



To: Members of the Pension Fund Committee

Notice of a Meeting of the Pension Fund Committee

Friday, 8 June 2018 at 10.15 am

Rooms 1&2 - County Hall, New Road, Oxford OX1 1ND

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

Peter G. Clark
Chief Executive

May 2018

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

Membership

Chairman –
Deputy Chairman -

Councillors

Nicholas Field-Johnson
John Howson
Mark Lygo

Charles Mathew
John Sanders
Lawrie Stratford

Alan Thompson
Kevin Bulmer
Ian Corkin

Co-optees

District Councillor Alaa Al-Yousuf
District Councillor Bill Service

Notes:

- ***A lunch will be provided***
- ***Date of next meeting: 14 September 2018***
- ***The formal meeting will be preceded at 9:30 am by a training session given by Keith Bray, Forum Officer at the Local Authority Pension Fund Forum (LAPFF), on the role of the Pension Fund Committee as a Responsible Investor and why engagement matters in delivering long term returns. This will take place in the meeting room itself.***

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. ELECTION OF CHAIRMAN FOR THE 2018/19 COUNCIL YEAR

To elect a Chairman for the Committee for the 2018/19 Council Year.

2. ELECTION OF DEPUTY CHAIRMAN FOR THE 2018/19 COUNCIL YEAR

To elect a Deputy Chairman for the 2018/19 Council year.

3. Apologies for Absence and Temporary Appointments

4. Declarations of Interest - see guidance note

5. Minutes (Pages 1 - 10)

To approve the minutes of the meeting held on 9 March 2018 (PF3) and to receive information arising from them.

6. Petitions and Public Address

7. Minutes of Local Pension Board and Brunel Oversight Board (Pages 11 - 22)

A copy of the unconfirmed Minutes of the Local Pension Board, which met on 20 April 2018, is attached for information only (PF7).

Also attached is a copy of the Minutes of the Brunel Oversight Board which met on 23 March 2018, again for information only (PF7).

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

10:25

Attached at PF8 is the report of the Local Pension Board to this Committee. It invites the Committee to respond to the key issues raised by the Pension Board at its most recent meeting.

The Board RECOMMENDS the Committee to:

(a) note the comments of the Board when discussing the relevant items

on this Agenda; and

(b) write to the Scheme Advisory Board to support the publication of national benchmark information on data quality and the issue of annual benefit statements, alongside clear guidance on the calculation of such information.

9. Administration Report (Pages 25 - 36)

10:35

The report (**PF9**) updates the Committee on the latest position on administration issues, including any feedback from the Pension Regulator. The Committee is invited to review the latest performance data and to comment on both the presentation format and the data itself. The report also includes the latest position on the on-going projects, employer cessations and any debt write-offs.

The Committee is RECOMMENDED to receive the report.

10. Risk Register (Pages 37 - 44)

10:55

The report (**PF10**) presents the latest position on the Fund's Risk Register, including any new risks identified since the last meeting.

The Committee is RECOMMENDED to note the current risk register and to determine any changes it wishes to make.

11. Review of the Annual Business Plan 2018/19 (Pages 45 - 48)

11:05

This report reviews progress to date on the key objectives, budget and training programme as set out in the 2018/19 Business Plan for the forthcoming year (**PF11**).

The Committee is RECOMMENDED to:

(a) note the progress against the key service priorities within the Business Plan 2018/19; and

(b) agree the outline programme for the training day and confirm the date for the session.

12. Annual Review of Pension Fund Policies (Pages 49 - 132)

11:25

This report (**PF12**) provides an opportunity for the Committee to undertake a formal annual review of its major policy documents held in line with the LGPS regulations. The Committee had previously agreed to review all such documents on an annual basis at its June meeting.

Annex 1 – Funding Strategy Statement
Annex 2 – Investment Strategy Statement
Annex 3 – Governance Policy Statement
Annex 3 – Governance Compliance Statement
Annex 4 – Communication Policy
Annex 5 – Early Release of Deferred Benefits Policy
Annex 6 – Scheme of Delegation
Annex 7 – Administration Strategy
Annex 8 – Reporting Breaches of Law to the Pensions Regulator
Annex 9 – Administering Authority Discretions

With reference to Annex 2 – Investment Strategy Statement - the Committee is informed that at its 27 March 2018 meeting, the following motion from Cllr Bob Johnston was agreed by 59 votes to 0 (with 1 abstention):

"Investment, environmental, social and governance (ESG) issues are now rising rapidly up the Agenda. This is evidenced, for example by the recent decision of the Norwegian Sovereign Wealth Fund to cease investment in oil and gas. The Oxfordshire Local Pension Fund has an obligation to review its investment strategy, when the present 3-year framework expires. Council therefore calls upon the Pension Committee to incorporate the latest and best advice available on ESG matters when reviewing its policies and drawing up the next 3-year investment strategy."

The Committee is RECOMMENDED to:

- (a) ***approve the revised policy documents as set out in Annexes 1, 2, and 4-9 to this report, noting the main changes in the documents as discussed above; and***
- (b) ***approve in principle the changes set out in Annex 3 to the Governance Policy and Governance Compliance Statement and RECOMMEND to Council via the Audit and Governance Committee the corresponding changes to the Terms of Reference and Constitution of the Pension Fund Committee.***

13. Overview of Past and Current Investment Position (Pages 133 - 138)

11:45

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 2018 and highlight any key performance issues using the following tables:

Table 1	provides a consolidated valuation of the Pension Fund at 31 March 2018
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 2018
Table 4	provides details on the Pension Fund's top holdings

In addition to the above tables, the performance of the Fund 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 graphs, and that the information contained in them be borne in mind, insofar as they relate to items 17 and 18 on the agenda.

14. EXEMPT ITEMS

The Committee is RECOMMENDED that the public be excluded for the duration of items 15, 16, 17, 18 and 19 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 17, there are no reports circulated with the Agenda. Any

exempt information will be reported orally.

15. Exempt Minutes - 9 March 2018 Pension Fund Committee and 20 April Local Pension Board meetings (Pages 139 - 146)

11:50

To **approve** the exempt Minute of the Pension Fund Committee meeting held on 9 March 2018 (below) and to receive information arising from it.

To **note** the exempt Minute of the Local Pension Board meeting held on 20 April 2018 (below).

16. Overview and Outlook for Investment Markets (Pages 147 - 156)

11:50

The attached report of the Independent Financial Adviser (PF16) sets out an overview of the current and future investment scene and market developments across various regions and sectors. 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.

17. Insight

12:00

- (1) The Independent Financial Adviser will report orally on the performance and strategy of Insight drawing on the tables at Agenda Items 13 and 16.
- (2) The representatives (Gary Wilkinson and Matt McKelvey) 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 2018;
- (b) give their views on the future investment scene.

In support of the above is their report for the period to 31 March 2018.

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.

18. Report of Main Issues arising from Reports of the Fund Managers not represented at this meeting (Pages 157 - 162)

12:40

To consider a report (**PF18**) from the Independent Financial Adviser on the main issues arising from the officer meetings with Baillie Gifford and Legal & General in conjunction with information contained in the tables (Agenda Item 13).

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.

19. Summary by the Independent Financial Adviser

12:45

The Independent Financial Adviser will, if necessary, summarise the foregoing reports of the Fund Managers and answer any questions from members.

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.*

ITEMS FOLLOWING THE RE-ADMISSION OF THE PRESS AND PUBLIC

20. The Local Authority Pension Fund Forum (Pages 163 - 166)

12:50

The report (**PF20**) invites the Committee to consider becoming a member of the Local Authority Pension Fund Forum as a means of supporting the Committee in its role as a responsible investor.

The Committee is RECOMMENDED to agree membership of the Local Authority Pension Fund Forum and instruct the officers to make the necessary arrangements.

21. Corporate Governance and Socially Responsible Investment

13:00

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

22. Annual Pension Forum

13:05

To set a date for the next Annual Pension Forum.

LUNCH

Pre-Meeting Briefing

There will be a pre-meeting briefing at County Hall on **6 June 2018 at 2:00 pm** for the Chairman, Deputy Chairman and Opposition Group Spokesman.

PENSION FUND COMMITTEE

MINUTES of the meeting held on Friday, 9 March 2018 commencing at 10.00 am and finishing at 1.55 pm

Present:

Voting Members: Councillor Kevin Bulmer – in the Chair

Councillor Ian Corkin (Deputy Chairman)

Councillor Nicholas Field-Johnson

Councillor John Howson

Councillor Charles Mathew

Councillor John Sanders

Councillor Alan Thompson

District Councillor Bill Service

Councillor Susanna Pressel (In place of Councillor Mark Lygo)

District Council Representatives: City Councillor Jean Fooks (in place of City Councillor James Fry); District Councillor Bill Service

By Invitation: Philip Wilde (Beneficiaries Observer)
Peter Davies (Independent Financial Adviser)

Officers:

Whole of meeting J. Dean, S. Collins, S. Fox and G. Ley (Resources)

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

1/18 **APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS**

(Agenda No. 1)

Cllr Susanna Pressel attended in place of Cllr Mark Lygo, City Cllr Jean Fooks for City Cllr James Fry and an apology had been received from Cllr Lawrie Stratford.

2/18 DECLARATIONS OF INTEREST - SEE GUIDANCE NOTE

(Agenda No. 2)

Cllrs Bulmer, Fooks, Howson, Sanders and Thompson each declared personal interests as members of the Pension Fund Scheme under the provisions of Section 18 of the Local Government Act 1989.

3/18 MINUTES

(Agenda No. 3)

The Minutes of the meeting held on 1 December were approved and signed as a correct record.

With regard to Minute 73(c), the Committee noted the Minutes of the Brunel Oversight Board meeting on 18 January 2018.

4/18 PETITIONS AND PUBLIC ADDRESS

(Agenda No. 4)

The Committee heard an address from Peter Wallis, an employee of Oxfordshire County Council, member of the LGPS and a supporter of Fossil Free Oxfordshire, in relation to a number of items on the Agenda, in particular Agenda Item 10 - Review of the Asset Allocation.

Mr Wallis urged the Committee to adopt the low carbon options of the Brunel Pension Partnership and to take its investments out of Shell, asking how the Pension Fund's £20m direct holding in Shell was compatible with the Committee's new Investment Strategy as agreed previously. In support of this he drew the Committee's attention to some aspects of Shell's business model, as cited by Fossil Free Oxfordshire (FFO):

- Shell was investing less than 4% of its capital expenditure on renewables;
- Shell was a member of trade bodies that routinely adopted positions that were not consistent with 'a swift and orderly low-carbon transition that kept global warming below 2 degrees centigrade';
- It was FFO's view that Shell was not committed to limiting global warming to safe levels and its remuneration policy encouraged executives to maintain or even increase hydrocarbon production;
- Carbon tracker, a financial NGO, had calculated that Shell was spending so much on fossil fuel exploration and production that, in this scenario, if it continued this rate of expenditure up to 2025, it would be left with 77 billion dollars of stranded assets, which was at least 20% of Shell's capital expenditure up to 2025;
- In FFO's view, Shell's plan was to sell fossil fuel products indefinitely, thereby contributing to climate change and the undermining of the global economy which therefore reduced the long term returns on the Pension Fund's other investments. Shell was shifting its focus to natural gas but burning this still produced CO2.

Taking the above aspects of Shell's business model, he asked the Committee how the investment in Shell was compatible with its fiduciary duties to pursue investments with a good balance of risk and return given its 'insubstantial contribution to changing

our energy future'. He suggested that the Committee was employing managers that had a short-term investment horizon that could not properly account for climate risk.

In response to Mr Wallis's questions, Sean Collins undertook to circulate a response from the Fund Manager in relation to investment in Shell. He reminded the Committee that the ESG policy was part of the Investment Strategy Statement which would be next reviewed as part of the annual review of the policy statements at the next meeting in June. He also pointed out that Brunel PP may, or may not, take a different view to the current Fund Manager with regard to investment in Shell.

5/18 MINUTES OF THE LOCAL PENSION BOARD

(Agenda No. 5)

The unconfirmed Minutes of the Local Pension Board which met on 19 January 2018 were noted.

6/18 REPORT OF THE LOCAL PENSION BOARD

(Agenda No. 6)

The Committee had before them the latest report of the Local Pension Board (PF6) in which it was asked to note the comments contained in the report and to undertake any suggested action contained in it. The decisions of the Committee in relation to this are as set out below.

RESOLVED: to thank the Board for the report and to:

- (a) note the concerns of the Board in relation to the Business Plan and Risk Register and to consider them later at Agenda Items 8 and 9 respectively;
- (b) inform the Board that it was the Committee's view that officers always strived to attain the 100% target set by the Pensions Regulator – however, a material breach target should be in the form of a reasonable guideline which would be the subject of a review at the September 2018 meeting;
- (c) agree to review the process for determining the response to Reserved Matter Items for the Brunel Pension Partnership at the end of 2018/19, in light of this year's experience;
- (d) inform the Board that it was part of the role of the Scheme member representative on the Board to obtain the views of scheme members; and
- (e) endorse the Board's proposal for all Committee and Board members to complete the assessment tool produced by Hymans Robertson as a means for establishing the priorities for a future training day without delay.

7/18 ADMINISTRATION REPORT

(Agenda No. 7)

Please note the additional business in relation to this item, as set out on the Addenda to this meeting, is in the form of a detailed confidential Minute.

The Committee considered an update (PF7) on the latest position on administration issues. The report also included an update on new admissions to the Fund, employer cessations and any debt write-offs.

The Committee **RESOLVED** to:

- (a) approve the request for additional staffing if required;
- (b) note the comments received from the employers and to confirm that annual returns must be submitted by 30 April at the latest; and
- (c) note the report.

8/18 RISK REGISTER

(Agenda No. 8)

The Committee had before them a report which presented the latest position on the Fund's Risk Register, including any new risks identified since the report to the last meeting (PF8).

RESOLVED: to note the current Risk Register.

9/18 ANNUAL BUSINESS PLAN 2018/19

(Agenda No. 9)

The Committee considered a report (PF9) which proposed the key objectives for the forthcoming year, along with the proposed Budget and Cash Management Strategy. These objectives sought to address the key risks facing the Committee as identified within the Risk Register.

Sean Collins undertook to arrange for representatives from the Brunel Pension Partnership (BPP) to come along to the next meeting on 8 June 2018 to respond to any questions members may have and, in particular, to discuss how the business of the Committee was likely to change and its relationship with BPP in relation to Asset Management from April 2019.

RESOLVED: to

- (a) approve the Business Plan and Budget for 2018/19, as set out at Annex 1;
- (b) approve the Pension Fund Cash Management for 2018/19;
- (c) delegate authority to the Director of Finance 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 Director of Finance to open a separate pension fund bank, deposit and investment accounts as appropriate; and
- (e) delegate authority to the Director of Finance to borrow money for the pension fund in accordance with the regulations.

Sean Collins undertook to arrange for representatives from the Brunel PP to come along to the next meeting in June to respond to discuss how the business of the Committee was likely to change and its relationship with Brunel PP in relation to Asset Management from April 2019.

10/18 REVIEW OF THE ASSET ALLOCATION

(Agenda No. 10)

The Committee considered a report from the Independent Financial Adviser (PF10) which reviewed the current asset allocation as set out in the Investment Strategy Statement and proposed an initial allocation to the new portfolios to be made available by Brunel.

The Independent Financial Adviser urged members to look at Baillie Gifford's justifying comments with regard to investments in Shell, pointing out that Baillie Gifford took ESG issues very seriously.

During the discussion on the allocation, the Committee congratulated the officers on their continued good work to ensure that there was no shortfall to the Fund.

RESOLVED: to approve the approach to the transfer of assets to BPP portfolios and the indicative portfolio allocations, as set out in the report.

11/18 OVERVIEW OF PAST AND CURRENT INVESTMENT POSITION

(Agenda No. 11)

The Independent Financial Adviser reviewed the investments activity during the past quarter and presented an overview of the Fund's position as at 31 December 2017.

Mr Davies reported that the overall value of the Fund over the last quarter had risen by £97m which was largely due to Equity gains and some in bonds and alternative assets.

RESOLVED: to receive the tables and graphs, and that the information contained in them be borne in mind insofar as they related to items 13, 14, 15, 16 and 17 on the Agenda.

12/18 EXEMPT ITEMS

(Agenda No. 12)

The Committee **RESOLVED** to exclude the public for the duration of items 13, 14, 15, 16, 17, 18, and 19 in the Agenda since it was likely that if they were present during those items there would be disclosure of exempt information as defined in Part 1 of Schedule 12A 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 circumstances in each case, the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

13/18 OVERVIEW AND OUTLOOK FOR INVESTMENT MARKETS

(Agenda No. 13)

The Committee had before them a report of the Independent Financial Adviser (PF13) which 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. Information which the Independent Financial Adviser reported orally was exempt information.

The public was excluded during this item because its discussion in public 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 and to bear the Independent Financial Adviser's conclusions in mind when considering the Fund Managers' reports.

14/18 UBS

(Agenda No. 14)

The Independent Financial Adviser reported orally on the on the performance and strategy of UBS, drawing on the tables at Agenda items 11 and 13.

The representatives, Malcom Gordon and Scott Wilkin of the Fund Manager presented their approach to investments in relation to their part of the Fund and their strategy against the background of the current investment scene.

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

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 is 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 in funding the Pension Fund.*

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

15/18 WELLINGTON

(Agenda No. 15)

The Independent Financial Adviser reported orally on the on the performance and strategy of Wellington, drawing on the tables at Agenda items 11 and 13.

The representatives, Nicola Staunton and Ian Link of the Fund Manager presented their approach to investments in relation to their part of the Fund and their strategy against the background of the current investment scene.

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

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 is 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 in funding the Pension Fund.*

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

16/18 REPORT OF MAIN ISSUES ARISING FROM REPORTS OF THE FUND MANAGERS NOT REPRESENTED AT THIS MEETING

(Agenda No. 16)

The Committee considered a report from the Independent Financial Adviser (PF16) on the officer meetings with Insight, Baillie Gifford and Legal and General, together with any issues relating to the Private Equity portfolio.

The public was excluded during this item 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 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 reports.

17/18 SUMMARY BY THE INDEPENDENT FINANCIAL ADVISER

(Agenda No. 17)

The Independent Financial Adviser summarised performance relating to the reports of Baillie Gifford and Legal & General.

The public was excluded during this item 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:

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RESOLVED: to note the summaries.

18/18 ANNUAL REVIEW OF THE INDEPENDENT FINANCIAL ADVISER

(Agenda No. 18)

The Independent Financial Adviser left the room for the extent of this item.

The Committee considered a report (PF18) which reviewed the work of the Independent Financial Adviser, Mr Peter Davies. Members were invited to agree any feedback on the levels of service received over the last 12 months and/or any changes going forward.

The public was excluded during this item 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 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.*

RESOLVED: to note the report and to thank Mr Davies very much for the good levels of service received over the year.

19/18 ILL-HEALTH RETIREMENT CASES

(Agenda No. 19)

The Committee received a report which provided feedback on two ill-health determinations made by the Director of Finance under delegated powers (PF19).

The public was excluded during this item 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 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.*

RESOLVED: to note the reports.

READMISSION OF PRESS AND PUBLIC

20/18 CORPORATE GOVERNANCE - VOTING

(Agenda No. 20)

The Committee had before them a report on the voting records of the Fund Managers which had been exercised on behalf of the Fund (PF20).

RESOLVED to note the Fund’s voting activities.

21/18 ANNUAL PENSION FORUM

(Agenda No. 21)

Sally Fox reported that presentations given at the recent Pension Forum had been well received, in particular that of the Pensions Regulator, adding that there had been a disappointing attendance from employers.

RESOLVED: to note the report.

Cllr Jean Fooks

The Chairman, on behalf of the members of the Committee and the officers, paid tribute to Cllr Jean Fooks at this her final meeting. He thanked her for all the valuable service she had given over the years and wished her all the very best on her retirement.

Philip Wilde

The Chairman also thanked Philip Wilde, Beneficiaries Observer, for his valuable service to the Committee and to the beneficiaries over the last few years and wished him well for the future.

..... in the Chair

Date of signing

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LOCAL PENSION BOARD

MINUTES of the meeting held on Friday, 20 April 2018 commencing at 10.30 am and finishing at 12.25 pm

Present:

Voting Members: Mark Spilsbury – in the Chair

Alistair Bastin
Stephen Davis
Councillor Bob Johnston
David Locke FCA
District Councillor Sandy Lovatt
Sarah Pritchard

Officers:

Whole of meeting: S. Collins, S. Fox and J. Dean (Resources)

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.

11/18 WELCOME BY CHAIRMAN

(Agenda No. 1)

The Chairman welcomed all to the meeting.

12/18 APOLOGIES FOR ABSENCE

(Agenda No. 2)

There were no apologies for absence.

13/18 DECLARATIONS OF INTEREST - SEE GUIDANCE NOTE OPPOSITE

(Agenda No. 3)

There were no declarations of interest submitted.

14/18 PETITIONS AND PUBLIC ADDRESS

(Agenda No. 4)

There were no requests to petition the Board or to make an address.

15/18 MINUTES

(Agenda No. 5)

The Minutes of the last meeting held on 19 January 2018 were approved and signed as a correct record.

Matters Arising

Sean Collins reported that the request from the Board for a robust statement regarding cyber security to be added to the Business Plan had been referred to the Pension Fund Committee as a part of the Risk Register report. The Committee had requested more information on the subject.

In relation to Minute 6/18 – ‘Brunel Pension Partnership’ - the Chairman agreed that some early draft consultation questions could be discussed at Agenda Item 8 ‘Review of the Annual Business Plan’.

16/18 EXEMPT ITEM

(Agenda No. 6)

The Board **RESOLVED** that the public be excluded for the duration of item 7 in the Agenda since it was likely that if they were present during this item there would be disclosure of exempt information as defined in Part 1 of Schedule 12 A to the Local Government Act 1972 (as amended) and specified in relation to the respective item 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.

17/18 EMPLOYER MANAGEMENT

(Agenda No. 7)

The Board considered the latest in a series of reports to the Pension Fund Committee on the Fund’s approach to employer management.

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 distort the proper process of free negotiations with another party.*

READMISSION OF PRESS AND PUBLIC

18/18 REVIEW OF THE ANNUAL BUSINESS PLAN

(Agenda No. 8)

At its 9 March 2018 meeting, the Pension Fund Committee had approved the Annual Business Plan for 2018/19. The Board was invited to review the latest Plan and to offer any views back to the Committee (LPB8).

Mr Collins introduced the report.

Cllr Bob Johnston informed the Board that the Council had agreed, by 59 votes to 0 (with 1 abstention) to call upon the Pension Fund Committee to incorporate the latest and best advice available on ESG matters when reviewing and drawing up the next three - yearly Investment Strategy Statement (ISS), together with the other policies. Mr Collins reported that the Policies would be reviewed at the next Pension Fund Committee on 8 June 2017, with the full three - yearly review taking place in 2020.

Sally Fox confirmed that there was adequate staffing in the Team and sufficient money in the budget to implement iconnect.

When asked, Sean Collins explained that some of the Fund Manager fees would be offset during the year and there would be new costs as a consequence of the transition to Brunel Pension Partnership (BPP). Furthermore, it would be some years after transition before net savings would occur. The budget for BPP costs had been based on recent estimates which included transition, staffing, custodian and administration costs, together with the costs of having a company. He added that a full report on BPP had been considered at the December 2017 Committee and details of the BPP budget had been included on its website. The agreed Pricing Policy explained the costings over the ten funds which comprised BPP. Oxfordshire's share was £650k which included staffing, offices, consultancy and transition costs of assets.

In response to a question asking how much was spent on training, engagement and communication, Mr Collins stated that it had already been included, with much of it in conjunction with other funds, or nationally, then tailored for Oxfordshire. He added that a significant budgetary cost was for the communication manager's post in the Pensions Administration Team and her work included a responsibility for the development of the website and communication with the Local Government Association. The draft Communication Plan would also be included in the June Pension Fund Committee papers.

In relation to the ISS the Board discussed a set of draft consultation questions which had been produced by Scheme representative, Alistair Bastin, which he proposed could be sent to all scheme members in order to glean their views on particular issues, included in the ISS.

After a full discussion, the Chairman thanked Alistair Bastin for putting forward the consultation questions. In summary, the general feel of the Board was that it was an excellent concept, that information gathering surveys were very much a positive exercise, but the form of the actual questions put forward at this meeting needed to be viewed as an early preparation for consultation on the next ISS in 2020. It thus required more thought and expert opinion.

The Board therefore **AGREED** to inform the Pension Fund Committee that the Board supports a consultation with Fund members on the next ISS and would wish to provide its input into a planned consultation exercise, working with fund managers and specialist consultation officers from the County Council.

19/18 RISK REGISTER

(Agenda No. 9)

The Board was invited to review the report on the latest Risk Register, as presented to the Pension Fund Committee on 9 March 2018 and to offer any further views back to Committee (LPB9).

The Board requested the officers to update the Register regularly to include the dates of reviews and to include headers on each page.

20/18 BRUNEL PENSION PARTNERSHIP

(Agenda No. 10)

Sean Collins gave an update on the development of the Brunel Pension Partnership (BPP) stating the following:

- The first of the investment tenders had been run for passive mandates, the results of which had yet to be announced;
- The timetable for moving to passive tenders had been set for May/June time;
- It was thought that savings could be greater than otherwise assumed by the original business case;
- The Client Group had asked to prioritise the next set of tenders and to run two active equity mandates (including the UK mandates) in the first tranche (by the end of 2018), followed by global equities in early 2019; with the fixed income mandates by 2019;
- Currently BPP was looking at private markets and how to invest and redistribute new money; and
- There would be a significant amount of activity by the Client Group next year on the development and transition of active equity mandates.

The Board **AGREED** that a Gant chart showing the planned dates for key tasks would be very useful to the Board and the Committee when considering the time scales for the above.

21/18 ITEMS FOR INCLUSION IN THE REPORT TO PENSION FUND COMMITTEE

(Agenda No. 11)

The Board confirmed the following issues it wished to include in its latest report to the Pension Fund Committee:

- Committee be recommended to ask the Pensions Regulator to collect comparative data from all funds on Key Administration functions, in order to allow for meaningful comparison to be made between funds;
- Committee be recommended to receive historical data on performance;
- Committee to consider the urgent need for training and targeted written information for the Committee; and
- Committee to consider a consultation exercise with Fund members on the next Investment Strategy Statement for 2020.

..... in the Chair

Date of signing

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Brunel Oversight Board Meeting

Minutes

Purpose: To review Brunel/Client progress agree next steps

Date and time: Thursday 22 March 2018, 10:30 – 13:00

Location: Brunel Offices, 101 Victoria Street, Bristol, BS1 6PU

Dial-in details: 0330 336 1949 leader pin 461405 participant pin 429632

Invited:		
<i>Pension Committee Representatives</i>		
David Veale	Avon	Apologies
John Chilver	Buckinghamshire	
Derek Holley	Cornwall	
Rufus Gilbert	Devon	
Peter Wharf	Dorset	Apologies
Joanne Segars	EAPF	Apologies
Ray Theodoulou	Gloucestershire	Chair
Kevin Bulmer	Oxfordshire	Vice-Chair
Mark Simmonds	Somerset	
Tony Deane	Wiltshire	
<i>Member representative observers</i>		
Andy Bowman	Scheme member rep.	Apologies
Ian Brindley	Scheme member rep.	
<i>Fund Officers and Representatives</i>		
Liz Woodyard	Avon, CG	Apologies
Tony Bartlett	Avon	
Julie Edwards	Buckinghamshire	
Sean Johns	Cornwall	Apologies
Mark Gayler	Devon	
Richard Bates	Dorset (finance)	Phone (1 st hour)
Craig Martin	EAPF CPO	
Mark Spilsbury	Gloucestershire	
Sean Collins	Oxfordshire	
Anton Sweet	Somerset	Apologies
Nick Weaver	Wiltshire	
Nick Buckland	JLT - Client Side Executive	
Sophie McClenaghan	JLT - Client Side Assistant	Minutes
<i>Brunel Pension Partnership Ltd</i>		
Denise Le Gal	Brunel, Chair	
Steve Tyson	Brunel Shareholder NED	
Matthew Trebilcock	Brunel, CRD	
Dawn Turner	Brunel, CEO	
Mark Mansley	Brunel, CIO	
Faith Ward	Brunel, CRIO	Item 4 only

Item	Agenda	Paper provided	Owner
1	Confirm agenda Requests for AOB Any new declarations of conflicts of interest	Agenda C of Interests	Chair
	<u>AOB</u> - Range of portfolios (DH) - BOB attendance/ substitution <u>Conflicts</u> There were no new conflicts of interest received.		
2	Review 18 January BOB minutes	Minutes	Chair
	The BOB approved the minutes. All actions had been completed/ were covered on the agenda.		
3	Brunel Update Report	Update report	MT
	MT provided an overview of the update report. - FCA approval has been received for Brunel. The BOB commended Laura Chappell, Joe Wesker and Alpha on its early delivery. - Passive equity tender is nearing the end of its process. - Tax transparent vehicle tender will be launched shortly. - Services agreement has been finalised and Funds are in the process of signing. Brunel has also signed now FCA approval has been confirmed. - DLG represented Brunel and presented at the LGC conference. - Recruitment is complete at 32 staff members other than legal counsel which was recently approved by the Board. Brunel are considering recruiting a Senior Investment Officer to deliver elective services (dependent on demand from CG). - Data breach reported. It was a relatively minor breach made through human error by Statestreet. Brunel has contacted all of the affected Funds and is ensuring that protocol is put in place by Statestreet to prevent the error repeating. - Wiltshire reported an error on the Statestreet report. Brunel encourages any feedback to be passed to Brunel who will follow up with Statestreet. - Political risk noted as amber, this was in relation to concerns around London CIV which have somewhat been reduced due to an announcement on the company structure in the last week.		

	<ul style="list-style-type: none"> - Minister to meet with DLG and RT at the May PLSA. - Pooling clarification has been received and MM confirmed the Brunel structure meets the definition. 		
4	Brunel Responsible Investment Policy	RI presentation	FW
	<p>MM provided an introduction. Brunel will be including the RI policy in tenders for active managers. It is Brunel's policy however in the spirit of partnership the company are seeking affirmation the policy is in line with the Funds objective. SRI connect organises a survey and asked who had made biggest impact on RI. Brunel's FW was listed top. Brunel will send a wider press release covering the award, people and FCA approval in the next week.</p> <p>FW spoke to the slides</p> <ul style="list-style-type: none"> - The purpose of the RI policy is to focus on financially material risks. - Some elements will involve more engagement with the members e.g. the voting policy as a single policy will apply to all of the underlying Funds. - The RI policy aims to integrate, to collaborate and to be transparent. - Themes of key importance include, climate change, cost and tax transparency, human capital and diversity, supply chain management, cyber security. - It was requested that modern day slavery is included. FW confirmed this would be covered in either human capital or supply chain depending on the sector. - A concern was raised that the policy focuses on 'headline' topics. FW noted that the key themes have been developed through experience, regulation and policy alongside Fund input. The materiality of each risk is fully assessed. Sugar tax was provided as an example of an area that Brunel assessed and decided not to include in the policy. - Moral areas e.g. tobacco, arms etc. have not been screened as this is a difficult line to draw. Brunel will be aware of exposures to these areas through tools and will be able to provide statements if required but are not proactively engaging. - The Aggregate cost of supporting RI is a maximum of £30,000 for group memberships and affiliations. Each group that Brunel subscribes to adds value and has been approved by the Board. - Brunel are setting metrics and targets for the Funds to hold Brunel to account and track progress. Public and client reporting will be available. - How often will the policy be updated? The strategy is designed to be long term (3-5 years) but themes will be reviewed annually. Priority of the themes will also be reviewed annually. - It was agreed that the CG will approve the final wording of the RI policy. - Brunel to produce an addendum of acronym definitions including: ISS/ RI/ UNPRI/ IIGCC / FRC/ MHCLG. 	<p>MT/ 31 Mar</p> <p>MT/ 18 Jul</p>	

5	Process for Transition of assets	Transition process	MM
	<p>MM provided an update on the passive transition. Brunel are close to finalising the passive tender. Costs are looking like they will come in lower than expected and lower than described in the business plan. The current cost estimate is under £1m and costs of £5/6m were included in the business plan. Brunel are currently scrutinising prospective transition managers.</p> <p>MM will reformat the paper and add FCA disclaimers so it can be shared more broadly.</p> <p>Brunel will be discussing the prioritisation of the active equity managers (including EM) at the next Client Group on 10 April.</p> <p>A query was received on how Brunel will report transition costs to the Funds. DT confirmed this is part of the agreement and continual updates will be provided. The transition advisors will provide independent reporting of the costs to enable the clients to monitor the success of the transitions. Brunel will provide a full report on each transition including estimated and actual costs. A report on the passive transition will likely be available in late July.</p> <p>Brunel to provide an update of the transition at the 18th July BOB.</p>		<p>MM/ 31 Mar</p> <p>CG/ 10 Apr</p> <p>MM/ 18 Jul</p>
6	Spring Update		MT/DT
	<p>MT provided an overview of the draft response for the Spring Update report requested by MHCLG. The update follows the same format as previous reports and mostly requires factual answers. The data date is 13th April to capture 'up and running' Pools.</p>		
7	Forward Work-plan	Work-plan	DT
	<p>JLT to share the presentation with BOB.</p> <p>Chair of BOB and Chair of CG to consider 2019 BOB dates proposed by Brunel.</p> <p>The Client Group has set up 5 Sub Groups which have representatives from both the Client Group and Brunel. The groups are:</p> <ol style="list-style-type: none"> 1. Services 2. Financial 3. Technical accounting 4. Investments 5. RI/ Stewardship <p>Brunel to include the details of the training received by its staff in the report.</p>		<p>JLT/ 23 Mar</p> <p>Chairs / 18 Jul</p> <p>MT/ 18 Jul</p>

	<p>The November BOB meeting agenda is looking quite full already so may require an additional conference call in November. Brunel to confirm if an additional call will be required.</p> <p><u>BOB attendance / substitution</u></p> <p>The Fund officers and Brunel officers are provided an open invite to BOB meetings.</p> <p>The constitution states that it is for the administering authority to decide who attends. There is no requirement for the attendee to be trained. Amending the constitution will require a special reserve matter. Bob agreed that an amendment should be made to ensure only a sufficiently trained individual may attend in substitution of a BOB member.</p> <p>Client Group to draft the appropriate wording and Brunel to issue a shareholder reserve matter.</p>	<p>MT/ 18 Jul</p> <p>CG/ 10 Apr</p>
8	<p>AOB</p> <p>Future meeting dates</p> <ul style="list-style-type: none"> - 18 July 2018 - 1 November 2018 - Cross Pool Forum 27 March 2018 	<p>Chair</p>
	<ul style="list-style-type: none"> - Range of portfolios: if a Fund wanted to go fully defensive is it possible? MM the bonds side is being explored further but currently the defensive portfolios would include gilts, IL gilts and cash. DH requested that Brunel provide a short summary to Cornwall summarising this. - DLG sent her apologies for July Board meeting and BOB. - DLG noted that Chairs of Committee's have been invited to a cross pool information forum on 27 March. 	<p>MM/ 31 Mar</p>

Produced: JLT on 23/03/2018

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Division(s): N/A

PENSION FUND COMMITTEE – 8 JUNE 2018

REPORT OF THE PENSION BOARD

Report by the Independent Chairman of the Pension Board

Introduction

1. At the first meeting of the new Pension Fund Committee on 23 June 2017, it was agreed at the suggestion of the Chairman, that each future meeting of the Committee should receive a written report from the Pension Board, setting out the key elements of their work and any matters which the Board wished to draw to the Committee's attention.
2. This is the fourth such report of the Board under these new arrangements, and reflects the discussions of the Board members at their meeting on 20 April 2018. All members of the Board were present.

Matters the Board wished to bring to the Committee's Attention

3. The Board again devoted a significant part of its agenda to the on-going issues on employer management, data quality and the issue of Annual Benefit Statements. The Board considered the most recent correspondence with the Pension Regulator as discussed at the March Pension Fund Committee and the position on the issuance of 2016/17 annual benefit statements at the end of March 2018.
4. The Board wished to bring the following issues from their discussion to the attention of the Committee. Firstly, they felt that the analysis of the performance of the Oxfordshire Fund would benefit from the provision of national benchmark data, which would provide context for the Oxfordshire performance. This national benchmark data would include information on the number and % of annual benefit statements issued each year, as well as the scores against the new data quality standards. The Board would encourage the Committee to write to the national Scheme Advisory Board on this matter, to seek their support in collecting and publishing the data, and in providing clear definitions as to how the data should be calculated.
5. The other issues the Board wished to bring to the attention of the Committee from their discussions was the importance of ensuring the new performance reports included provision to report historical trends, and the importance of the training programme to ensure the Committee did have the skills and knowledge to meet its statutory responsibilities.
6. The Board also considered the new Annual Business Plan for 2018/19, and supported the key objectives outlined in the plan. The key discussion

revolved around the next update of the Investment Strategy Statement, and the Board supported the proposal to seek the views of Scheme Members as part of this process. The Scheme Member representatives will meet with Officers to take this forward.

7. On the risk register report, the Board noted that target deliver dates did not appear to have been updated (though this was in part due to the version presented being the one which had been presented to the March Committee, and had not been updated since that date). They also highlighted a couple of formatting issues which would make consideration of the risk register easier on future occasions. Officers agreed to look to print future versions on A3 paper, and include the column headings on each page.
8. Under the Brunel update, the Board noted progress and suggested that future meetings were provided with a forward look of key issues and when key decisions/actions were due.

RECOMMENDATION

9. **The Committee is RECOMMENDED to:**
 - (a) **note the comments of the Board when they discuss the relevant items on their agenda; and**
 - (b) **write to the Scheme Advisory Board to support the publication of national benchmark information on data quality and the issue of annual benefit statements, alongside clear guidance on the calculation of such information.**

Mark Spilsbury
Independent Chairman of the Pension Board

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

May 2018

Division(s): N/A

PENSION FUND COMMITTEE – 8 JUNE 2018

ADMINISTRATION REPORT

Report by the Director of Finance

Introduction

1. This report is to update members on scheme administration data and issues.

Staffing

2. The overall staffing is currently recording as -6.95 FTE against our full establishment which includes the two additional posts agreed by Committee in March. The shortfall of 6.95 FTE includes 1 FTE on long term sickness absence and .85 FTE for a team member currently on maternity leave which is due to end in June.
3. Work is in progress to recruit to the remaining vacancies.

Reporting

4. The attached annex has four tabs detailing workload not only to show completion rate against the SLA but to start recording trends; an overview of projects within the team; details of the complaints received and finally, the number of data breaches being recorded under GDPR. This reporting will be further developed in the coming months.

Workload

5. The key issues arising from the data shown are:
 - a. The first block of data is recording the flow of monthly payroll data and payments in to the Fund; how much of this is being returned for query and our processing of this incoming data, which slowed in March as additional time was spent dealing with returns from new scheme employers and late / old returns from existing employers. Outstanding returns were also chased as any missing data will impact on the end of year processes / production of Annual Benefit Statements.
 - b. The member related work for LGPS falls under the Benefit Administration team, who with the recent recruitment have are now starting to address the issues of not having has sufficient experience and cover for all subjects and so are now in the process of training and moving team members on to more complex subjects. There is a similar situation in the System Team which covers both FIRE and payroll.

- c. There has been a high level of system errors and issues causing delays, freezing systems, slow systems. This coupled with issues arising from the uploading of pension increase created extra manual work and extra checks to put things right, all of which slowed down processing time.

6. At the time of writing this report the end of year return statistics are:

178	Number of returns due
8	Missing – fines have been issued to these employers
170	Returns received, of which:
63	Are being queried with scheme employer
56	Are in process
51	Completed and ready to issue ABS

Projects

7. Members will be aware that there are a number of projects in progress throughout the team some of which have generated additional telephone and email enquiries.
8. Projects at status Green are:
- Backlog of work – outsourced to ITM – it should be noted that this project has taken up a huge amount of time and many of the team have been helping with checking and queries and finding missing data that hasn't made it onto the system to process.
 - Implementation of MSS – activation codes have now been sent out to deferred members and will be sent to active members at end of May.
 - Address checks for DBs – in process
 - Project plan put in place for the clearing down of outstanding end of year queries and the production of 2018 ABS
9. Projects at status Amber are:
- NFI – details of over payments to be passed on to recovery team
 - Implementation of ERM – now working on uploading of data to create basic database for team reference
 - TPR Data Quality – reports received and project plan being written
 - GMP reconciliation – outsourced to ITM
 - Implementation of GDPR – some recent delays have moved status to amber but this will be resolved shortly
10. Officers will be meeting with ITM in June to review progress and what further queries need to be raised with HMRC ahead of the final deadline of 31 August 2018 for the submission of any further queries. Once this is done then the next stage, in correcting the records, is to identify where there has either an under or over payment of pension due to incorrectly recorded GMP.

11. The advice from the Local Government Association is that once identified, Funds should correct and make payment of any arrears in the case of underpayments and correct but not recover any overpaid pension in the reverse cases. A more detailed report will be brought back to the next meeting of this committee to seek members views.
12. Projects at status Red are:
 - Implementation of administration to pay – software suppliers identified issues which prevented implementation. At time of writing report still awaiting confirmation that these issues have been resolved.
 - Implementation of I-connect – all ICT / cyber security issues resolved and can now move to planning implementation
 - Changes in regulations which are currently on hold

Complaints

13. At the time of writing this report four complaints had been received in 2018.

Write Offs

14. In line with the Scheme of Delegation Policy (last reviewed in June 2017), the approval for writing off outstanding debts is given by:

Pension Fund Committee	For amounts above £10,000
Service Manager – Pensions (in conjunction with Director of Finance	For amounts between £7,500 and £10,000
Service Manager – Pensions	For amounts up to £7,500
Pension Services Manager	For amounts up to £500

15. 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.
16. In the current period, the Pension Services Manager has approved the write off of £9.77 chargeable to the pension fund in respect of four cases where the member has died.
17. In the period June 2017 to March 2018 a total of £125.06 has been written off, in respect of 23 cases where the member has died.

RECOMMENDATIONS

18. The Committee is RECOMMENDED to note the report

Lorna Baxter
Director of Finance

Background papers: None
Contact Officer: Sally Fox, Pension Services Manager, Tel: (01865) 323854

May 2018

Member Related Activity - LGPS	
Annual Allowance - provision of data	90.00%
Additional Pension Contributions - setting up of contract	90.00%
Data Changes - all	90.00%
Deaths - process and make payment on receipt of all data	95.00%
Deferred Benefits - process and send out information *	90.00%
Divorces - quotation through to processing sharing order	95.00%
Estimates – Employer - provide data to scheme employer	90.00%
Estimates – Member - provide data to member	90.00%
General Queries - Member -reply to queries	90.00%
Re-employments - linking of records and updating member records *	90.00%
Refund of Benefits - make payment on receipt of all information	95.00%
Retirements - pay benefits on receipt of all information	95.00%
Transfers/ IFA In - process and send information to member	90.00%
Transfers /IFA Out - make payment on receipt of all information	95.00%

Name	Description	Status	Start Date	End Date		Notes
GMP Reconciliation	Reconcile fund records with those of HMRC to determine where liability rests	In progress		31.12.18	A	GMP Data uploaded and first run has been completed. A large number of queries have been identified and a meeting is scheduled for mid June to discuss resolution of these to enable project to move to final stage of reconciliation.
Backlog of Work	Number of cases not processed - work to be outsourced to a third party for completion	In progress		31.08.18	G	Project deadline was previously extended. 50% of the files have now been processed.
Implementation of GDPR	New data protection regulations to be implemented	In progress	05.10.17	30.04.18	A	Not all actions will have been completed by the deadline but in line with statutory requirements there is a clear plan to resolve outstanding actions.
Implement Member Self Service for Active and Deferred Members	To allow members online access to their pension records and update certain data	In progress		31.07.18	G	Deferred members have received activation codes with the activation codes for active members being sent out at the end of May.
Address Checks - Deferred Members	Run a tracing exercise to find current addresses for deferred members			31.05.18	G	This will link in to above project. In progress.

Name	Description	Status	Start Date	End Date		Notes
National Fraud Initiative	Bi-annual exercise to review payments against recorded deaths	In progress		31.03.18	A	Recoveries of monies in progress and all payment plans are being finalised.
Implementation of i-Connect	This additional module would allow scheme employers to upload data directly from their payroll system to Altair			TBC	A	As at 04.05.18 all issues regarding software security queries have been resolved and project timeline can now be reset.
Implementation of Employer Relationship Management System	To have employer details recorded on system for better control & reporting	In progress		31.08.18	A	Data is now in process of being uploaded. To open up to the team in read only capacity June 2018
Change in Regulations	Brewster Case -	In progress		15.03.18	R	No longer on hold - waiting for reports to be run
Data Quality	Under TPR guidance Funds are required to measure both common and conditional data to report annually to TPR	In progress		31.08.18	A	Issues identified within the report have been included in the end of year project plan to ensure all are completed in required timescale.
End of Year / ABS Production		In progress		31.08.18	G	52 Employers completed, 2% of queries from 2016/17 end of year left will be resolved during 2017/2018 End of year. First Milstone set for 25/05/2018 (5%)

Name	Description	Status	Start Date	End Date		Notes
Implement Administration to Pay	For instructions and records to be passed from Benefit to Payroll team without need for paper	In progress	31.12.18	TBC	R	The original date for completion - 31.10.17 has moved as needed further discussion with software suppliers about product enhancements. They have an enhanced product which has only been implemented in Scotland so OPF would be first English Fund to take on this new product (not all tested) . The software suppliers have confirmed that there are still issues with software and it will not be available for some months.
Implement Tell Us Once	Allows Pension Services to have access to information reported to Registrars					Completed
JAVA Payroll	Payroll language / software being updated need to parallel run to ensure has properly transitioned			31.12.17		Completed
Re- tendering of Actuarial Contract	Actuarial contract ends 10.12.17 so need to re-tender			10.12.17		Completed
Codings for payments	To comply with accounting requirements			31.03.2018		Completed

Name	Description	Status	Start Date	End Date		Notes
Implementation of Windows 10	Upgrading of operating system			31.03.18		Completed

	Date:	Employer	Status	Date:	Referred	Outcome:	Notes:
1	13.01.18	OCC	Closed	30.01.18	Internal	Found	Delays in issuing ABS due to outstanding queries. Now resolved & statements issued.
2	15.01.18	OSJCT	Closed	30.01.18	Internal	Found	Delays in issuing ABS - complaint received after long correspondence. Employer gave enough information for PS to issue an estimate.
3	15.01.18	Carillion	Closed	15.03.18	Internal	Not found	Member transferred to Carillion in 2013 after which no pension contributions were deducted - Member queried this with Pension Services in 2016 - despite following up no response ever received and complaint now made. Investigation confirmed member had opted out at time of transfer. Deferred benefits now brought in to payment.
4	15.02.18	SODC	Closed	23.02.18	Internal	Not found	Member had completed paperwork to request refund of contributions - this was sent to an individual team member rather than general mailbox. Due to annual leave payment was not processed within SLA. Response has been sent.

Date / Time	Description of Breach	Call Reference Number	Actions Taken	Disciplinary action taken/ considered	Assessed Reason for incident	Impact categories	Date Closed
12.03.2018	Personal details of a member included in an email sent to different member	F2207147	Recipient of information has been contacted and has provided written confirmation that data has been destroyed. Letter has been sent to data subject explaining error and corrective action taken. Team member has re-taken online training course. Whole team has been reminded of correct procedures and policies.	No	Mistake	Medium	15.03.2018
27.04.18 Page 35	Member's payslip sent to wrong address, which was co-incidentally address of another member	F2238884	Awaiting return of payslip so can properly update member as to impact of security breach. Payslip was returned unopened and report has been updated.	No	Mistake	Low	
30.04.18	Member has received refund letter and statement - the enclosed statement refers to another member	F2240326	It has been confirmed that the statement was securely destroyed. Letters have been sent out to other members to ask them to contact Pension Services so that we can check that they have received the correct information.	No			

Date / Time	Description of Breach	Call Reference Number	Actions Taken	Disciplinary action taken/ considered	Assessed Reason for incident	Impact categories	Date Closed
15.05.18	Deferred member online activation code sent to an old address, now coincidentally occupied by an active member who opened the letter and reported it to us	F2253599		No			

Division(s): N/A

PENSION FUND COMMITTEE – 8 JUNE 2018

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. Any comments from the Pension Board are included in their report to this meeting.
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. 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.
3. A number of the mitigation plans are directly linked to the key service priorities identified in the Annual Business Plan for 2018/19. This report should therefore be considered in conjunction with the business plan report elsewhere on this agenda.

Comments from the Pension Board

4. The Pension Board were generally happy with the risk register as presented to their meeting on 20 April 2018. They asked for some presentational changes including having the column headings repeated on each page and this has been done in this latest version. Review dates have also been updated in line with the comments from the Board.

Latest Position on Risks

5. There have been no changes to any of the risk scores since the March meeting of this Committee. As set out in the review of the Annual Business Plan, work has continued on reviewing the future cash flows of the Fund and on the implications for the asset allocation, as well as developing the training plan for Members of this Committee. At this stage though it is not felt that the work is sufficiently developed to mitigate the risks down to their target scores.
6. Risks 8 and 9 related to inaccurate and out of date pension liability data, with the risks split to show the impact on Fund Valuations and on the calculation of individual pension benefits. As covered elsewhere on this agenda, work has

continued to on the various aspects of the data improvement plans, and we are on target to issue the 2017/18 Annual Benefit statements by the Statutory deadline of 31 August 2018. At the present time though the risk scores have not been amended until the work to resolve the current backlog of work and the actions to address the issues identified in the data quality report has been completed.

7. At the request of the Committee, further work has been undertaken to review risk 15, and in particular, the risks associated with a cyber attack. The Pension Regulator has recently issued guidance on cyber security and re-affirmed the role of the scheme manager to ensure that cyber risks of loss, disruption or damage to the service or its members as a result of information technology system or processes failures are properly managed. This includes ensuring an appropriate system of internal controls, as well as appropriate procedures for recovering service and data in the event of a cyber incident.
8. Cyber risks include hacking, malware, ransomware, phishing attempts and attempts to deny service. A proper system of internal controls includes ensure appropriate systems for authentication and access, with access restricted to that data or parts of the system appropriate for each role and proper processes for the encryption of data to be transmitted.
9. The majority of pensions system data is hosted external on the Altair database hosted by Aquila Heywood, or the Fund Actuaries database hosted by Hymans Robertson. The data includes key personal and financial data about scheme members and their dependents, and as such is susceptible to cyber attack. We have worked with our system providers to ensure they have robust security arrangements in place and these are regularly tested, including penetration tests, and that disaster recovery exercises are also undertaken.
10. The Council's Insurance Team have confirmed that following presentations by Insurers to themselves and the Council's IT Section, it was determined that no specific cyber cover would be put in place. This decision is subject to regular review. There are some cyber risks covered under the Council's existing computer insurance cover, including risks associated with hacking and data breaches, but this cover does not provide for the financial loss associated with ransomware. It is also understood that you cannot purchase a policy to cover against the costs of fines under the General Data Protection Regulations.

RECOMMENDATION

11. **The Committee is RECOMMENDED to note the current risk register, and determine any changes they wish to see made.**

Lorna Baxter
Director of Finance

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

May 2018

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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.

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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	Comment
							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.	March 2019	4	1	4	September 2018	Now working with new Actuary on aligning Investment and Funding Strategies
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.	March 2019	4	1	4	September 2018	Now working with new Actuary on aligning Investment and Funding Strategies
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 2018	3	1	3	September 2018	Working with new Actuary on Improved Reports
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		At Target
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		At Target
6	Loss of Funds through fraud or misappropriation.	Financial	Poor Control Processes within Fund Managers and/or Custodian	Long Term -Pension deficit not closed	Financial Manager	Review of Annual Internal Controls Report from each Fund Manager. Clear separation of duties.	3	1	3			3	1	3		At Target
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 underwriting deficit, or bond put in place.	3	2	6		March 2018	3	2	6	March 2018	No further action subject to planned review of Funding Strategy Statement Key risks accepted as education sector.

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	Comment
							Impact	Likelihood	Score			Impact	Likelihood	Score		
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	Delivery against data quality standards.	June 2018	3	1	3	September 2018	Improved monitoring in place. Escalation issues to ensure data issues are resolved at earliest point, including new charges, and improved training/guidance
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	Completion of current review of backlog work.	June 2018	3	1	3	September 2018	Improved monitoring in place, new escalation process agreed as well as new charging structure.
10	Inaccurate or out of date pension liability data – LGPS and FSPS	Administrative	Late or Incomplete Returns from Employers	Improvement Notice and/or Fines issued by Pension Regulator.	Pension Services Manager	Monitoring of Monthly returns. Direct contact with employers on individual basis.	4	3	12	Improve process for monthly returns (iConnect)	March 2019	4	1	4	September 2018	
11	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 employed.	June 2018	4	1	4	September 2018	Work under contract by external resource currently underway.
12	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 2018	4	1	4	June 2018	Training Day to be agreed.
13	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		At Target
14	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		At Target

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	Comment
							Impact	Likelihood	Score			Impact	Likelihood	Score		
15	Breach of Data Security – LGPS and FSPS	Administrative	Poor Controls	Breach of Regulation	Pension Services Manager	Security Controls, passwords etc.	4	1	4			4	1	4		At Target
16	Failure to Meet Government Requirements on Pooling	Governance	Inability to agree proposals with other administering authorities.	Direct Intervention by Secretary of State	Service Manager	Full engagement in Project Brunel	5	1	5			5	1	5		At Target
17	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		At Target
18	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	June 2018	4	1	4	September 2018	Employer's engaged. Awaiting cash flow model from Actuary to fully understand implications.

Division(s): N/A

PENSION FUND COMMITTEE – 8 JUNE 2018

REVIEW OF THE ANNUAL BUSINESS PLAN 2018/19

Report by the Director of Finance

Introduction

1. This report reviews progress to date against the key service priorities set out in the annual business plan for the Pension Fund for 2018/19. The report also contains details on the results of the recent training needs survey and the proposed training day, plus an update on the latest budget position.
2. The key objectives for the Oxfordshire Pension Fund are set out on the first page of the Business Plan for 2018/19, and remain consistent with those agreed for previous years. These are summarised as:
 - To administer pension benefits in accordance with the LGPS regulations, and the guidance set out by the Pensions Regulator
 - To achieve a 100% funding level
 - To ensure there are sufficient liquid resources to meet the liabilities of the Fund as they fall due, and
 - To maintain as near stable and affordable employer contribution rates as possible.

Key Service Priorities

3. The 2018/19 Business Plan contained 5 key service priorities. The first of these relates to the Brunel Pension Partnership and is to manage the successful transition of the initial asset classes which should include all equity assets, and potentially the investment of new money into the private markets.
4. At the time of writing this report, the process for transitioning the passive equity mandates is nearing completion with the assets from all 10 Funds due to transition across to Legal and General during June. For Oxfordshire, our passive equity Funds are already with Legal and General, though we are moving from a global fund excluding UK to a developed only fund including UK. This will therefore involve a degree of re-balancing to ensure the overall weight to the UK remains constant. In the short term, we will be underweight on our allocation to the Emerging Markets, until Brunel have established the active emerging market equity portfolio.
5. Once the transition to the passive portfolios has been completed, there will be a full report on the costs of the transition and the new fees payable, including a comparison to the estimates included in the Business Case. Initial indications are that there will be further savings to those initially assumed.

6. Brunel have also started the process to appoint Fund Managers to the first two of the active equity portfolios, being the UK mandate and the low volatility mandate. Brunel expects assets to transition towards the end of 2018. Oxfordshire will transition money to the UK portfolio (from the allocation currently managed by Baillie Gifford), but does not have an allocation to the low volatility portfolio.
7. The Private Markets Team at Brunel is also looking to identify initial investment opportunities across the five private market portfolios. Oxfordshire has indicated commitments to the Secured Income, Infrastructure and Private Equity portfolios in line with the Committee's previous asset allocation decisions.
8. The second key service priority focuses on the need to manage the risks associated with cash flow and employer covenants, and involves working with Hymans Robertson to develop the cash flow model to show the timing of payment of pension liabilities going forward. Delivery of this priority will also involve working with employers within the scheme to understand their strategic direction of travel, and their risk appetite, and developing the funding strategy statement and investment strategy statement to meet their requirements and the requirements of the Fund.
9. Initial discussions have taken place with Hymans Robertson to understand how their current tools will support this priority and a work programme is being put in place. It was always expected that there would be limited work on this priority during the first quarter of 2018/19 to allow resources to focus on the closure of the pension fund accounts.
10. The third priority focuses on data quality and the need to ensure the current issues with data quality are addressed and processes and reporting arrangements are put in place to improve the data collection arrangements going forward. A key element of the work in this area includes the preparation for the General Data Protection Regulations and dealing with the cyber security risks.
11. As discussed elsewhere on the agenda, the various project plans are proceeding well, and at this point it is expected that we will meet the regulatory requirements in respect of issuing the 2017/18 Annual Benefit Statements by the statutory deadline of 31 August 2018. Good progress is also being made in looking at the gaps identified in the recent data quality audits, with the aim of re-running the reports at the end of June and achieving the target levels of performance at that time.
12. The fourth priority addresses the growing importance of Environmental, Social and Governance (ESG) issues within investment decision making. The actions include building on the current work with the responsible investment team at Brunel to develop a suite of reports which demonstrate the effectiveness of the ESG policies and the impact of company engagement by our Fund Managers. The actions also include a review of the benefits of joining the Local Authority Pension Fund Forum.

13. Work continues to progress in this area alongside the team at Brunel, with Oxfordshire also now representing the client side at Brunel on the national cross pool collaboration sub-group on responsible investment. This work includes on-going discussions with State Street as Administrator for the Brunel Pension Partnership as to how ESG scores can be built into the standard reporting suites to be presented to all 10 Pension Fund Committees going forward.
14. In respect of the benefits of joining the Local Authority Pension Fund Forum, this is an item later on today's agenda recommending that this Committee does join the Forum, alongside 8 of the other 9 Funds within Brunel.
15. The final priority proposed in the 2018/19 Business Plan is the roll out of Member Self Service to deferred and active members. This should allow scheme members access to their records to undertake amendments to their core data and view key information on their pension benefits, so releasing pension administrator time to focus on the other priorities.
16. The invitation to deferred members to activate their on-line accounts went out at the end of April, and at the time of writing this report, around 13% of deferred members have activated their account. This number will be kept under review and updates provided to future meetings, along with numbers of those members wishing to opt out of the on-line service and continue to receive paper versions of all communications.
17. The invitation to active members will activate their on-line accounts will be sent out in June, with the aim to getting as many active members as possible signed up to be able to view their Annual Benefit Statement on-line by the end of August.
18. Pensioner and Deferred Members who have already activated their accounts have taken advantage of the on-line tools to amend their beneficiary nominations for death grants, and to submit on-line queries to Pension Services.

Budget 2018/19

19. At this early stage of the year it is difficult to make any meaningful forecasts of variations against the approved budget for the year, particularly given the dependence on the timescales for transitions to the new Brunel portfolios, and the movement in market values. A fuller review will be presented to the next Committee.

Training Plan

20. Following the last meeting of the Committee, Hymans Robertson were commissioned to undertake a training needs assessment of the Pension Fund and Pension Board members, and to develop a programme for a full days training workshop.

21. 7 of the 10 Pension Fund Committee members and 4 of the 6 Pension Board members completed the survey. The overall results were higher for the members of the Pension Board, though both groups showed areas of strengths and weakness.
22. The strongest scores were obtained in respect of the questions of pensions governance, followed by the questions on financial markets, investment performance, procurement and relationship management. Whilst the members of the Pension Board score well on the questions in respect of Pensions Administration, this was one of the weakest areas for the members of the Pension Committee. The weakest scores overall were in respect of pensions legislation, actuarial matters and issues relating to accounting and audit.
23. Following completion of the survey, Hymans Robertson have worked with officers to develop the outline of an initial day's training programme.
 - Introduction: context of day and training programme
 - Session 1: Governance overview including LGPS stakeholder role and their responsibilities (particularly the Committee's role and focus post-pooling)
 - Session 2: Pension administration focussing on their responsibilities, tPR role, data quality and improvement plans
 - Lunch
 - Session 3: Investment and Actuarial including basics but introducing more holistic thinking on strategy and Committee's role in this
24. Hymans Robertson are currently producing the detailed programme for the day, and all members of the Committee and the Board have been canvassed for a suitable date.

RECOMMENDATION

25. **The Committee is RECOMMENDED to:**
 - (a) note the progress against the key service priorities within the Business Plan 2018/19; and**
 - (b) agree the outline programme for the training day and confirm the date for the session.**

Lorna Baxter
Director of Finance

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

May 2018

Division(s): N/A

PENSION FUND COMMITTEE – 8 JUNE 2018

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. Officers will review this document with our new Actuaries – Hymans Robertson during 2018/19 in preparation for the 2019 Triennial Valuation of the Pension Fund.

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. The initial Investment Strategy Statement was agreed by the Committee at its March 2017 meeting, and no changes were proposed by the subsequent meeting of the Pension Board. This latest version has been updated to reflect progress on implementing the pooling arrangements. Further changes will have to be made as assets transition from existing mandates to the new Brunel portfolios.
10. It is intended that there is a fundamental review of this document every three years, as part of the Triennial Valuation and Strategic Asset Allocation review. As part of the next review, it is intended to work with the Scheme Member Representatives on the Local Pension Board to undertake a consultation with scheme members, so their views can be fed in as appropriate.

Annex 3 - Governance Policy and Governance Compliance Statement

11. 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.
12. The Governance Policy Statement has been amended to reflect changes arising from the new division of responsibilities under the Brunel Pension Partnership is established. In particular, the Terms of Reference for this Committee have been redrafted to remove the responsibility for the appointment of Fund Managers, and the monitoring of their performance. In addition, the operational procedures have been amended to remove the references to Fund Managers being invited to attend Committee and present information of the performance of their portfolio, and replaced by an invitation to the Brunel company.
13. The Governance Policy Statement also includes draft changes to require all members appointed to serve on the Pension Fund Committee, to participate in a training programme, to ensure that the Committee as a whole has the appropriate skills and knowledge to fully discharge their statutory responsibilities. This in turn is linked to a new provision to remove the right for substitutes to be selected to sit on the Committee in the absence of an

appointed member. This change would bring the Oxfordshire Pension Fund Committee into line with the majority of other Pension Fund Committee's within the Brunel partnership.

14. A draft change has also been made to the Governance Compliance Statement to reflect the removal of the right to select a substitute member. The section on Selection of Members (Principle C) has been amended from Partially Compliant to Compliant to reflect the fact that in future under the proposed new arrangements, all members serving on the Committee would receive a briefing to ensure they were aware of their status, role and function when sitting as a member of the Pension Fund Committee.
15. The Compliance Statement continues to identify two 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, and the agreement of a formal annual training plan for Committee Members.
16. The proposed changes to the Terms of Reference for the Pension Fund Committee and the constitutional change to remove the right to select substitutes will need the approval of full Council. Such changes are normally reviewed in the first instance by the Audit and Governance Committee.

Annex 4 – Communication Policy

17. The Communication Policy sets out the Fund's key communication messages and channels.
18. 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.
19. 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.
20. This is further complicated by the need for support during the extended period while the LGPS presents itself as two concurrent schemes.
21. 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.

22. The Communication Policy does not include any material variations since last June, and reflects the move to an on-line member self-service tool for all members of the Fund. Alternative options have been retained for those scheme members who opted out of receiving their communications in electronic format.

Annex 5 – Early Release of Benefits Policy

23. 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

24. 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. No changes have been made to the policy this year.

Annex 7 – Administration Strategy

25. 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.
26. The charges included in the Administration Strategy were amended in March 2018 following a consultation exercise with employers. No further changes have been made to the Administration Strategy following the changes agreed at the last Committee.

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. No changes are proposed to these discretions at this time.

RECOMMENDATION

29. **The Committee is RECOMMENDED to:**
- (a) approve the revised policy documents as set out in Annexes 1, 2, and 4-9 to this report, noting the main changes in the documents as discussed above; and**
 - (b) approve in principle the changes set out in Annex 3 to the Governance Policy and Governance Compliance Statement and RECOMMEND to Council via the Audit and Governance Committee the corresponding changes to the Terms of Reference and Constitution of the Pension Fund Committee.**

LORNA BAXTER
Director of Finance

Background papers: None
Contact Officer: Sean Collins, Service Manager (Pensions) – Tel: 07554 103465

May 2018

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 2018

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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	59	50 - 58
UK Gilts Corporate Bonds Index-Linked Bonds Overseas Bonds	To be specified	
Total Bonds	21	19 - 23
Property	8	6 - 10
Private Equity	9	7 - 11
Multi-Asset	5	4 - 6
Infrastructure	3	2 - 4
Cash	0	0 – 5
Total Other Assets	25	19 – 36

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 Legal & General Investment Management	FTSE All-Share FTSE 100	+1.25% Passive
Overseas Equities	Legal & General Investment Management	FTSE AW-World (ex-UK) Index	Passive
Global Equities	Wellington UBS	MSCI All Countries World Index MSCI All Countries World Index	+ 2.0% + 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 - Limited Partnerships	Director of Finance Adams Street Partners Group	FTSE Smaller Companies (Including Investment Trusts)	+ 1.0%
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 State Street. 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).

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 is a new company which will be wholly owned by the Administering Authorities. The company has received 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 Fund Managers needed to meet the requirements of the detailed Strategic Asset Allocations. 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 has been agreed which sets 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 has also been established. This will be comprised of representatives from each of the Administering Authorities. It was 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 is 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 May 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.

June 2018

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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) review the performance of the fund,
 - h) appoint an actuary, and independent financial advisor(s), for the fund
 - i) approve an annual report and statement of accounts for the fund
 - j) approve an annual budget and business plan for the investment and administration of the fund
 - k) consider, and if appropriate, approve applications of employers to become admitted bodies to the fund
 - l) consider all other relevant matters to the investment and administration of the fund.

Membership of the Committee

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. All members appointed to the Committee shall participate in a training programme to ensure that the Committee as a whole has the appropriate skills and knowledge to fully undertake its statutory responsibilities. No substitute members can sit on the Committee in the event of the absence of one of the duly appointed Committee members.
9. 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

10. 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.
11. At each meeting, the Committee will receive reports on the investment performance of the Fund. The Brunel Company will be invited to attend meetings as appropriate, and answer questions from the Committee on the performance of the various portfolios relative to their specifications, and on the underlying performance of the Fund Managers.
12. Each meeting of the Committee will be attended by the appointed independent financial advisor(s) who will provide advice on all investment matters. This advice will include drawing to the committee's

attention, all appropriate matters associated with the performance of the Brunel company.

13. Any member of the public has the right to seek to address the Committee by making a formal request in advance of the meeting.
14. 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

15. 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.
16. The Board has been established with 3 employer representatives, 3 scheme member representatives and a non-voting independent chairman.
17. 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

18. 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.
19. 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 2018

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.	Compliant
b.	That at the start of any meeting, Committee members are invited to declare any financial or pecuniary interest related to specific matters on the agenda.	Compliant

Please use this space to explain reasons for non-compliance

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

Principle D – Voting

a.	The policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.	Compliant
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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	Compliant
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	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.	
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 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. This allows registered members a) to look at generic scheme information and b) to view and make some changes to their personal pension accounts. Access was/will be made available to

- Pensioner Members from April 2017
- Deferred Members from April 2018
- Active Members from May / June 2018
- All new starters joining the scheme from 1 April 2018

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. Once My Oxfordshire Pension is established across the entire scheme membership, we will introduce greater functionality, such as benefit projection facilities. We will continue to encourage registration whenever member status changes

Review of the 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. We will undertake annual reviews of the Communications Policy seeking feedback from members and employers to reflect format and delivery of material in this changing environment, once the concentration on the on line portal is fully established.

Annex A

Fund Publications no significant changes just see below otherwise just tidying up the wording.

	Available to:	Media	Frequency
Pension Fund Report & Accounts	Scheme employers Pension Fund Committee MHCLG Scheme members	Website Paper on request Post / Email 'My Oxfordshire Pension'	Annual
Annual Benefit Statement	Scheme members*	Paper Post 'My Oxfordshire Pension'	Annual
Newsletter – Members	Active Scheme members,	Website Paper Post / Email (assisted by employers) 'My Oxfordshire Pension'	Twice a year(min
	Deferred	Printed and posted to home addresses 'My Oxfordshire Pension'	Annual
	Pensioner members	Printed and posted to home address 'My Oxfordshire Pension'	Annual to tie in with pensions Increase notification
Newsletter - Employers	Scheme employers	Website Paper (request only) Email	Monthly

	Available to:	Media	Frequency
P60	Pensioner members	Paper 'My Oxfordshire Pension'	'My Oxfordshire Pension' available to view on demand
Payslip	Pensioner members	Paper 'My Oxfordshire Pension'	Posted where variance is >£1 'My Oxfordshire Pension' available to view on demand
Guides for New Employers	Scheme employers	On line employer toolkit, includes essential guidance for new employers Paper on request 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

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 Dedicated email address for employer monthly returns	Scheme members* Scheme employers
'My Oxfordshire Pension' 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
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*"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.

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 records of 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>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. However, it would be appreciated if employers can submit their return earlier in the month.</p> <p>Before making submission please ensure that contributions</p>

	<p>shown on this return balance to the contribution payments you have made during the year.</p> <p>This return must include a figure for pensionable 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.</p>
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 Fund Meetings	<p>Scheme Employers to attend at least one meeting arranged by the Pension Fund during the year.</p>
Pension Contacts	<p>Notify Pension Services of any new contact in your organisation within one month of the change – form on website -</p> <p>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.employers@oxfordshire.gov.uk 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, with the exception of AVCs, deducted 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, again by the 19th of the month following deduction.

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. 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 return
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	£150 per return
Failure to provide MARS return by 19 th month	£150 per return
Failure to provide End of Year return by 19 th April	£150 per return
Failure to provide information requested within 10 working days.	£75 per return
Re-do of work due to incorrect information supplied by scheme employer	£75 per return
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)

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 2018

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 FRS102 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.

Sally Fox

.....
**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

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

- 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, by 31 August, annual benefit statements to the employer's members. In this instance there has been a breach which **is** relevant to the Regulator, in part because of the employer's failures, in part because of the enforced breach by the administering authority, and also because members are being denied their annual benefits statements.

Example 4

- 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

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

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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.

TABLE 1

OXFORDSHIRE COUNTY COUNCIL PENSION FUND
OVERALL VALUATION OF FUND AS AT 31st MARCH 2018

Investment	COMBINED PORTFOLIO 01.01.18	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 31.03.18		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	
EQUITIES																
UK Equities	669,711	397,730	95.2%	19,808	8.0%	182,948	46.2%	0	0.0%	30,481	7.2%	0	0.0%	630,967	26.9%	26.0%
<i>Overseas Equities</i>																
North American Equities	157,381	0	0.0%	145,928	58.9%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	145,928	6.2%	
European & Middle Eastern Equities	44,509	0	0.0%	48,660	19.7%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	48,660	2.1%	
Japanese Equities	14,931	0	0.0%	13,953	5.6%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	13,953	0.6%	
Pacific Basin Equities	2,864	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	
Emerging Markets Equities	13,181	0	0.0%	10,630	4.3%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	10,630	0.5%	
UBS Global Pooled Fund	272,255	0	0.0%	0	0.0%	0	0.0%	0	0.0%	260,645	61.5%	0	0.0%	260,645	11.1%	
L&G World (ex UK) Equity Fund	222,085	0	0.0%	0	0.0%	212,755	53.8%	0	0.0%	0	0.0%	0	0.0%	212,755	9.1%	
Total Overseas Equities	727,206	0	0.0%	219,171	88.5%	212,755	53.8%	0	0.0%	260,645	61.5%	0	0.0%	692,571	29.6%	28.0%
BONDS																
UK Gilts	172,328	0	0.0%	0	0.0%	0	0.0%	147,327	31.2%	0	0.0%	0	0.0%	147,327	6.3%	
Corporate Bonds	109,376	0	0.0%	0	0.0%	0	0.0%	118,375	25.1%	0	0.0%	0	0.0%	118,375	5.1%	
Overseas Bonds	31,375	0	0.0%	0	0.0%	0	0.0%	35,430	7.5%	0	0.0%	0	0.0%	35,430	1.5%	
Index-Linked	147,112	0	0.0%	0	0.0%	0	0.0%	148,376	31.4%	0	0.0%	0	0.0%	148,376	6.3%	
Total Bonds	460,191	0	0%	0	0.0%	0	0.0%	449,508	95.2%	0	0.0%	0	0.0%	449,508	19.2%	21.0%
ALTERNATIVE INVESTMENTS																
Property	157,132	0	0.0%	0	0.0%	0	0.0%	0	0.0%	129,063	30.5%	32,377	8.4%	161,440	6.9%	8.0%
Private Equity	166,178	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	165,334	42.9%	165,334	7.1%	9.0%
Multi Asset - DGF	117,339	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	113,714	29.5%	113,714	4.9%	5.0%
Infrastructure	3,685	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	3,646	1.0%	3,646	0.2%	3.0%
Total Alternative Investments	444,334	0	0.0%	0	0.0%	0	0.0%	0	0.0%	129,063	30.5%	315,071	81.8%	444,134	19.0%	25.0%
CASH	110,881	20,094	4.8%	8,683	3.5%	0	0.0%	22,544	4.8%	3,472	0.8%	70,155	18.2%	124,948	5.3%	0.0%
TOTAL ASSETS	2,412,323	417,824	100.0%	247,662	100.0%	395,703	100.0%	472,052	100.0%	423,661	100.0%	385,226	100.0%	2,342,128	100.0%	100.0%

% of total Fund

17.84%

10.57%

16.90%

20.15%

18.09%

16.45%

100.00%

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

Asset	Market Value 01.01.18	%	Net Purchases and Sales					Changes in Market Value					Market Value 31.03.18	%
			UBS	Baillie Gifford	Legal & General	Wellington	Other	UBS	Baillie Gifford	Legal & General	Wellington	Other		
	£000		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
EQUITIES														
UK Equities	669,711	28	0	94		3,019	0	(511)	(26,176)	(13,487)	(1,683)	0	630,967	27
US Equities	157,381	6	0	0	0	(2,757)	0	0	0	0	(8,696)	0	145,928	6
European & Middle Eastern Equities	44,509	2	0	0	0	5,878	0	0	0	0	(1,727)	0	48,660	2
Japanese Equities	14,931	1	0	0	0	(713)	0	0	0	0	(265)	0	13,953	1
Pacific Basin Equities	2,864	0	0	0	0	(2,986)	0	0	0	0	122	0	0	0
Emerging Market Equities	13,181	1	0	0	0	(3,528)	0	0	0	0	977	0	10,630	1
Global Pooled Funds	494,340	20	0	0				(11,610)	0	(9,330)	0	0	473,400	20
Total Overseas Equities	727,206	30	0	0	0	(4,106)	0	(11,610)	0	(9,330)	(9,589)	0	692,571	30
BONDS														
UK Gilts	172,328	7	0	0	(7,735)		0	0	0	(17,266)	0	0	147,327	6
Corporate Bonds	109,376	5	0	0	0		0	0	0	8,999	0	0	118,375	5
Overseas Bonds	31,375	1	0	0	(905)		0	0	0	4,960	0	0	35,430	2
Index-Linked Bonds	147,112	6	0	0	1,691		0	0	0	(427)	0	0	148,376	6
ALTERNATIVE INVESTMENTS														
Property	157,132	7	591	0	0		(800)	3,247	0	0	0	1,270	161,440	7
Private Equity	166,178	7	0	0	0		1,192	0	0	0	0	(2,036)	165,334	7
Multi Asset - DGF	117,339	5	0	0	0			0	0	0	0	(3,625)	113,714	5
Infrastructure	3,685	0	0	0	0		0	0	0	0	0	(39)	3,646	0
SUB TOTAL	2,301,442	95	591	94	(6,949)	(1,087)	392	(8,874)	(26,176)	(26,551)	(11,272)	(4,430)	2,217,180	95
CASH *	110,881	5	574	3,235	8,279	2,581	(602)	0	0	0	0	0	124,948	5
GRAND TOTAL	2,412,323	100	1,165	3,329	1,330	1,494	(210)	(8,874)	(26,176)	(26,551)	(11,272)	(4,430)	2,342,128	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.

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

TABLE 3

PERFORMANCE TO 31st MARCH 2018

COMBINED PORTFOLIO (BY FUND MANAGER)

FUND MANAGER	% Weighting of Fund as at 31st March 2018	QUARTER ENDED	12 MONTHS ENDED	THREE YEARS ENDED	FIVE YEARS ENDED	TEN YEARS ENDED
		31st March 2018	31st March 2018	31st March 2018	31st March 2018	31st March 2018
		RETURN	RETURN	RETURN	RETURN	RETURN
		%	%	%	%	%
BAILLIE GIFFORD UK EQUITIES	17.8%	-5.2	6.4	7.8	8.2	9.1
BENCHMARK		-6.9	1.0	5.8	6.5	6.6
VARITAION		1.7	5.4	2.0	1.7	2.5
WELLINGTON GLOBAL EQUITIES	10.6%	-3.8	1.3	8.7	10.0	
BENCHMARK		-4.4	2.5	10.2	11.0	
VARITAION		0.6	-1.2	-1.5	-1.0	
L&G UK EQUITIES - PASSIVE	7.8%	-6.9	1.4	5.9	6.2	
BENCHMARK		-6.9	1.1	5.7	6.0	
VARITAION		0.0	0.3	0.2	0.2	
L&G GLOBAL EX UK EQUITIES - PASSIVE	9.1%	-4.2	2.8	11.3	12.2	
BENCHMARK		-4.2	2.7	11.3	12.2	
VARITAION		0.0	0.1	0.0	0.0	
L&G FIXED INCOME	20.2%	-0.5	1.1	4.9	5.5	7.0
BENCHMARK		-0.3	1.2	4.7	5.5	6.7
VARITAION		-0.2	-0.1	0.2	0.0	0.3
IN-HOUSE PROPERTY	1.4%	4.1	11.5	13.8	9.4	
BENCHMARK		1.9	10.1	8.1	10.5	
VARITAION		2.2	1.4	5.7	-1.1	
PRIVATE EQUITY	7.1%	-0.3	11.6	16.6	14.7	9.0
BENCHMARK		-4.8	4.1	7.5	9.5	7.7
VARITAION		4.5	7.5	9.1	5.2	1.3
INFRASTRUCTURE	0.2%	-1.0				
BENCHMARK		1.1				
VARITAION		-2.1				
UBS GLOBAL EQUITIES	12.4%	-4.0	5.4	10.3	10.5	9.5
BENCHMARK		-4.4	2.9	10.6	11.2	9.4
VARITAION		0.4	2.5	-0.3	-0.7	0.1
UBS PROPERTY	5.7%	1.9	10.2	8.7	10.9	5.3
BENCHMARK		1.9	10.1	8.1	10.5	4.6
VARITAION		0.0	0.1	0.6	0.4	0.7
INSIGHT DIVERSIFIED GROWTH FUND	4.9%	-3.1	3.5	1.6		
BENCHMARK		1.1	3.8	3.6		
VARITAION		-4.2	-0.3	-2.0		
IN-HOUSE CASH	3.0%	0.1	0.3	0.3	0.4	1.2
BENCHMARK		0.1	0.4	0.4	0.4	0.7
VARITAION		0.0	-0.1	-0.1	0.0	0.5
TOTAL FUND	100.0%	-2.9	4.1	8.3	8.8	7.4
BENCHMARK		-3.3	2.4	7.5	8.5	7.9
VARIATION		0.4	1.7	0.8	0.3	-0.5

TABLE 4

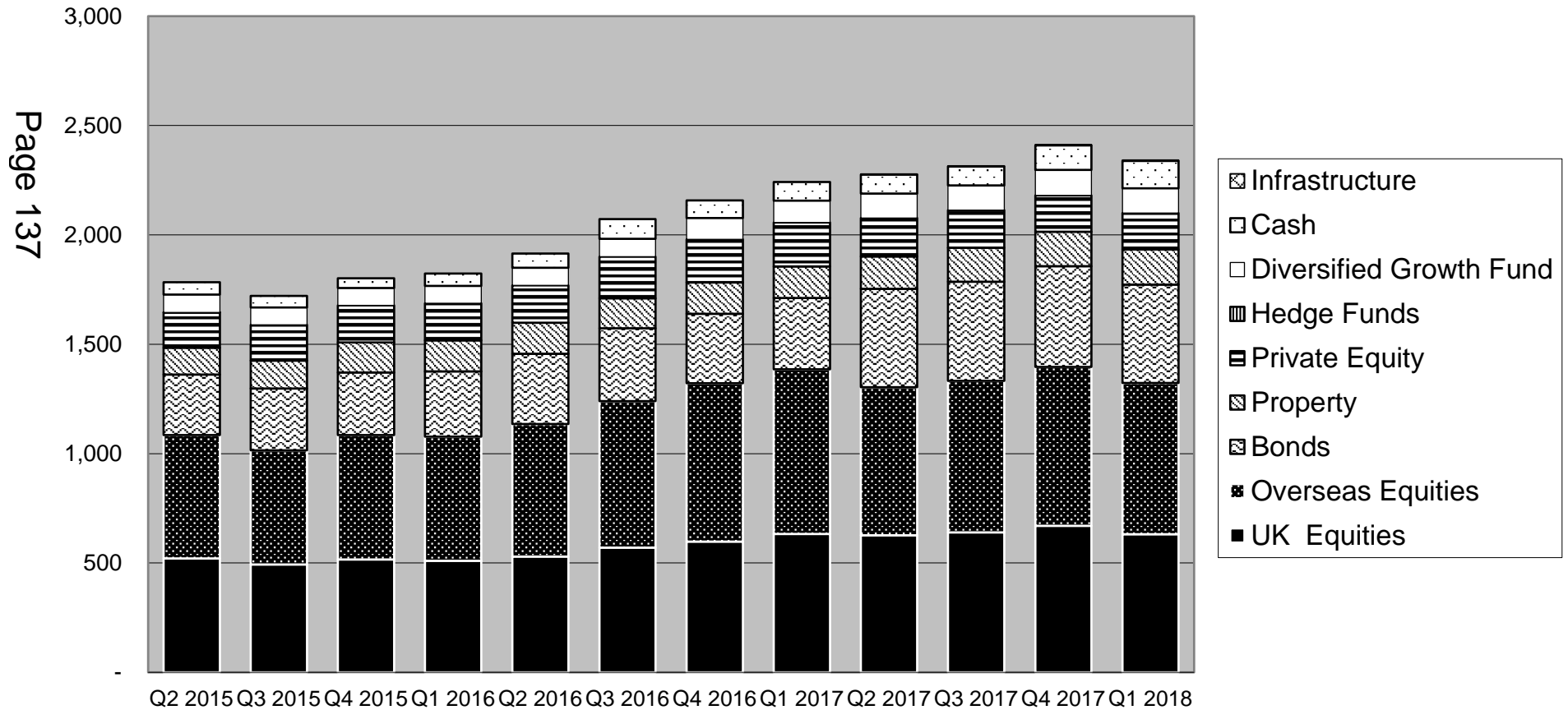
OXFORDSHIRE COUNTY COUNCIL PENSION FUND**TOP 20 HOLDINGS AT 31/03/2018**

ASSET DESCRIPTION	MARKET VALUE £	TOTAL FUND %
<u>DIRECT HOLDINGS</u>		
1 HG CAPITAL TRUST PLC	34,135,100	1.46
2 ROYAL DUTCH SHELL B SHS EUR0.07	19,031,599	0.81
3 PRUDENTIAL PLC	18,669,324	0.80
4 UK TSY 6 2028 BONDS REGS 12/28	18,062,880	0.77
5 ASHTEAD GROUP PLC	15,355,312	0.66
6 BRITISH AMERICAN TOBACCO PLC	15,149,038	0.65
7 STANDARD LIFE PRIVATE EQ ORD	15,140,723	0.65
8 ST JAMESS PLACE PLC	14,730,687	0.63
9 F&C PRIVATE EQTY TST ORD GBP0.01	14,643,200	0.63
10 DIAGEO PLC	13,518,971	0.58
11 BUNZL PLC	13,009,238	0.56
12 UK TSY 1 3/4 2019 BONDS REGS 07/19 1.75	12,450,974	0.53
13 RIO TINTO	10,867,774	0.46
14 LEGAL & GENERAL GROUP PLC	10,846,126	0.46
15 BUNDESREPUB. DEUTSCHLAND BONDS REGS 02/27 0.25	10,644,355	0.45
16 HSBC HOLDINGS PLC	10,197,326	0.44
17 UNILEVER PLC	10,106,263	0.43
18 TSY 1 1/4 2055 I/L GILT BONDS REGS 11/55 1.25	9,990,054	0.43
19 TSY 0 5/8 2040 I/L GILT BONDS REGS 03/40 0.625	9,731,813	0.42
20 UBM PLC COMMON STOCK GBP.1125	9,725,175	0.42
TOP 20 HOLDINGS MARKET VALUE *	286,005,932	12.24
* Excludes investments held within Pooled Funds		
<u>POOLED FUNDS AT 31/03/2018</u>		
1 UBS LIFE GLOBAL EQUITY ALL COUNTRY FUND A	291,126,101	12.43
2 L&G WORLD (EX UK) EQUITY INDEX	212,755,110	9.08
3 L&G UK EQUITY INDEX	182,948,342	7.81
4 LEGAL AND GENERAL TD CORE PLUS	176,715,902	7.55
5 INSIGHT BROAD OPPORTUNITIES FUND	113,714,356	4.86
TOTAL POOLED FUNDS MARKET VALUE	977,259,811	41.73
TOTAL FUND MARKET VALUE	2,342,128,356	

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

MARKET VALUE OF TOTAL FUND

TOTAL FUND MARKET VALUE BY ASSET CLASS



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Oxfordshire Council Pension Fund

Quarterly Review Q1 2018

Peter Davies – independent financial adviser

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PENSION FUND COMMITTEE – 8 JUNE 2018

OVERVIEW AND OUTLOOK FOR INVESTMENT MARKETS

Report by the Independent Financial Adviser

Economy

1. While all regions are expecting good growth in 2018, forecasts have moderated slightly since January, with falls in industrial production reported in the Eurozone, weaker than expected employment growth in the US and signs of softening in China. (In the table below the bracketed figures show the forecasts made in January)

Consensus real growth (%)						Consumer prices latest (%)
	2015	2016	2017	2018E	2019E	
UK	+2.3	+2.0	+1.6	+1.5 (+1.4)	+1.5	+2.5(CPI)
USA	+2.4	+1.6	+2.3	+2.8 (+2.6)	+2.5	+ 2.4
Eurozone	+1.5	+1.6	+2.3	+2.4 (+2.3)	+2.1	+ 1.4
Japan	+0.6	+0.9	+1.7	+1.5 (+1.5)	+1.2	+ 1.5
China	+6.9	+6.7	+6.8	+6.6 (+6.5)	+6.4	+ 2.1

[Source of estimates: The Economist, April 14th 2018]

2. In March the Federal Reserve raised US interest rates by a further 0.25%, to the 1.5 – 1.75% range. Two of the nine members of the UK Monetary Policy Committee voted for a rate rise in March, but the recent slowing of the UK economy has made such a rise less likely in the near term. The UK Financial Statement in March included an improved level of public borrowing in the current tax year, and hinted at public spending increases in the Autumn Budget.
3. President Trump's pronouncements have continued to make headlines. After announcing planned tariffs on imported steel and aluminium (later modified to exclude several nations), he then proposed tariffs on certain Chinese imports, to which the Chinese government responded with its own list of US imports to be penalised. On May 8th the President announced the US withdrawal from the Iran nuclear deal, and he is due to meet the President of North Korea.
4. After the poisoning of a former Russian agent and his daughter in Salisbury on March 3rd, many countries emulated the British government's action in expelling Russian diplomats from their embassies. In April US, French and UK forces launched co-ordinated air attacks on Syrian chemical weapons bases after the Syrian government had been accused of using such weapons against the inhabitants of Douma.
5. In Germany, members of the opposition SPD voted in favour of the renewal of a coalition with the CDU/CSU, allowing Chancellor Merkel to remain in office, while the shape of the Italian government remains uncertain after the General Election of March

4th produced big gains for the Five Star Movement. In South Africa Cyril Ramaphosa replaced Jacob Zuma as President.

Markets

Equities

6. Overseas equity markets started the year very strongly - US markets had risen 7% by January 26th – but the release of a US hourly wages figure of +2.9% ignited fears of higher inflation, and within two weeks most markets had fallen by 10%. After sharp swings in February and March, they ended the quarter close to their early- February lows. The performance of the UK equity market continues to lag behind all overseas regions, while the 5% fall in the All-World Index made this the worst quarter for global equities since Q3 2015.

	Capital return (in £, %) to 31.3.18		
Weight %	Region	3 months	12 months
100.0	FTSE All-World Index	- 5.0	+ 0.4
54.0	FTSE All-World North America	-5.0	- 0.7
8.7	FTSE All-World Japan	-3.5	+ 5.3
12.9	FTSE All-World Asia Pacific ex Japan	-4.8	+ 2.9
15.8	FTSE All-World Europe (ex-UK)	- 4.9	+ 1.4
5.9	FTSE All-World UK	- 8.2	- 3.9
10.5	FTSE All-World Emerging Markets	- 2.5	+ 5.7

[Source: FTSE All-World Review, March 2018]

7. Technology was the most resilient sector during the quarter, and for the year, although it has recently been hit by the revelations of the disclosure of personal details of Facebook users.

	Capital return (in £, %) to 31.3.18		
Weight %	Industry Group	3 months	12 months
14.1	Technology	-1.0	+12.3
13.1	Industrials	-5.0	+2.7
4.6	Basic Materials	-7.8	+2.1
22.7	Financials	-4.9	+1.3
10.8	Consumer Services	-3.3	+0.7
100.0	FTSE All-World	-5.0	+0.4
10.2	Health Care	-4.9	-2.8

12.6	Consumer Goods	-6.8	-3.0
6.1	Oil & Gas	-7.8	-7.3
3.0	Utilities	-5.6	-8.2
2.8	Telecommunications	-9.4	-14.8

[Source: FTSE All-World Review, March 2018]

8. UK shares started the year on a weak note, because of sterling's strength and Brexit uncertainties, and fell further during the period of heightened volatility in February and March. The mid- and small-cap sections of the market again out-performed the large-caps.

(Capital only%, to 31.3.18)	3 months	12 months
FTSE 100	- 8.2	-2.8
FTSE 250	- 6.1	+2.6
FTSE Small Cap	-5.4	+3.0
FTSE All-Share	-7.8	-2.4

[Source: Financial Times]

9. The All-Share Index ended the quarter 9% below the high it had reached in December.



Bonds

10. The yield on US Treasuries rose again during the quarter, as economic data showed rising levels of wage growth and the Fed Funds rate was increased. Elsewhere there was little change in the main sovereign bond yields.

10-year government bond yields (%)					
	Dec '14	Dec 2015	Dec 2016	Dec 2017	Mar 2018
US	2.17	2.27	2.46	2.43	2.75
UK	1.76	1.96	1.24	1.23	1.35
Germany	0.54	0.63	0.11	0.43	0.50
Japan	0.33	0.27	0.04	0.05	0.04

[Source: Financial Times]

11. The 10-year Gilt yield remains below 1.5%

Generic UK 10 Year Yield



Currencies

12. Sterling strengthened against the dollar and, to a lesser, extent, the euro, but gave back some of its recent gains against the yen. The dollar's trade-weighted index against other currencies has fallen by 7.5% during the past year. Since the start of April, however, the pound has weakened to \$1.35, as a rise in UK interest rates became unlikely after the release of slowing Q1 GDP data for the UK.

				£ move (%)	
	31.3.17	31.12.17	31.3.18	3m	12m
\$ per £	1.251	1.353	1.403	+3.7	+12.2
€ per £	1.189	1.127	1.141	+1.2	-4.0
¥ per £	139.3	152.4	149.2	-2.1	+7.1

[Source: Financial Times]

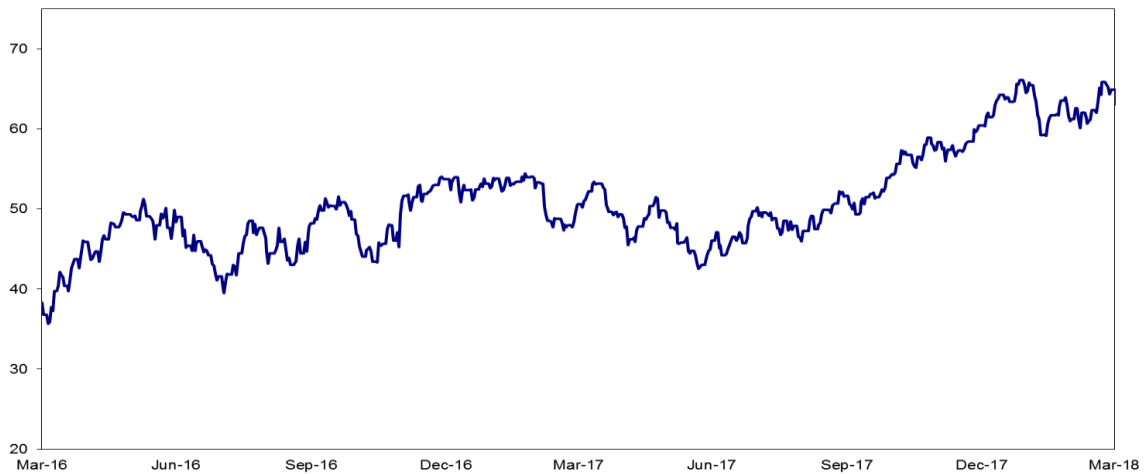
GBP vs USD



Commodities

13. The oil price edged higher during the quarter, and in April the price of Brent crude went over \$70 per barrel, its highest level since 2015. The price of Copper has continued rising, and has now gained 60% in the past two years. Metals prices surged higher in April after the US imposed sanctions on a number of Russian natural resource companies.

Oil



Property

14. In the quarter, the UK Commercial Property market was muted in the Office and Retail sectors, but Industrials continued to grow strongly, and have given a total return of over 20% in the past year.

	3-month (%)	12-month
All Property	+ 2.3	+11.3
Retail	+ 1.2	+ 7.1
Office	+ 1.9	+ 8.6
Industrial	+ 4.3	+21.6

[Source: MSCI UK Monthly Index of total returns, March 2018]

Outlook

15. The prospect of a trade war between the US and China has unsettled equity markets, with US negotiators making draconian demands on China. Russia's relations with the West have also deteriorated, after the responses to the Salisbury poisoning and the chemical weapon attack in Syria. The consequences of the US renunciation of the Iran Agreement, and the forthcoming US-North Korea talks, are foremost among other issues which could further destabilise equity markets.
16. The yield on the 10-year US Treasury bond has edged up to 3% in April, partly on fears of rising inflation, and partly on consideration of the enlarged US fiscal deficit to be funded in the bond market without the assistance of the Federal Reserve.
17. The long-awaited return of volatility is expected to remain a feature of equity markets in the coming months, and the geo-political uncertainties are likely to weigh heavily on markets.

Peter Davies

Senior Adviser – MJ Hudson Investment Advisers

May 10th, 2018

[Graphs supplied by Legal & General Investment Management]



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PENSION FUND COMMITTEE – 8 JUNE 2018

THE LOCAL AUTHORITY PENSION FUND FORUM

Report by the Director of Finance

Introduction

1. One of the areas of growing importance in the work of this Committee is how it fulfils its role as a responsible investor. Stakeholders, including both scheme employers and scheme members are becoming increasingly vocal in challenging the Committee to ensure it is carrying out its statutory duties with sufficient regard to concerns around environmental, social and corporate governance (ESG) issues.
2. Across the Brunel Pension Partnership, 8 out of the 10 Pension Funds have joined the Local Authority Pension Fund Forum (LAPFF) as a means of supporting their role as a responsible investor. This report considers whether it is appropriate for the Oxfordshire Pension Fund to now sign up as a member to the Forum.

Investment Strategy Statement

3. The Committee's Investment Strategy Statement (considered elsewhere on today's agenda) includes sections on both ESG Policy and our Policy on the Exercise of our Rights. The ESG Policy makes clear that this Committee recognises that ESG issues, including climate change, can have materially significant investment implications. As a responsible investor, the Fund will consider ESG risks as part of its investment process.
4. The Committee has clearly stated its view that as a responsible investor, it sees engagement with company management as a key part of its role and something that should always be undertaken before simply divesting from a company. Divestment removes the ability to influence company management, whereas engagement done well has been seen to bring about real change.
5. Under the section on the Policy on the Exercise of Rights, the Committee 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. The Fund commits to actively exercising its ownership rights, reflecting a conviction that the way in which an enterprise is managed and how their activities impact on customers, clients, employees, stakeholders and wider society are all issues that should be overseen by a responsible investor.

The Local Authority Pension Fund Forum (LAPFF)

6. A key question therefore is how the Committee fulfils its responsibilities as set out in the Investment Strategy Statement. Whilst many of the functions are delegated to the individual Fund Managers, and will be overseen by staff at Brunel, this does not mean that the Committee have fully met their responsibilities.
7. The Local Authority Pension Fund Forum (LAPFF) is a voluntary association of local authority pension funds and membership is open to all Local Government Pension Scheme (LGPS) funds. The Forum:
 - Seeks to protect and enhance the value of members shareholdings by optimising LA pension funds' influence as shareholders on ESG issues and thereby to promote Corporate Social Responsibility and high standards of Corporate Governance
 - Facilitates commissioning of research and policy analysis of issues more effectively than individual members
 - Provides a forum for consultation on shareholder initiatives
 - Provides a forum for information exchange and discussion about any investment issues
 - Provides a forum to consider issues of common interest to all pension fund administrators and trustees.
8. The Forum has 4 business meetings a year plus an AGM and an annual conference with each member fund having one vote at meetings. LAPFF contracts PIRC (Pensions Investment Research Consultants) to supply technical research, advice and assistance on all matters relating to best practice in corporate governance and corporate social responsibility. It also employs a part-time Forum Officer (a former City/County Treasurer) to assist with the promotion of its activities.
9. The Forum currently has 75 local authority members including 28 English counties; 25 London authorities (including the City of London Corporation and the LPFA); 7 English metropolitan/ unitary authorities; 8 Welsh authorities; 4 Scottish authorities; The Environment Agency and 2 passenger transport authorities.
10. LAPFF member funds now control assets of around £180 billion. The annual cost of membership would be the annual subscription of **£9,000**.
11. Benefits of membership would include:-
 - Supporting shareholder value through engagement and activism on issues relating to ESG issues.
 - Strength in numbers when engaging with companies at the highest level (i.e. Chairperson or other senior board members)
 - Collective and more cost - effective approach to research
 - Saving of officer time and cost in researching issues

- Sharing research costs with 75 Forum member funds
 - Providing a Forum for discussion of any related local government pension fund issue
 - Opportunities for networking with colleagues from all parts of UK and all types of authority
 - Facilitating collaboration with other major institutional investor groups both nationally and internationally.
 - The Forum's aims are to provide a customised, cost effective vehicle for local authority pension funds to make their compliance with Myners principle 5 (responsible ownership) more effective.
12. Membership of LAPFF would further demonstrate the Fund's commitment to socially responsible investment and the promotion of high standards of corporate social responsibility (on environmental, social and governance issues etc) and re-enforce our aim to maximise shareholder value.

RECOMMENDATION

13. **The Committee is RECOMMENDED to agree membership of the Local Authority Pension Fund Forum, and instruct the Officers to make the necessary arrangements.**

Lorna Baxter
Director of Finance

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

May 2018

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