grant is paid	TP17(5) to (8) & R40(2), R43(2) & R46(2)		Pension Fund Committee has delegated decision making to Officers unless a contentious case, in which instance the decision would be referred to the Pension Fund Committee
Decide, in the absence of an election from the member, which benefit is to be paid where the member would be entitled to a benefit under 2 or more regulations in respect of the same period of Scheme membership	R49(1)(c)		Pension Fund Committee has delegated decision making to Officers unless a contentious case, in which instance the decision would be referred to the Pension Fund Committee
Whether to set up a separate admission agreement fund	R54(1)		The Pension Fund Committee determined no such fund should be set up
Whether to have a written pensions administration strategy and, if so, the matters it should include	R59(1) & (2)		Administration Strategy in place

Discretion	Regulation	Exercised by	Decision
Whether to obtain revision of employer's contribution rate if there are circumstances which make it likely a Scheme employer will become an exiting employer	R64(4)		Pension Fund Committee has delegated decision making to Officers unless a contentious case, in which instance the decision would be referred to the Pension Fund Committee
Decide whether to obtain a new rates and adjustments certificate if the Secretary of State amends the Benefits Regulations as part of the "cost sharing" under R63	R65		A report will be submitted to the Pension Fund Committee to advise of issues to be considered and to seek a decision
Decide frequency of payments to be made over to Fund by employers and whether to make an administration charge.	R69(1)		Payments required to be paid monthly by 19 th of month following deduction. Administration charges will be made in line with Administration Strategy.
Whether to issue employer with notice to recover additional costs incurred as a result of the employer's level of performance.	R70 & TP22(2)		Administration charges will be made in line with Administration Strategy.
Decide form and frequency of information to accompany payments to the Fund	R69(4)		Paperwork to be provided detailing monthly payments by 19 th of the month following deduction.
Whether to charge interest on payments by employers which are overdue	R71(1)		Charges will be made in line with Administration Strategy.
Decide procedure to be followed by administering authority when exercising its stage two IDRPs functions and decide the manner in which those functions are to be exercised	R76(4)		Pension Fund Committee has delegated these roles to Officers unless a contentious case, in which instance the decision would be referred to the Pension Fund Committee

Discretion	Regulation	Exercised by	Decision
Whether administering. authority should appeal against employer decision (or lack of a decision)	R79(2)		Pension Fund Committee has delegated this matter to Officers unless a contentious case, in which instance the decision would be referred to the Pension Fund Committee
Specify information to be supplied by employers to enable administering. authority to discharge its functions	R80(1)(b) & TP22(1)		Pension Fund Committee has delegated this matter to Officers .
Whether to pay death grant due to personal representatives or anyone appearing to be beneficially entitled to the estate without need for grant of probate / letters of administration where payment is less than amount specified in s6 of the Administration of Estates (Small Payments) Act 1965	R82(2)		Pension Fund Committee has delegated the decision making to Officers unless a contentious case, in which instance the decision would be referred to the Pension Fund Committee
Whether, where a person (other than an eligible child) is incapable of managing their affairs, to pay the whole or part of that person's pension benefits to another person for their benefit.	R83		Report will be submitted to PFC for decision
Date to which benefits shown on annual benefit statement are calculated	R89(5)		End of Scheme Year – 31 March
Agree to bulk transfer payment	R98(1)(b)	Employer / Admin. Authority / trustees of new scheme	Delegated to officers in conjunction with Fund Actuary

Discretion	Regulation	Exercised by	Decision
Agree set aside of bulk transfer assets / cash and acquisition of rights in new scheme	R98(4)(a)	Employer / Admin. Authority / trustees of new scheme	Delegated to officers in conjunction with Fund Actuary
Extend normal time limit for acceptance of a transfer value beyond 12 months from joining the LGPS	R100(68)	Employer and Admin. Authority	Pension Fund Committee determined to endorse employing authority decision
Allow transfer of pension rights into the Fund	R100(7)		The Pension Fund Committee determined to continue to all transfers in of previous pension rights.
Where member to whom B10 applies (use of average of 3 years pay for final pay purposes) dies before making an election, whether to make that election on behalf of the deceased member	TP3(6), TP4(6)(c), TP8(4), TP10(2)(a), TP17(2)(b) & B10(2)		The Pension Fund Committee has determined that Officers should use best option for member
Make election on behalf of deceased member with a certificate of protection of pension benefits i.e. determine best pay figure to use in the benefit calculations (pay cuts / restrictions occurring pre 01.04.08)	TP3(6), TP4(6)(c), TP8(4), TP10(2)(a), TP17(2)(b) & TSch 1 & L23(9)		The Pension Fund Committee has determined that Officers should use best option for member
Decide to treat child as being in continuous education or vocational training despite a break	RSch 1 & TP17(9)		The Pension Fund Committee has determined that a gap year does not constitute a break in continuous education.

Discretion	Regulation	Exercised by	Decision
Decide evidence required to determine financial dependence of cohabiting partner on scheme member or financial interdependence of cohabiting partner and scheme member	RSch 1 & TP17(9)(b)		Pension Fund Committee has delegated the decision making to Officers unless a contentious case, in which instance the decision would be referred to the Pension Fund Committee. Note: this is now only required in event of member's death
Extend time period for capitalisation of added years contract	TP15(1)(c) & TSch1 & L83(5)		The Pension Fund Committee confirmed that time periods should not be extended.