



To: Members of the Local Pension Board

Notice of a Meeting of the Local Pension Board

Friday, 20 January 2023 at 10.30 am (Microsoft Teams meeting)

IF YOU WISH TO VIEW PROCEEDINGS ONLINE, PLEASE CLICK ON [LIVE STREAM LINK](#)

AS THE PENSION BOARD WAS NOT SET UP UNDER THE LOCAL GOVERNMENT ACT BUT UNDER SEPARATE PENSION ACT PROVISIONS, IT IS NOT COVERED BY THE REGULATIONS REQUIRING FACE TO FACE MEETINGS.

ALSO, AS THE BOARD IS NOT A DECISION-MAKING BODY BUT OFFERS ADVICE TO THE PENSION FUND COMMITTEE, THERE ARE NO MATTERS WHICH WOULD REQUIRE VOTING

A handwritten signature in black ink, appearing to read 'Stephen T Chandler'.

Interim Chief Executive

11 January 2023

Committee Officer: **Khalid Ahmed**
Tel: 07990 368048; Email: khalid.ahmed@oxfordshire.gov.uk

Membership
Chairman – Matthew Trebilcock

Scheme Members

Alastair Bastin	Stephen Davis	Vacancy
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Employer Members

Marcia Slater	Elizabeth Griffiths	Angela Priestley-Gibbin
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Notes:

- **Date of next meeting: 5 May 2023**

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 email democracy@oxfordshire.gov.uk for a hard copy of the document.

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

AGENDA

1. **Apologies for Absence**

2. **Declarations of Interest - see guidance note opposite**

3. **Minutes** (Pages 1 - 6)

To approve the minutes of the meeting held on 21 October 2022 and to receive information arising from them.

4. **Unconfirmed Minutes of the Pension Fund Committee - 2 December 2022** (Pages 7 - 14)

To receive the unconfirmed Minutes of the Pension Fund Committee held on 2 December 2022.

5. **Scheme Member Engagement** (Pages 15 - 20)

This report sets out the current approach to scheme member engagement and the options for further improvements in the arrangements. The Board is invited to consider the report and provide advice to the Pension Fund Committee on changes to the Communications Policy to improve scheme member engagement in the future.

6. **Review of the Annual Business Plan** (Pages 21 - 52)

The Board is invited to review the position against the Annual Business Plan for 2022/23 as considered by the Pension Fund Committee at their meeting on 2 December 2022 and to offer any comments to the Committee. The report includes the results of the National Knowledge Assessment, and the Board is invited to consider the results and priorities for future training.

7. **Risk Register** (Pages 53 - 60)

This is the latest risk register as considered by the Pension Fund Committee on 2 December 2022. The Board is invited to review the report and offer any further views back to the Committee.

8. **Administration Report** (Pages 61 - 68)

The Board is invited to review the latest Administration Report as presented to the Pension Fund Committee on 2 December 2022, including the latest performance statistics for the Service.

9. Exempt Items

The Board is **RECOMMENDED** that the public be excluded for the duration of the following items on the Agenda (during discussion on confidential matters) 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.

PART II

10. Cyber Security (Pages 69 - 184)

The Board are invited to review the exempt report which updated the Committee on the arrangements to address cyber security risks associated with the Pension Fund's main third-party suppliers.

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.

11. Pension Administration System Review (Pages 185 - 192)

The Board is invited to review the report received by the Pension Fund Committee on the review of the current Pension Administration System and note the decision of the Committee to invoke the clause to extend the current contract and seek to address some of the outstanding issues in the interim.

PART I

12. Items to include in the Report to the Pension Fund Committee

The Board is invited to confirm the issues they wish to include in their latest report to the Committee.

13. Items to be Included in the Agenda for the next Board Meeting

Members are invited to identify any issues they wish to add to the agenda of the next meeting of this Board.

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LOCAL PENSION BOARD

MINUTES of the meeting held on Friday, 21 October 2022 commencing at 10.30 am and finishing at 12.30 pm

Present:

Voting Members: Matthew Trebilcock – in the Chair
Alistair Bastin
Stephen Davis
Elizabeth Griffiths
Angela Priestley-Gibbins

Members of Pension Fund Committee in Attendance: Councillor Bob Johnston
Steve Moran

Officers: Sean Collins (Service Manager Pensions Insurance and Money Management), Sally Fox (Pension Services Manager), Gregory Ley (Financial Manager- Pension Fund Investment), Mukhtar Master (Governance & Communications Manager) and Khalid Ahmed (Law and Governance).

The Board 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.

SARAH PRITCHARD

The Board was informed that Sarah Pritchard had resigned from the Board. The Board placed on record their appreciation for the work Sarah had undertaken during her membership of the Board.

33/21 APOLOGIES FOR ABSENCE

(Agenda No. 1)

An apology for absence was submitted by Marcia Slater.

34/21 MINUTES OF THE LAST MEETING

(Agenda No. 3)

The minutes of the meeting held on 8 July 2022 were agreed as a correct record.

35/21 UNCONFIRMED MINUTES OF THE PENSION FUND COMMITTEE - 10 OCTOBER 2022

(Agenda No. 4)

The meeting had before it the draft minutes of the last Pension Fund Committee meeting of 10 October 2022 for consideration. The draft Minutes were noted.

36/21 FUNDING STRATEGY STATEMENT AND 2022 VALUATION

(Agenda No. 5)

The Board considered a report which was considered at the Pension Fund Committee on 10 October 2022. The report set out the high-level results for the whole Fund following the 2022 Valuation, with further work required before the results for the individual scheme employers are available. The report also set out the revised Funding Strategy Statement which sets the ground rules on which the Valuation is based.

The Pension Fund Committee noted the position on the 2022 Valuation and agreed the draft Funding Strategy Statement and accompanying annexes as the basis of consultation with scheme employers.

The Board was informed that the draft version of the Funding Strategy Statement and policies had gone out for consultation and reference was made to the Employer Forum which had taken place where only 20 out of well over 100 employers had been in attendance.

Reference was made to the Board having the core of the document with six satellite policies. In relation to Cessation Risk, there was more flexibility with realistic cessation set.

Discussion took place on the McCloud case, and that every employer would have to pay a premium, although a decision was required on how the costs would be distributed.

The Board was informed that the Actuary reported that the Fund was in a much better position than 3 years ago. Based on a set of single assumption, there was 70% achieving 4.6% return and being 100% funded.

The consultation ended on 18 November and Board Members were asked to submit their comments. The final document would be considered by the Pension Fund Committee in December. Discussions would continue with employers till March.

The report was noted.

37/21 REVIEW OF BUSINESS PLAN 2022/23

(Agenda No. 6)

The Board was provided with an update on progress against the key priorities set out in the Annual Business Plan for 2022/23 which had been reported to the Pension Fund Committee.

Discussion took place on cyber security and the Board was informed that the monitoring arrangements were not robust. A Board Member referred to a recent data breach which had been reported, however, this had been a breach by a third party. The third part had confirmed that the issue had been resolved.

The newly appointed Governance & Communications Manager of the Fund referred to a breach register and that he would ensure that breaches would be reported to the Board.

On holistic approach to technology across the service, there needed to a decision on whether to re-tender the contract or extend the current arrangements. A decision would be sought from the Pension Fund Committee in December with the report also submitted to the January Board meeting.

With regard to Enhanced Delivery of Responsible Investment responsibilities, the Service Manager for Pensions, Insurance and Money Management updated the Board on progress made in the recruitment for the new Responsible Officer. This had taken longer than had hoped although the post was to be advertised shortly.

Discussion took place on Job Evaluation process and the Board was informed that the post was not subject to the County Council Job Evaluations. Reference was made to the Government's requirement on Pension Funds producing a workforce strategy.

It was also noted that there would be a report to the December Pension Fund Committee on Brunel's Change Policy around progress made to date.

On delivering improved and consistent service performance to scheme members, service level agreements had been missed. Performance standards should be increased and brought back into line with the SLA, subject to successful recruitment.

Draft guidance on TCFD had been received, but we were still awaiting the draft guidance on Pooling and McCloud.

The Board noted the report.

38/21 RISK REGISTER

(Agenda No. 7)

The Board was asked to review the report which presents the latest position on the Fund's risk register, including any new risks identified since the report to the last meeting of the Pension Fund Committee.

The Board noted that the requests made to the Pension Fund Committee to consider the risks scores for Risks 16 and 17 should be increased until such time the Fund had a comprehensive cyber security policy in place were accepted.

It was noted that the Risk score on 16 and 17 should be 8 and not 4.

In relation to Risk 21 - Insufficient Resource and/or Data to comply with consequences of McCloud Judgement, the impact on the resources was not known as the Government guidance was still awaited. Discussion took place on the delivery of it and whether there should be two parts to Risk 21. It was acknowledged that this would take some resource.

The report was noted.

39/21 ADMINISTRATION REPORT

(Agenda No. 8)

The Board was asked to review the report which updated the Pension Fund Committee at its meeting on 10 October 2022 on the key administration issues including service performance measurement, the debt recovery process and any write offs agreed in the last quarter.

The Board was updated on staffing and was informed that one of the successful administrative assistant applicants had pulled out.

In response to a question, the Board was informed that communication took place with deferred Members with a deferred Members newsletter.

In relation to paragraph 17 on the latest figures in respect of the data quality scores, officers said they would update the detail in the report as the percentage figure of the records without a fail of the total records tested was incorrect in the report.

The Board noted the report and that the Pension Fund Committee agreed the change to wording of the fund's discretionary statement relating to trivial commutation and small pots and also agreed to write off £37.46 of irrecoverable payroll adjustments.

40/21 CYBER SECURITY

(Agenda No. 9)

The Board was asked to review the report which Pension Fund Committee considered which set out the approach for managing the cyber security risks facing the Committee and how the Committee can monitor the success of this approach.

A Board Member expressed concern regarding data, particularly Members' data which was held by third parties such as suppliers. The report did not have any details on this, particularly around the security of the data and how it was being looked after by third parties. The Pension Services Manager reported that she would obtain information on this and include this assurance in the report to the Pension Fund Committee.

Reference was made to AVC data breach, was there a report of what happened, were the correct processes followed. The Pension Services Manager reported that as soon as she was made aware of the data breach it was reported on-line and the correct procedures were followed.

The Board asked for assurance that the correspondence detail on this breach be circulated to Board Members.

A question was asked on whether there were performance data on how third parties dealt with data security. The Chair asked that an item as part of the Administration Report include cyber security and penetration testing. The Pension Fund Committee would also receive this information at its next meeting.

The Board noted the report and that an update on cyber security would come back to the next Board meeting.

41/21 TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES REPORT

(Agenda No. 10)

The Board was asked to review the report which set out the performance of the Pension Fund on the Implementation of its Climate Change Policy and the priorities for the forthcoming period.

The Board noted the report and that the Pension Fund Committee approved the draft Task-Force for Climate-related Financial Disclosures Report 2021/22, and delegated to the Director for Finance responsibility for submitting a response to the Government on their recent consultation of future Task-force for Climate-related Financial Disclosures reporting, having first taken the advice of the Climate Change Working Group.

..... in the Chair

Date of signing

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PENSION FUND COMMITTEE

MINUTES of the meeting held on Friday, 2 December 2022 commencing at 10.00 am and finishing at 11.55 am

Present:

Voting Members: Councillor Bob Johnston – in the Chair

Councillor Kevin Bulmer (Deputy Chair)

Councillor Imade Edosomwan

Councillor Nick Field-Johnson

Councillor John Howson

Non-Voting Members: Shelley Cook (Academy Sector Member) (Remotely attended)
Alistair Fitt (Oxford Brookes University)
Steve Moran (Pension Scheme Member)
District Councillor Jo Robb (District Councils) (Remotely attended)

Local Pension Board Members in Attendance: Elizabeth Griffiths
Alistair Bastin (Remotely attended)
Angela Priestley – Gibbins (Remotely attended)
Stephen Davis (Remotely attended)

By Invitation: Philip Hebson (Independent Investment Advisor)

Officers: Sean Collins (Service Manager Pensions Insurance and Money Management)
Sally Fox (Pension Services Manager) (Remotely attended) (Remotely attended)
Gregory Ley (Financial Manager- Pension Fund Investment) (Remotely attended)
Mukhtar Master (Governance & Communications Manager) (Remotely attended)
Khalid Ahmed (Law and Governance)

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.

44/22 MINUTES
(Agenda No. 3)

The Minutes of the meeting held on 10 October 2022 were approved and signed.

45/22 MINUTES OF THE LOCAL PENSION BOARD

(Agenda No. 5)

The unconfirmed Minutes of the Local Pension Board held on 20 October 2022 were noted.

46/22 REPORT OF THE LOCAL PENSION BOARD

(Agenda No. 6)

The Committee was provided with the report of the Local Pension Board, which was introduced by Board Member, Alastair Bastin.

47/22 REVIEW OF ANNUAL BUSINESS PLAN 2022/23

(Agenda No. 7)

Consideration was given to a report which provided an update on progress against the key priorities set out in the Annual Business Plan for 2022/23, and the initial results of the National Knowledge Assessment.

The Service Manager for Pensions, Insurance and Money Management reported there were four service priorities each with a number of key measures of success.

Review and Improve the Scheme's Data – An outstanding issue with common Data was largely missing member addresses.

Develop a holistic approach to technology across Pension Administration Services – There was a full report on this agenda on the future use of technology.

Enhanced Delivery of Responsible Investment responsibilities – Members were informed there was a struggle to recruit the new Responsible Investment Officer. Reference was made to possible solutions such as working with Brunel and it was agreed that the recruitment process should continue and should this be unsuccessful by the next meeting of this Committee, discussions take place on possible options.

Deliver improved and consistent service performance to scheme members - Performance has been steadily improving, however, it does remain below the Service Level Agreement (SLA) targets on a number of measures. If successful in recruiting the additional staffing as set out within the Administration report elsewhere on the agenda, performance standards should be increased and brought back into line with the SLA.

The Chair referred to the National Knowledge Assessment Results, which demonstrated both excellent levels of knowledge and skills of both the Committee and Board, together with good engagement.

In relation to the training programme for Pension Fund Committee and Local Pension Board Members in the Business Plan, the Governance and Communications Manager reported that the training plan would cover issues which had arisen from the assessment of training needs.

RESOLVED – (1) That the Committee reviewed progress against each of the key service priorities as set out in the report.

(2) That approval be given to the further actions to be taken to address those areas not currently on target to deliver the required objectives.

(3) That the provisional results from the National Knowledge Assessment be noted.

(4) That approval be given to holding a 2023/24 Business Planning session on the morning of Friday 3 February 2023.

48/22 RISK REGISTER

(Agenda No. 8)

The report presented the latest position on the Fund's risk register, including any new risks identified since the report to the last meeting of the Committee.

Members were informed that there had not been many changes, however, Risk 15 in relation to Fund officers having sufficient skills and knowledge to carry out their roles effectively, work was taking place with HR as the Fund were struggling to get the roles adequately graded.

The Governance and Communications Manager referred to the recommendation to enhance the risk management processes and reporting which were:

- Develop a Risk Management Framework for the Fund;
- Report on 'Emerging Risks', which can then subsequently drop off the register if deemed unnecessary or be incorporated as an inherent risk to the Fund;
- Develop a 'heat-map' which visually and easily show all risks for the fund and their impact rating.

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

49/22 FUNDING STRATEGY STATEMENT

(Agenda No. 9)

The Committee was provided with a report which summarised the responses to the recent consultation on the Funding Strategy Statement and sought approval to the final document.

Members were reminded that at the Committee's last meeting, consideration was given to the draft Funding Strategy Statement which had been produced by Hymans Robertson alongside officers from the Fund. The document set out the key principles as agreed by the Fund, to set the framework for the 2022 Valuation exercise.

Members were informed there had been a significant change to the way the document was presented, which involved a slimmed down version of the Funding Strategy Statement itself, with some of the more detailed arrangements removed and included in standalone policy documents

Members were informed that by the end of the consultation period there had been 8 responses, plus two further responses after the deadline.

Reference was made to the inclusion of a specific approach to the calculation of cessation amounts where it was proposed to specify that the likelihood score for a low-risk cessation calculation would normally be set at 90%.

There was disappointment expressed at the number of responses received and whether the Schools Forum represented all schools. This would be added to the framework.

RESOLVED – (1) That the responses to the consultation exercise be noted.

(2) That approval be given to amend the draft documents to specify a standard likelihood of 90% for cessation calculations.

(3) That approval be given to the final version of the Funding Strategy Statement to support the 2022 Valuation exercise.

50/22 ADMINISTRATION REPORT

(Agenda No. 10)

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

The Pensions Service Manager referred to a Scheme Member who had asked for information which had resulted in lengthy correspondence. However, some responses were incorrect and during 2020/2021 tax year these queries were either not answered or not answered in a reasonable time frame which resulted in the member losing the opportunity to make additional pension contributions which meant a loss of tax relief. The Pension Services Manager, in line with the Scheme of Delegation, awarded a compensatory payment of £1,400 for loss of tax relief and the distress caused by this matter.

Reference was made to the data quality score detailed in paragraph 15 of the report and for debt management in the last quarter there had been one overpayment of £10,000 paid back.

There was also a request for the Committee to agree a write off for the last quarter of £23.93. There had been four deaths where monies could not be recovered and in one case where the amount to be repaid was incorrectly stated by £4.60.

RESOLVED – (1) That the compensatory payment made in line with Scheme of Delegation be noted.

(2) That the release of deferred benefits on grounds of ill-health in line with Scheme of Delegation be noted.

(3) That approval be given to the write off for the last quarter of £23.93.

51/22 TECHNOLOGY REVIEW

(Agenda No. 11)

The Committee was provided with a report on the findings of the project to review the current offerings from the 3 system suppliers on the National Procurement Framework and which recommended the Committee to either renew the existing contract for a further 5 years or seek to re-tender the contract.

Members were reminded that as part of the 2022/23 Business Plan, this Committee agreed as a key objective for the current year was to explore the options around improving the system technology currently available to the Fund. The Committee was keen to see a holistic offering where all component parts were fully integrated and offered a seamless service to scheme members, scheme employers and the Fund's officers.

The work was timed to coincide with the extension clauses within the current contract which allowed for a 5 year extension to the current contract, which would otherwise end in the summer of 2024.

The outcomes of the review from Hymans Robertson were included in the exempt items part of the agenda.

After consideration of the confidential information on this item the following was

RESOLVED – (1) That approval was given to the extension of the current system contract, as allowed for within the contract.

(2) That officers be asked to bring forward a proposal to the March meeting of this Committee, as part of the 2023/24 Business Plan to identify options to address the current weaknesses in the employer database offering, to maximise the use of the current system functionality and to ensure the Fund is fully prepared to run a full procurement exercise at the end of the agreed extension.

52/22 REPORT OF THE INDEPENDENT INVESTMENT ADVISOR

(Agenda No. 12)

The Independent Investment Advisor submitted a report which provided an overview of the financial markets, the overall performance of the Fund's investments against the Investment Strategy Statement and commentary on any issues related to the specific investment portfolios. The report also included the quarterly investment performance monitoring reports, including the newly designed report from Brunel.

The Committee was informed that the last quarter had been a strange period. Private market valuations have held up well and public market valuations which had flagged, have had a good recovery. Reference was made to the political events of the past few months which have impacted on the markets, inflation etc.

Reference was made to the impact interest rates were having on private market commitments, particularly around transactions which would affect activity levels.

Discussion took place on China and the implications on the Chinese economy of China's worsening relationship with the USA and the implications of this on the Fund. This would be revisited if there were concerns regarding Fund investments.

Members were reminded that at the last meeting of the Committee on 2 December, it was agreed that the Pension Fund Committee and the Local Pension Board would be invited to a hybrid meeting on Friday 3 February 2023 to discuss the 2023/24 Business Plan for the Pension Fund.

Members agreed to extend the meeting into the afternoon to discuss the strategic asset allocation as raised under the report from the Independent Investment Advisor.

RESOLVED – (1) That Members and relevant officers hold an informal session to consider future strategic asset allocation, including ESG and climate change considerations.

(2) That a meeting is then arranged with Brunel to discuss the forthcoming Strategic Asset Allocation review and this Fund's aspirations, along with any actions required to address a higher inflation environment.

(3) That officers be asked to progress a Brunel led training programme for Fund elected members and others that will provide information about the asset classes that they manage and their processes.

53/22 CORPORATE GOVERNANCE AND SOCIALLY RESPONSIBLE INVESTMENT

(Agenda No. 13)

Members were informed of two consultations which officers had responded to.

- Climate Risk Reporting – the Climate Change Working Group had formulated a response in consultation with officers
- Climate Action 100

54/22 EXEMPT ITEMS

(Agenda No. 14)

RESOLVED - That the public be excluded for the duration of the following items on the Agenda (during discussion on confidential matters) 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.

55/22 CYBER SECURITY

(Agenda No. 15)

The Committee had previously received a report setting out the fund's approach to cyber security. At the last meeting of this Committee and at the Local Pension Board meeting, Members requested an update on the security of data held and used by third party providers to the fund.

The Committee agreed that there would be an annual report submitted on cyber security.

RESOLVED – That the information and assurance given in the report be noted.

The public was excluded during this item because its discussion in public would likely 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.*

56/22 AVC REVIEW

(Agenda No. 16)

The Committee was provided with an update on the on-going review into the future additional voluntary contributions provision to scheme members.

RESOLVED – That the progress made in reviewing the Funds AVC provision be noted, and officers be asked to submit a report to the 3 March 2023 Committee meeting setting out a recommended course of action.

The public was excluded during this item because its discussion in public would likely 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.*

57/22 CLIMATE STOCKTAKE

(Agenda No. 17)

The report includes the draft report from the Brunel Climate Stocktake which reviewed the implementation of the current Brunel Climate Change Policy. The final

report will become a public document and be published in the New Year alongside the Policy Update.

RESOLVED – That the report be noted.

The public was excluded during this item because its discussion in public would likely 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.*

58/22 TECHNOLOGY REVIEW

(Agenda No. 18)

The Committee was provided with the final report on Review of Pension Administration System Technology.

RESOLVED – That the information contained in the confidential report was noted.

The public was excluded during this item because its discussion in public would likely 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 the Chair

Date of signing

Division(s): n/a

LOCAL PENSION BOARD – 20 JANUARY 2023

MEMBER ENGAGEMENT REVIEW

Report by the Director of Finance

RECOMMENDATION

1. **The Board is RECOMMENDED to note and review the outcome of Member Engagement Review carried out by the Governance and Communications Team of the fund.**

Introduction

2. Regulation 61 of the Local Government Pension Scheme Regulations 2013 sets out the administering authority's policy requirements concerning communications with members and Scheme employers. Specifically it states that 'an administering authority must prepare, maintain and publish a written statement setting out its policy concerning communications with members, representatives of members, prospective members and Scheme employers.
3. Furthermore, the policy must set out the following:
 - i) the provision of information and publicity about the Scheme to members, representatives of members and Scheme employers;
 - ii) the format, frequency and method of distributing such information or publicity; and
 - iii) the promotion of the Scheme to prospective members and their employers.

The current Communications Policy for the fund can be found on the website here:

[CommunicationPolicy \(oxfordshire.gov.uk\)](https://www.oxfordshire.gov.uk/communications-policy)

4. The fund Communications Policy was last reviewed and refreshed in 2019. It is good practice to review all policies regularly. Additionally, a specific review of member engagement had been requested by the Local Pension Board.

Review Findings

5. It was decided to structure the Member Engagement Review to cover 3 particular aspects:
 - a) What is currently in place;
 - b) What has been tried previously;

c) New ideas to improve member engagement.

6. What is currently in place:

Engagement Activity	Target Audience	Comments
Reporting Pensions – quarterly newsletter	Actives	Sent by email and post and via employers
Annual benefit statement plus notes	Actives and Deferred	
Annual Deferred newsletter (in collaboration with other Funds)	Deferred	
Annual Pensioner newsletter	Pensioners	
Member talks	Actives	Arranged by employer but advertised in member newsletter.
My Oxfordshire Pension	Actives, Deferred and Pensioners	Those who have signed up
Use of Altair email tool	Actives, Deferred and Pensioners	Those with email address
Use of Gov.UK Notify email tool (Bulk Email)	Actives, Deferred and Pensioners	Those with email address
Annual activation codes mailing	Actives, Deferred and Pensioners	For those who have not chosen a communication method.
Partnership working with other funds – Oxfordshire is represented on: Communications working group (LGA) Joint communications working group	N/A	Ensures our communications and engagement practices are in line with standards across the LGPS.
Translation services	Actives, Deferred and Pensioners	Invoiced to employer
Oxfordshire Pension Fund Website	Everyone	

7. What has been tried previously.

Various activities have been tried previously to try and improve engagement with all types of members and potential member. These include:

- Survey – sent to members at the end of a transaction by email
- Pension Attention campaign – national campaign (Oct 22)
- Updating and modernising member newsletter - Reporting Pensions (2020);
- Encouraging employers to better engage with their members;
- Ensuring accessibility using the latest WCAG (Web Content accessibility Guidance);
- Formal “Plain English” training undertaken and principles applied to all new letters produced by the team;
- Undertaken a ‘survey’ of employers to ensure that the most appropriate means of communications is used to target members who may have difficulties accessing their pension information;
- Offered pension surgeries, talks and seminars free of charge
- Use of the LGA’s resources such LGPSMember.org and videos;
- Relunched member webpages – making it a more logical ‘member journey’ and easier to understand.
- Offered support and contribution for member induction sessions and retirement training
- Engagement has been added to agendas on both national and local Communications Working Groups as all authorities are facing the same engagement challenges.

8. New Ideas to Improve Member Engagement.

<p>Ease of Access</p> <ul style="list-style-type: none"> • Introducing QR codes – take members directly to the correct page. On letters and newsletters and leaflets • Webinars on common subjects • Improvement of current website for ease of access;
<p>Board Member Representative Engagement</p> <p>Board Member Representatives providing feedback and information from the Local Pension Board to fund members. This can be facilitated through contributions to the various member newsletters that go out throughout the year.</p>
<p>Effective Targeting</p> <ul style="list-style-type: none"> • Text messaging through Gov.UK Notify –evidence suggests that Generation Z (born 1997-2012) do not use personal email as much, or in the same way that older cohorts do . • Proactively collecting email addresses and mobile numbers to use for targeting members. These data items are not currently collected for all members;

<ul style="list-style-type: none"> • Breaking down membership by various demographics so we could target our comms eg <ul style="list-style-type: none"> ○ age bands, ○ gender, ○ post SPA, ○ paying AVCs, ○ 50/50, ○ underpensioned segments where we can identify this eg part timers, multiple job holders • Working closer with the unions; • Establishing a member panel to discuss and review improvements and changes to scheme member engagement;
<p>Use of Social Media or other technologies</p> <ul style="list-style-type: none"> • Better use of analytics from My Oxfordshire Pension and the fund website; • Use of LinkedIn – another channel for engagement;
<p>Future/Aspirational</p> <ul style="list-style-type: none"> • Use of a Chatbot – chatbots are programs built to automatically engage with received messages. It can be used to filter and signpost members to the right information/place. The Chatbot would be available from our website, My Oxfordshire Pension and a link on email/other communications; • Benchmarking against other ‘good’ performing funds regarding scheme member engagement. • Use of fund created media such as videos eg. Videos on understanding your benefits statement or the ‘retirement process’.

9. There can be many barriers to engagement for a member:
- i) Apathy – generally until members are in their 50s;
 - ii) Pensions can seem daunting, particularly for those with limited knowledge;
 - iii) Pensions are less pressing or demanding compared to other aspects of finance, such as bank accounts;
 - iv) Pensions for deferred members are in effect frozen and hence less relevant;
 - v) Missing email addresses on Altair; and
 - vi) Employers – busy, stressed, for most it’s less than 5% of their day job, and with huge increase in number of employers, pension knowledge is very diluted.
10. In conclusion, the fund are doing and have also tried much to ensure that effective communications are maintained with all members of the fund. This review has identified a number of ‘new’ methods of engagement which may

provide improved outcomes. The Board are asked to note and review the outcome of Member Engagement Review carried out by the Governance and Communications Team of the fund.

Lorna Baxter
Director of Finance

Contact Officer: Mukhtar Master
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January 2023

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Division(s): n/a

PENSION FUND COMMITTEE – 2 DECEMBER 2022

REVIEW OF THE BUSINESS PLAN 2022/23

Report by the Director of Finance

RECOMMENDATION

The Committee is **RECOMMENDED** to

- a) **review progress against each of the key service priorities as set out in the report;**
- b) **agree any further actions to be taken to address those areas not currently on target to deliver the required objectives;**
- c) **note the provisional results from the National Knowledge Assessment and**
- d) **agree to hold a 2023/24 Business Planning session on the morning of Friday 3 February 2023.**

Introduction

1. This report sets out the latest progress against the key service priorities set in the business plan for the Pension Fund for 2022/23 as agreed by the March meeting of this Committee.
2. The key objectives for the Oxfordshire Pension Fund as set out in the Business Plan for 2022/23 remain consistent with those agreed for previous years. These are summarised as:
 - To administer pension benefits in accordance with the LGPS regulations, and the guidance set out by the Pensions Regulator
 - To achieve a 100% funding level
 - To ensure there are sufficient liquid resources to meet the liabilities of the Fund as they fall due, and
 - To maintain as near stable and affordable employer contribution rates as possible.
3. The service priorities for the year do not include the business-as-usual activity which will continue alongside the activities included in the service priorities. Business as usual activities are monitored as part of the Administration Report and the report on Investment Performance.
4. The report also includes the provisional results from the 2022 National Knowledge Assessment run by Hymans Robertson, which sets out the scores for this Committee and the Pension Board against the 8 key pillars of the CIPFA knowledge and skills framework.

Key Service Priorities – Progress to Date

5. There were 4 service priorities included in the 2022/23 Plan each with a number of key measures of success. The latest position on each is set out in the paragraphs below. The assessment criteria agreed by the previous Committee for each measure of success is as follows:
- Green – measures of success met, or on target to be met
 - Amber – progress made, but further actions required to ensure measures of success delivered, or degree of progress/future requirements unclear
 - Red – insufficient progress or insufficient actions identified to deliver measures of success
6. Review and Improve the Scheme’s Data The position against the 5 agreed measures of success are set out in the table below.

Measure of Success	Key Progress Achieved	Outstanding Actions
Data Quality scores submitted to the Pension Regulator within acceptable bounds and no follow up action. GREEN	Scores now submitted to the Pension Regulator – common data score is 94.8%, which is slightly down on last year. Scheme specific score is 98.2% up on last year.	Continue to review issues with common data, largely missing member addresses.
Valuation completed with data signed off as fit for purpose and scheme employers raising no concerns with outcome. GREEN	Data File Submitted to Actuary. Initial Whole Fund Results Received Draft results issued to scheme employers.	
Data of a standard to support delivery of all service KPI’s as reflected in quarterly performance reports. AMBER	Limited development of reports to date.	More extensive use of new Insights Reporting tool to deliver full suite of performance reports and enable data quality to be assessed.
No data security breaches reported. AMBER	One issue of a personal data breach by one of the Fund’s third party suppliers.	Breaches Policy to be reviewed
Cyber Security Policy is updated (where required) with clear information on roles	Report on approach to Cyber Security produced.	Action Plan to be delivered.

and responsibilities. AMBER	Gap Analysis undertaken and Action Plan developed	
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7. Since the last report, we have issued our data quality scores to the Pension Regulator. On the scheme specific data, we have seen an improvement in score to 98.2%. The score for the common data reduced slightly to 94.8% with the majority of errors relating to missing home addresses for scheme members. Whilst we have reasonably robust processes to ensure that the addresses of active scheme members are kept up to date, there is limited actions the Fund can take where deferred members move house and do not provide us with a new address – only identified when the postal service returns new correspondence. It is hoped that the introduction of the national Pensions Dashboards will increase awareness of pension provision and make it easier for scheme members to keep track of all pension benefits and how to keep their details up to date.
8. Since the last meeting, we have continued to work with the Fund Actuary to release draft valuation results to individual scheme employers. The process is indicating no significant issues with the member data on which the valuation results are based.
9. We have not made any real progress on developing data for the standard service kpi's to be included in the quarterly performance reports, so the risk level against this outcome is still showing as Amber. We are looking to identify the resources needed to complete this work by the end of the financial year.
10. The issues around cyber risk and data security have been covered in more detail at the last Committee and in a further report on today's agenda with reference to the controls a in place in respect of our third-party suppliers. The score has been retained as Amber in light of the breaches already reported this year, and the need to strengthen the monitoring arrangements in respect of the wider cyber risks.
11. Develop a holistic approach to technology across Pension Administration Services. There were 3 specific measures of success set out in the 2022/23 Business Plan in respect of this priority. The progress against these in set out in the table below.

Measure of Success	Key Progress Achieved	Outstanding Actions
Committee Decision on whether to extend current contract and tender for bolt on solutions as appropriate to deliver full specification, or to run full tender exercise for single holistic solution. GREEN	Key Requirements of system identified. Review completed of current offerings on the LGPS National Procurement Framework and decision to extend current contract	Set out a programme of work to maximise use of the current system software.

	considered elsewhere on today's agenda.	
Tender project plans agreed consistent with the end date of the current system contract. GREEN	No longer applicable (subject to agreement of recommended approach elsewhere on today's agenda).	
Clear targets established for increase in on-line completion of services. AMBER		Review of current functionality of existing software, and re-design processes to maximise the potential for on-line submission of paperwork and benefit requests.

12. A full report on the future use of technology is included elsewhere on today's agenda. In summary, that report recommends an extension of the current software contract, a further investigation into the benefits of running a smaller procurement option to deliver a standalone employer database, and a review of our current policies and procedures and use of the existing software to ensure it is being used to the maximum potential. The decision not to run a full procurement exercise at this time means that the overall score for this objective has been switched from amber to green.
13. Enhanced Delivery of Responsible Investment responsibilities. There were 5 measures of success set for this service priority within the Business Plan, and progress against these measures is set out below.

Measure of Success	Key Progress Achieved	Outstanding Actions
RI Officer in post GREEN	Job Description and grade agreed. Recruitment process initiated.	Appointment agreed.
Engagement Policy signed off and reflected in overall Engagement Policy agreed by Brunel Pension Partnership. GREEN	Policy signed off at the June committee. Policy shared with colleagues within Brunel, and confirmation that broadly in line with Brunel's preferred approach.	On-going discussions with Brunel and partner funds to develop single Brunel approach.
Improved quarterly reporting in place to	Initial presentation by Brunel of new reporting	Need to work alongside Brunel to draft new

both Committee and on Fund webpages, including wider ESG targets and performance measures, reflected in positive feedback from all stakeholders. GREEN	being developed for the Private Markets.	reports to ensure they meet our requirements. Appointment of new RI and Communication resources to enable development of website reporting.
Successful application in respect of Stewardship Code. RED		Appointment of new Responsible Investment Officer. Full application completed and submitted
Revised Funding Strategy Statement and Investment Strategy Statement including revised Strategic Asset Allocation signed off at March 2023 Committee. GREEN		To be reviewed alongside 2022 Valuation.

14. There have been on-going delays in the recruitment for the new Responsible Officer, with the need to go through an appeal process in respect of grade set through the Job Evaluation process. There remains a concern that we will not be able to attract a suitable candidate at the revised grade agreed, and we are looking to work with colleagues in HR to explore the grades being paid in respect of similar positions elsewhere in the LGPS with a view to agreeing a market supplement to make the pay competitive.
15. The work on the engagement policy and improved reporting is directly tied into the current Climate Change Stocktake exercise being run by Brunel and the Funds in the partnership. What is clear from the discussions is that there is a strong level of consensus around these issues, and the expectation is that these will be prioritised as part of the future work programme for Brunel.
16. In light of the on-going delays in the appointment of the Responsible Investment Officer and the known level of work in completing an application in support of the Stewardship Code, this objective has now been scored red, as it is not feasible to undertake the work this year.
17. Deliver improved and consistent service performance to scheme members. Progress against the 3 measures of success for this service priority are set out below.

Measure of Success	Key Progress Achieved	Outstanding Actions
Services delivered to SLA Standards	Performance figures for the first 7 months	Recruit additional staff.

consistently throughout the year. RED	show a number of areas below SLA targets.	Clear remaining backlog of work.
All services delivered in line with regulatory guidance with scheme changes implemented in accordance with stipulated timescales. AMBER		Final guidance received from Government on TCFD, Pooling and McCloud. Review of current arrangements and data against new requirements. Action Plan developed, additional resources required and plan delivered.
Scheme Member Engagement Policy adopted and positive feedback collected from scheme members. AMBER		New communications Officer appointed. Review of what scheme member engagement has worked well elsewhere. Engagement Policy developed and implemented.

18. The Administration report elsewhere on today's agenda presents the latest performance information and shows that whilst performance has been steadily improving, it does remain below the Service Level Agreement (SLA) targets on a number of measures. As the objective for this year was to deliver consistent service at target or above every month, we have scored this indicator red. Going forward, if we are successful in recruiting the additional staffing as set out within the Administration report elsewhere on today's agenda, performance standards should be increased and brought back into line with the SLA.
19. The measure of success around successful management of scheme changes is currently amber as we are still awaiting the publication of the long-promised consultation papers from the Government. The outstanding publications includes guidance on pooling in general, and the implementation of the McCloud remedy. In the absence of the detailed guidance it is not possible to assess the level of work involved and whether we have sufficient staffing to complete it, and whether we have all the data we need from scheme employers, and other LGPS Funds where scheme members have transferred into Oxfordshire during the transition period of 2014 to 2022.
20. Following the appointment of the new Governance and Communications Manager, work on the approach to scheme member engagement has started,

with a view to establish best practice elsewhere and develop a new Policy for Oxfordshire. It is expected that a report will go to the meeting of the local Pension Board in January and on to this Committee in March. At this stage we have left the rating for this objective as Amber, until we are clearer on the gap between our existing approach and what will be recommended as our best practice approach going forward.

Budget 2022/23

21. Part C of the Business Plan sets out the Fund's budget for 2022/23 which totals £17,720,000. The table below shows the latest information of expenditure to date and the estimated end of year position. This suggests an underspend of £241,000 over the course of the financial year.

	Budget	YTD	%	Forecast Outturn	Variance
	2022/23	2022/23		2022/23	2022/23
	£'000	£'000		£'000	£'000
Administrative Expenses					
Employee Costs	1,403	633	45%	1,303	-100
Support Services Including ICT	886	411	46%	886	0
Printing & Stationary	82	20	25%	82	0
Advisory & Consultancy Fees	315	12	4%	315	0
Other	58	6	8%	58	0
Total Administrative Expenses	2,744	1,082	39%	2,644	-100
Investment Management Expenses					
Management Fees	12,836	6,003	47%	12,750	-86
Custody Fees	40	15	38%	40	0
Brunel Contract Costs	1,160	879	76%	1,160	0
Total Investment Management Expenses	14,036	6,897	49%	13,950	-86
Oversight & Governance					
Investment Employee Costs	405	137	34%	350	-55
Support Services Including ICT	12	0	0%	12	0
Actuarial Fees	190	146	77%	190	0
External Audit Fees	50	0	0%	50	0
Internal Audit Fees	16	0	0%	16	0

Advisory & Consultancy Fees	135	23	17%	135	0
Committee and Board Costs	63	14	23%	63	0
Subscriptions and Memberships	69	9	12%	69	0
Total Oversight & Governance Expenses	940	329	35%	885	-55
Total Pension Fund Budget	17,720	8,308	47%	17,479	-241

22. The main factor contributing to the underspend is the delays in the recruitment of staff across the service. The underspend will grow if there are any further delays in the recruitment process.
23. The other area of underspend is on investment management fees where we are currently estimating a small saving of £86,000. As fees are directly related to the assets under management, there is a high degree of volatility in this fee figure in line with the volatility seen in the financial markets.

Training Programme

24. Part D of the Business Plan sets out the Training Plan for Committee and Pension Board Members. Training sessions associated with the 2022 Valuation have been built into the timetable for this year including the pre-committee training this morning.
25. Members recently completed this year's National Knowledge Assessment undertaken by Hymans Robertson. Hymans are currently processing the analysis of the results which will include a comparison to the scores in the previous exercise and a comparison to the results of the other Committees and Boards who completed the assessment. This will allow us to assess the impact of training delivered to date and allow an assessment of the future training needs of the Committee and Pension Board, both collectively at for individual members.
26. It is hoped to be able to circulate the 2022 report in advance of the committee meeting although a fuller assessment of the training provision will need to await the meeting in March.

Business Plan 2023/24 Process

27. Following one of the recommendations of the Independent Governance Review undertaken by Hymans Robertson, the process for agreeing the 2022/23 Business Plan included a half day session for members of both the Committee and Board where the priorities for the forthcoming year were discussed and agreed.

28. The day worked well and provided members with the opportunity to spend time to review in depth the various issues facing the Fund in the forthcoming year. It is recommended that we follow the same process this year in developing the 2023/24 business plan, and have identified the morning of Friday 3 February to hold the session, facilitated again by Hymans Robertson.

Lorna Baxter
Director of Finance

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November 2022

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PENSION FUND COMMITTEE – 2 DECEMBER 2022

REVIEW OF THE ANNUAL BUSINESS PLAN 2022/23 – SUPPLEMENTARY PAPER

Introduction

1. As referred to in paragraph 26 of the main report, this is the supplementary paper covering the draft results of the recent National Knowledge Assessment exercise.
2. Pension Fund Committee and Local Pension Board Members face different requirements for gaining and maintaining knowledge and understanding. This reflects that their remit and responsibilities originate from different pieces of legislation. Knowledge requirements falling on Board members are defined statutorily under section 248a of the Public Service Pensions Act 2013 and are personal to each individual. Learning requirements for Committees have been less stringently defined in legislation and currently fall collegiately on Committees as collective bodies rather than on their members as individuals. This though is being reviewed as part of the Good Governance proposals which are currently with the relevant Government Minister awaiting publication.
3. Though their learning obligations under legislation are different, Committee and Board members share significant common ground in terms of the sphere of knowledge and understanding they need to be conversant with. Across the range of Technical Knowledge and Skills Frameworks it has published to date, CIPFA has identified a syllabus of 8 core areas of knowledge under the CIPFA Knowledge and Skills Framework (2021) for LGPS Committee Members and LGPS Officers. These 8 core areas are as follows:
 - i) Pensions Legislation and Guidance;
 - ii) Pensions Governance;
 - iii) Fund Strategy and Actuarial Methods;
 - iv) Pensions Administration and Communications;
 - v) Pensions Financial Strategy, Management Accounting, Report and Audit Standards;
 - vi) Investment Strategy, Asset Allocation, Pooling, Performance and Risk Management;
 - vii) Financial markets and product;
 - viii) Pension Services Procurement, Contract Management and Relationship Management;
4. There is a separate technical knowledge and skills framework which is CIPFA Local Pension Boards (2015) with the following 8 core areas:
 - i) Pensions Legislation;
 - ii) Pensions Governance;

- iii) Pensions Administration;
- iv) Pensions Accounting and Auditing Standards;
- v) Pension Services Procurement and Relationship Management;
- vi) Investment Performance and Risk Management;
- vii) Financial Markets and Product Knowledge;
- viii) Actuarial Methods. Standards and Practices.

2022 LGPS National Knowledge Assessment Results

5. Hymans Robertson have now co-ordinated and produced the results which are contained in the Annex to this report.
6. The assessment consisted of 48 multiple choice questions across 8 key areas, with each question containing the option "I currently have no knowledge relating to this topic" to discourage individuals guessing answers and therefore potentially distorting the results. The 8 areas covered were:
 - a) Committee Role and Pension Legislation
 - b) Pensions Governance
 - c) Pensions Administration
 - d) Pensions Accounting and Audit Standards
 - e) Procurement and Relationship Management
 - f) Investment Performance and Risk Management
 - g) Financial Markets and Product Knowledge
 - h) Actuarial Methods, Standards and Practices
7. Oxfordshire Pension Fund came top with a score of 62.5 from a total of 16 funds which completed the assessment. The Fund had 100% engagement with all Committee and Board members completing the assessment.
8. Similar to last year, the Board outscored the Committee in all 8 areas, reflecting the fact that the Board has a greater percentage of longer serving members, as well as the Independent Chair who is the Head of Pensions at the Gloucestershire Fund. The area of greatest divergence was in relation to 'Pensions Administration', where the Board scored 30% higher than the Committee. The overall scores for the Board and Committee were 74% and 56% respectively.
9. The areas of 'Investment Performance and Risk Management' and 'Pensions Accounting and Audit Standards' were the lowest scoring for both the Committee and the Board, and hence would be the sensible focus for future training.
10. Based on the results of this assessment and with individual Committee and Board results, a training plan will be developed which will be presented to the Committee at the March meeting.
11. In summary, the assessment demonstrates both excellent levels of knowledge and skills of both the Committee and Board, together with exemplary engagement. Nevertheless, improvements are still necessary in some areas and those will be prioritised in the training plan which is to be developed.

Lorna Baxter
Director of Finance

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December 2022

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2022 LGPS National Knowledge Assessment

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Oxfordshire Pension Fund



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Overview

The LGPS National Knowledge Assessment (NKA) provides LGPS funds with a direct insight into the knowledge and skills of their key decision makers and oversight body.

In addition, funds get a 'sense check' of this knowledge position against other participating funds via the benchmarking reports provided.

16 LGPS funds and over 200 members have participated in this National Knowledge Assessment of Pension Committee ('Committee') and Pension Board ('Board') members.

The findings from this assessment provide a quantitative report of the current knowledge levels of the individuals responsible for running the Fund, aiding the development of more appropriately targeted and tailored training plans for both groups.

This report is also a key document in evidencing your Fund's commitment to training a key cornerstone to the good governance of your Fund.

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Background

The Oxfordshire Pension Fund ("the Fund") agreed to participate in the NKA using our online assessment.

This report provides an overview of the participants' results broken down into 8 key areas.

The online assessment opened at the end of September and closed in November, and there were weekly progress updates provided to the Fund confirming participation levels.

Each participant received their individual results report following completion of the assessment.

The questions posed in the assessment are split into 3 categories.

- Technical questions
- Roles and responsibilities
- Decision making

Technical questions, made up around two thirds of the questions. The remaining questions were split between the categories of Roles and Responsibilities as well as Decision Making. This helps to provide more in-depth analysis of the results and provides further context to the proposed training plans.

The National Knowledge Assessment is a challenging multiple-choice assessment of participants' knowledge and understanding of key pension areas. There was no expectation that participants would score 100% on each subject area tested. Rather, the goal was to gain a true insight into members' knowledge in the areas covered by the CIPFA Knowledge and Skills Framework and The Pensions Regulator's (TPR) Code of Practice.

Why Does this Matter?

While fund officers may deal with the day-to-day running of the funds, members of the Committee play a vital role in the scheme as decision makers.

To execute their roles effectively, Committee members must be able to address all relevant topics such as investment matters, issues concerning pension funding, pension administration and governance. All topics which require a level of knowledge and understanding from the Committee.

Similarly, the Pension Board members must have a sound knowledge of these topics in order to be able to offer critical challenge in the oversight of Committee decisions.

The Assessment

The members of the Oxfordshire Pension Fund Committee and Board were invited to complete an online knowledge assessment. In total there were 10 respondents from the Committee and 6 respondents from the Board.

Each respondent was given the same set of 48 questions on the 8 areas below:

Section	Section Names
Section 1	Committee Role and Pensions Legislation
Section 2	Pensions Governance
Section 3	Pensions Administration
Section 4	Pensions Accounting and Audit Standards
Section 5	Procurement and Relationship Management
Section 6	Investment Performance and Risk Management
Section 7	Financial Markets and Product Knowledge
Section 8	Actuarial Methods, Standards and Practices

Under each subject heading, there were 6 multiple choice questions to answer. Each question had 4 possible answers, of which one answer was correct.

Participants were also given the option of selecting “I have no knowledge of this area”, where they were unsure.

This allows us to build a picture of the knowledge levels of each individual member in each of the topics, but crucially to help inform you of the overall levels of knowledge in each area.

Results

The responses for all members who participated have been collated and analysed. For each section we have shown:

- The Fund’s overall ranking against other participating LGPS funds.
- The average score for each of the 8 subject areas, for both the Committee and Board.
- Results split by the categories of “**technical**”, “**roles and responsibilities**” and “**decision making**”.
- Each average score benchmarked for both groups against the other NKA participant funds’ Committee and Board for each of the 8 subject areas.
- Each score compared with the results of the previous assessment in 2020, to show growth or regression in each area.
- Engagement levels for both the Committee and Board and how these levels rank against other LGPS funds.
- The most requested topics for training.

Based on the results and the responses received from participants, we have also completed a proposed training plan for the Fund over the next 18 months, as well as some other “next steps” to consider.

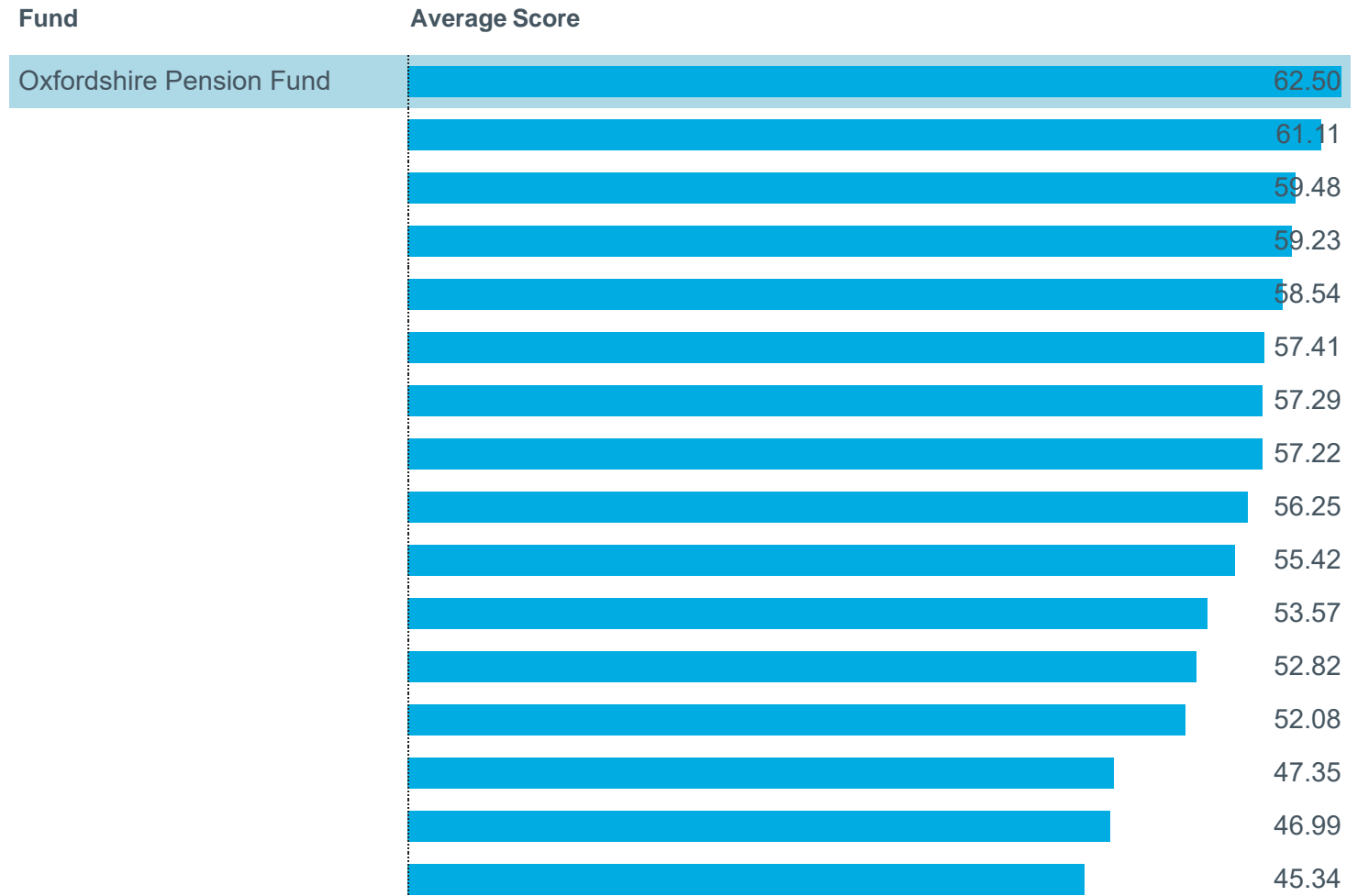
Overall Results

The chart on the right shows how the overall average score for your Fund compares with that of all other funds who took part in the Assessment. The “score” shown is the average score of all participating Committee and Board members from each Fund.

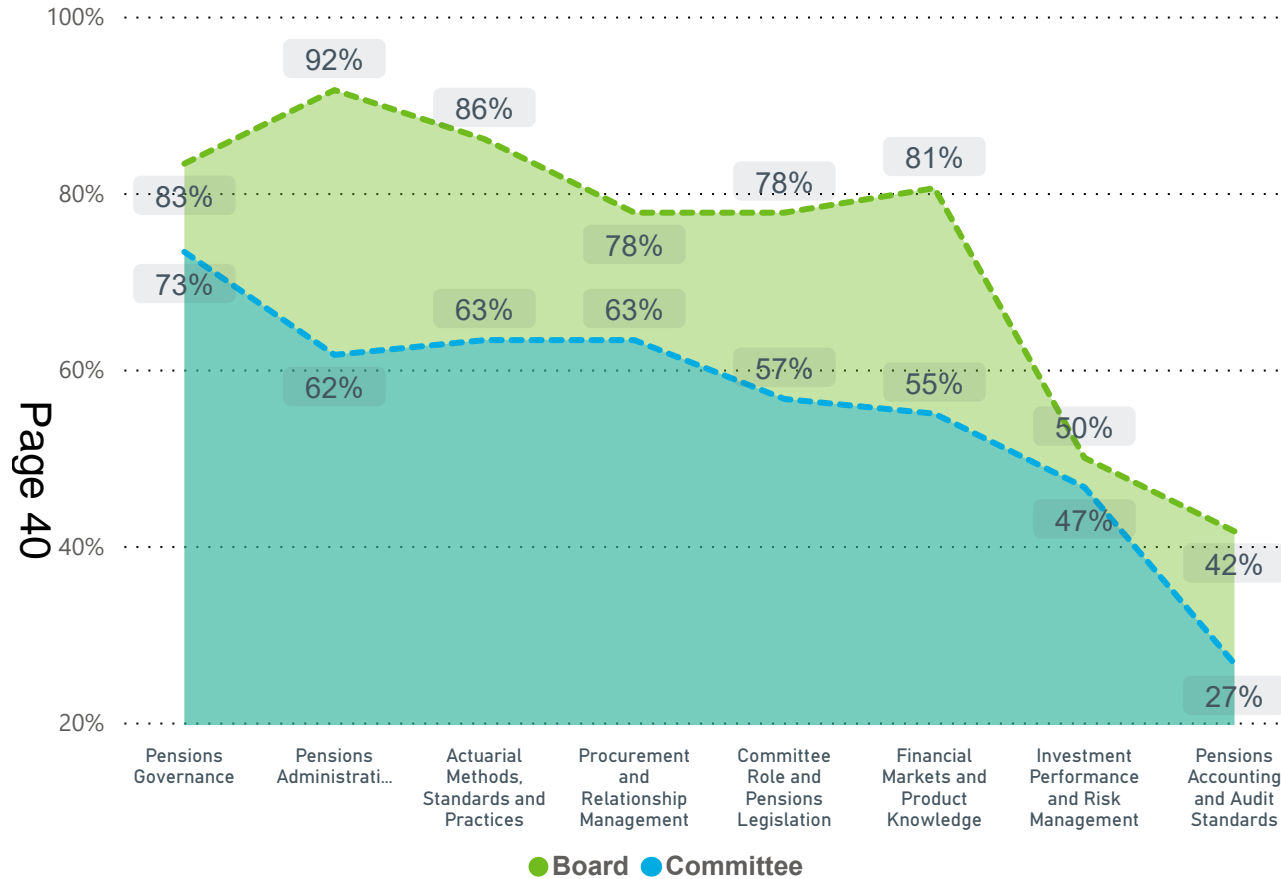
The Oxfordshire Pension Fund is in position 1 out of 16 Funds.

For each of the assessment’s 8 areas we have shown the results of both the Committee and Board.

There is also a summary showing the average scores across all sections for the Committee and Board.



Average Score for Board & Committee



For each of the assessment's 8 areas, we have shown the results of both the Committee and Board.

These have been shown in the order in which the sections appeared in the survey.

There is also a summary showing the average scores across all sections for the Committee and Board.

- The performance of the Board (average overall score of 74%) was stronger than that of the Committee (average overall score of 56%).
- The performance for the Committee and Board diverged the most in the Pensions Administration section, when Board results were 30% higher than the Committee.
- The Committee performed most strongly in the area of Pensions Governance and Procurement and Relationship Management.
- The board's areas of strongest Knowledge were Pensions Administration and Actuarial Methods, Standards and Practices.
- Overall, for both groups, the area with least knowledge was Pensions Accounting and Audit Standards.

Benchmarking

As this assessment is being conducted at a national level across numerous LGPS funds, we are able to provide details of how your Fund's results compare to those across the average of all funds who have taken part to date.

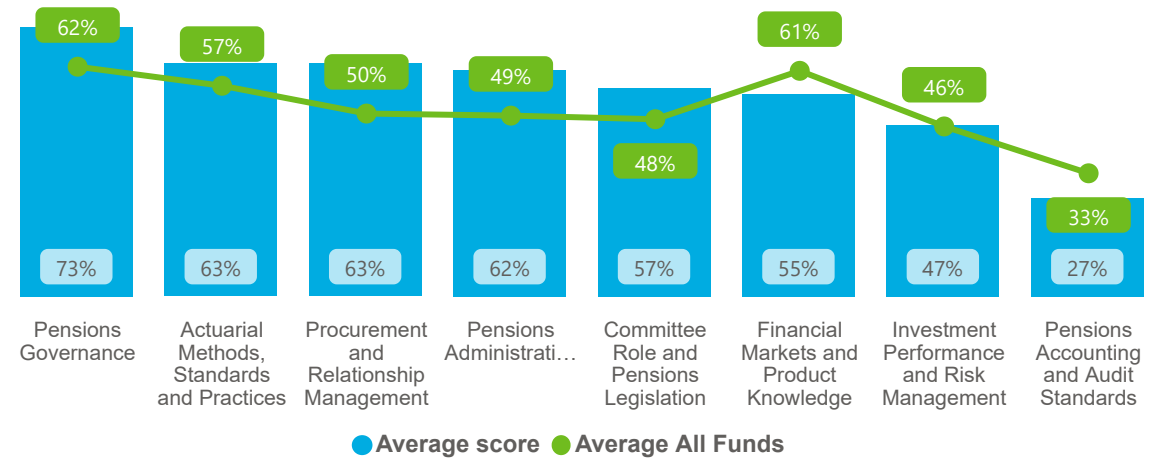
We've provided a comparison of the results for both your Fund's Committee and Board, versus the average scores nationally for each group. This gives an idea of the knowledge levels across these groups, relative to the national average.

The intention is that training plans and/or timetables can be tailored to focus on the areas of least knowledge, whilst ensuring the Committee and Board maintain the high level of knowledge in the stronger areas.

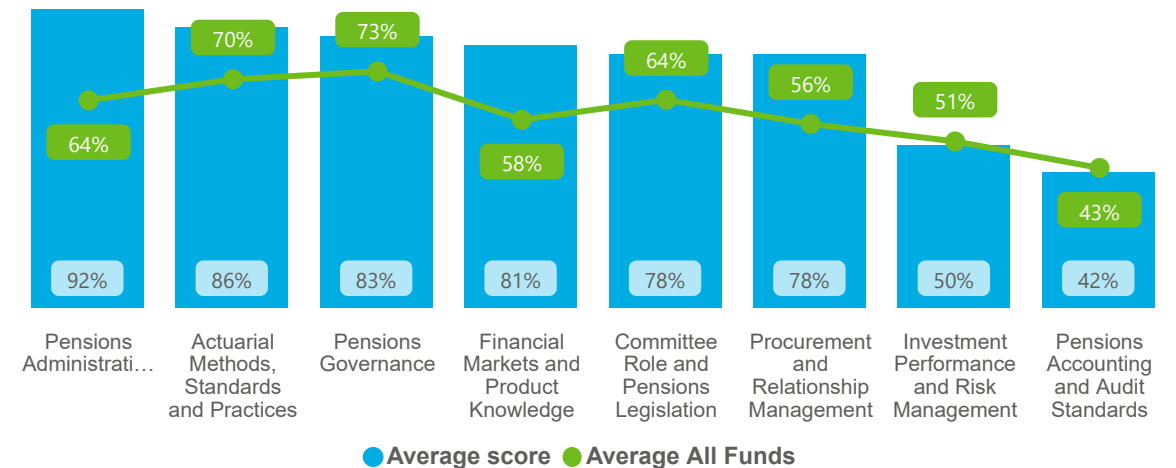
- It's pleasing to see that the areas of Pensions Governance and Procurement and Relationship Management scored well for the Committee.
- It's clear that there are some areas where knowledge levels are lower than hoped for, and these areas of Investment Performance and Risk Management and Pensions Accounting and Audit Standards would be a sensible focus of training for the Committee.
- Similarly, from the Board chart it can be seen that the highest scoring areas were Pensions Administration and Actuarial Methods, Standards and Practices.
- The Scores between Oxfordshire Pension Fund and all other Funds diverged the most in the Pensions Administration, when the Average score was 28% higher than Average All Funds.
- Across all sections, Oxfordshire Pension Fund Board score ranged from 42% to 92% and the average for all other funds ranged from 43% and 73%.

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Pension Committee Average vs. Average All Funds



Pension Board Average vs. Average All Funds



Commentary on results

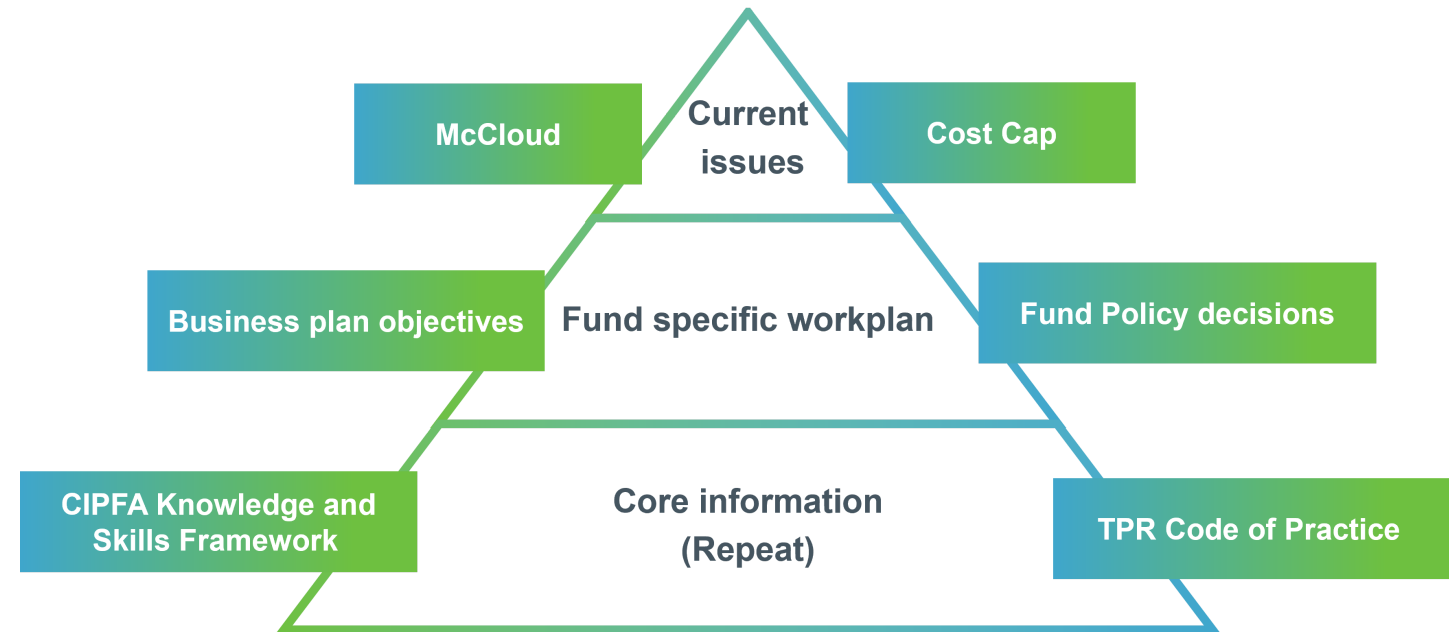
It's encouraging that 16 participants from your Fund took part in the assessment. Overall, the results were positive and it's clear that there are areas of greater knowledge levels as well as areas in which knowledge should be developed over time.

We would fully expect there to be gaps in the knowledge of all members, no matter their role on the Committee/Board, their tenure or indeed their background in terms of pensions experience.

The most important thing to emphasise is that not everybody needs to be an expert in all areas, rather there should be a spread of knowledge across your Committee and Board which is supported by advice from officers and professional advisors.

Just as important as gaining the relevant knowledge and understanding expected of a Pension Committee or Board, is the application of that knowledge and understanding, including the utilisation of an individual's own background and perspective.

Many funds have implemented training plans that follow the pyramid diagram of LGPS training areas. Fundamentally, a plan based on this example pyramid would provide a LGPS fund with a robust training program for its Committee and Board.



Committee

The results show that Pensions Governance and Procurement and Relationship Management have the highest levels of knowledge. But the areas to focus any specific training on might be Pensions Accounting and Audit Standards for the Committee. Across all funds, the lowest scoring area was Pensions Accounting and Audit Standards.

In general, the Committee's performance relative to all other committees was strong.

When looking at the benchmarking results against the other participating funds, the Committee ranked 5 out of 16 Funds' Committee results.

Local Pension Board

The results show that Pensions Administration and Actuarial Methods, Standards and Practices have the highest levels of knowledge, but the areas to focus any specific training on might be Pensions Accounting and Audit Standards for the Board.

Across all funds, the lowest scoring area was Pensions Accounting and Audit Standards. The Board's performance relative to all other committees was strong. In terms of benchmarking results against the other participating funds, the Board ranked 2 out of 16 Funds' Board results.

The next step would be to try and develop the knowledge of the lower scoring areas. You might already have a training plan in place, in which case you could use these results to tailor the specific training and with the knowledge of these results, ensuring it aligns with your priorities.

Further Analysis

In order to gain further insight into the knowledge and understanding, the questions posed covered 3 distinct areas. These were:

- **Technical** – 66% of questions
- **Decision Making** – 17% of questions
- **Roles and responsibilities** – 17% of questions

The purpose of this was to drill deeper into the collective understanding of these categories, and to provide further analysis on which areas to target when creating training plans. The following chart shows the average score for each of these sections, for the Committee and Board combined.



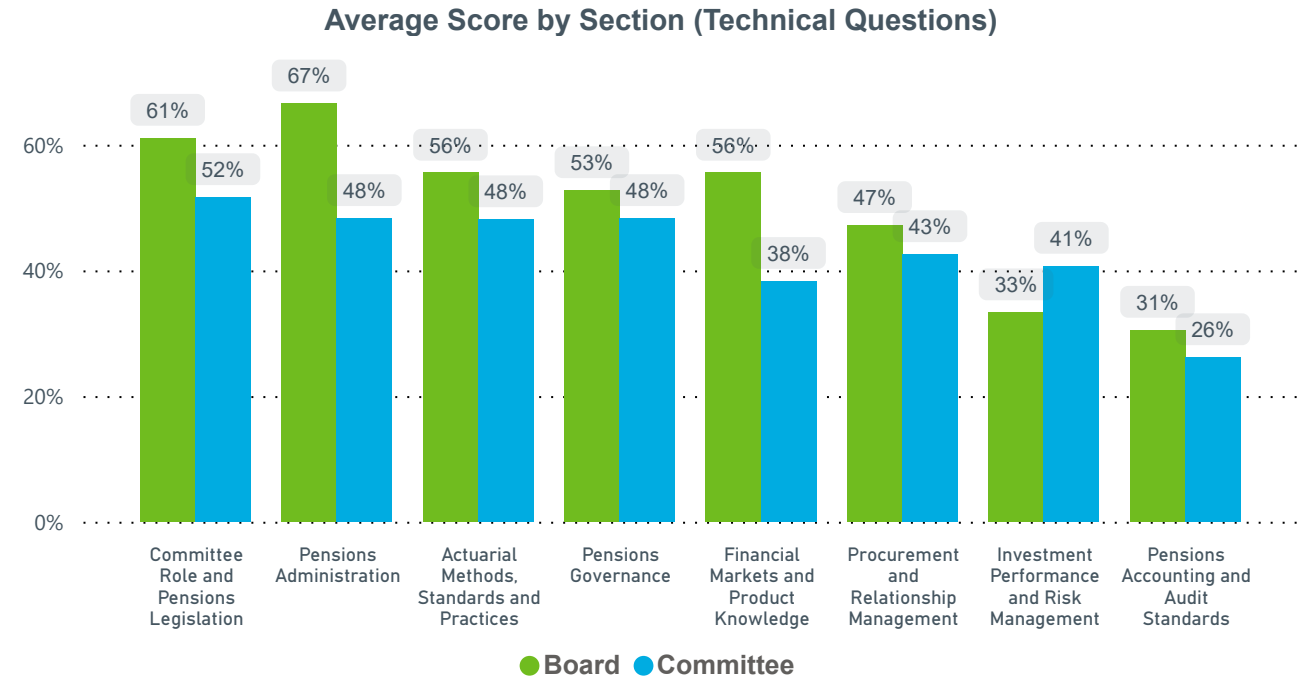
From this chart, the lowest scoring area was **Decision making**. Bearing this in mind, a particular focus could be put on this over the coming months.

Some next steps to consider are:

Decision making – A review of the Fund's decision-making procedures, and updating/creating a decision-making matrix, and sharing this with the Committee and Board to ensure visibility of the role of each group in across a broad spectrum of potential decisions.

Roles and responsibility – A specific training session covering the roles and responsibilities of different parties covering different points in the annual cycle of the Fund. This could include preparation of annual report, annual benefit statements, business planning and investment performance reviews for example. It would also be good to cover more niche topics such as the IDR process, review of suppliers and cyber risk.

Technical – below, we have also included more detail on the technical questions, as these made up the majority of questions in the assessment.



Pensions Accounting and Audit Standards was the lowest scoring section when looking at just the technical questions. This may be an area which is prioritised in terms of more technical training over the coming months.

Comparison with 2020 Results

The Oxfordshire Pension Fund also took part in the 2020 National Knowledge Assessment. The results for each of the 8 topics can be compared to measure progress in each area.

This is shown in the following charts.

The average score for each topic this year is compared with that from the 2020 assessment. This has been broken down to show the results for the Committee and Board separately.

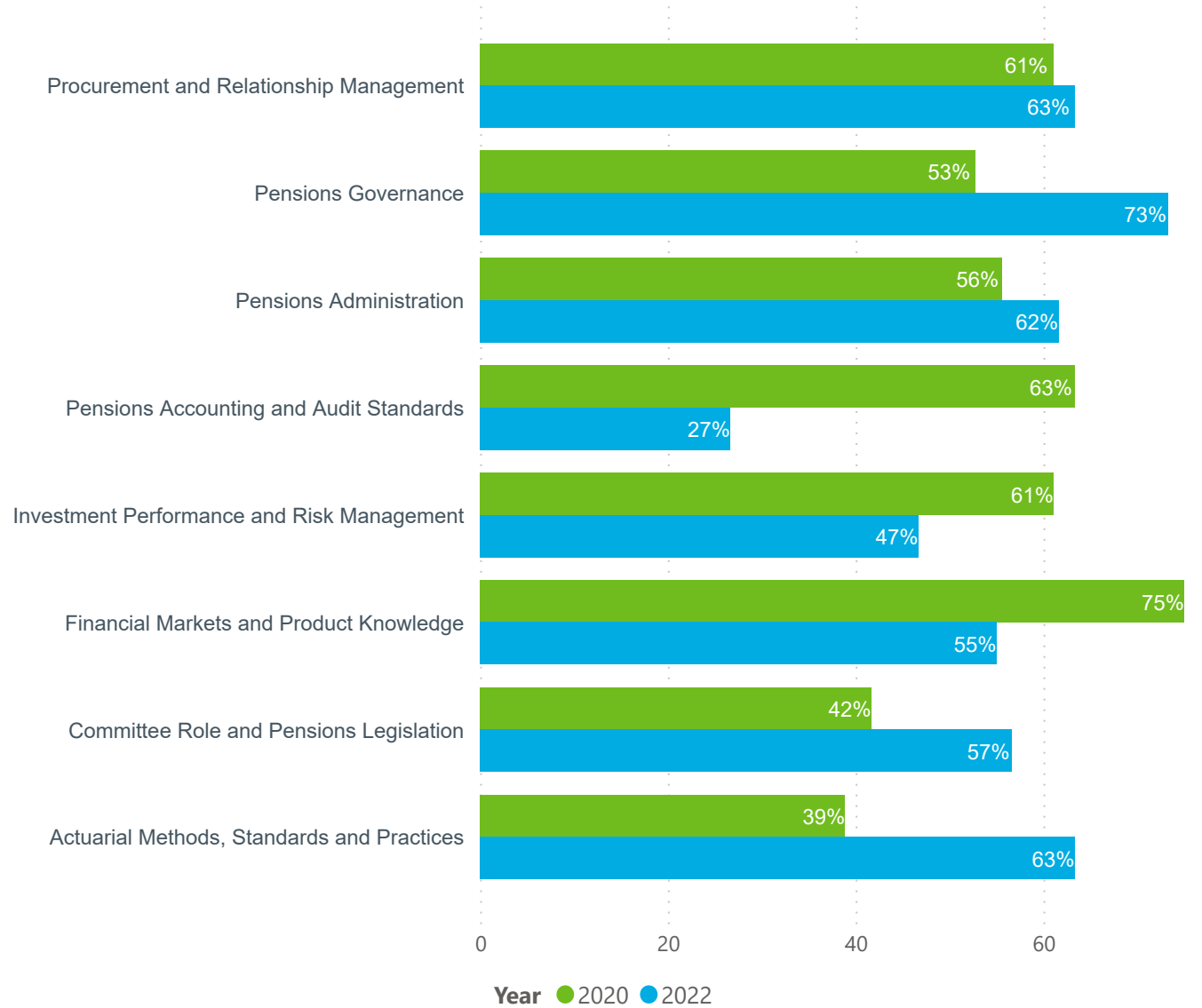
It's worth noting that while there will be differences in the members who actually participated in each assessment, it's the collective knowledge of each group which is important.

The area which knowledge appears to have developed most for the Committee concerns Actuarial Methods, Standards and Practices which is encouraging.

On the other hand, knowledge levels seem to have regressed in Pensions Accounting and Audit Standards.

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Committee Results



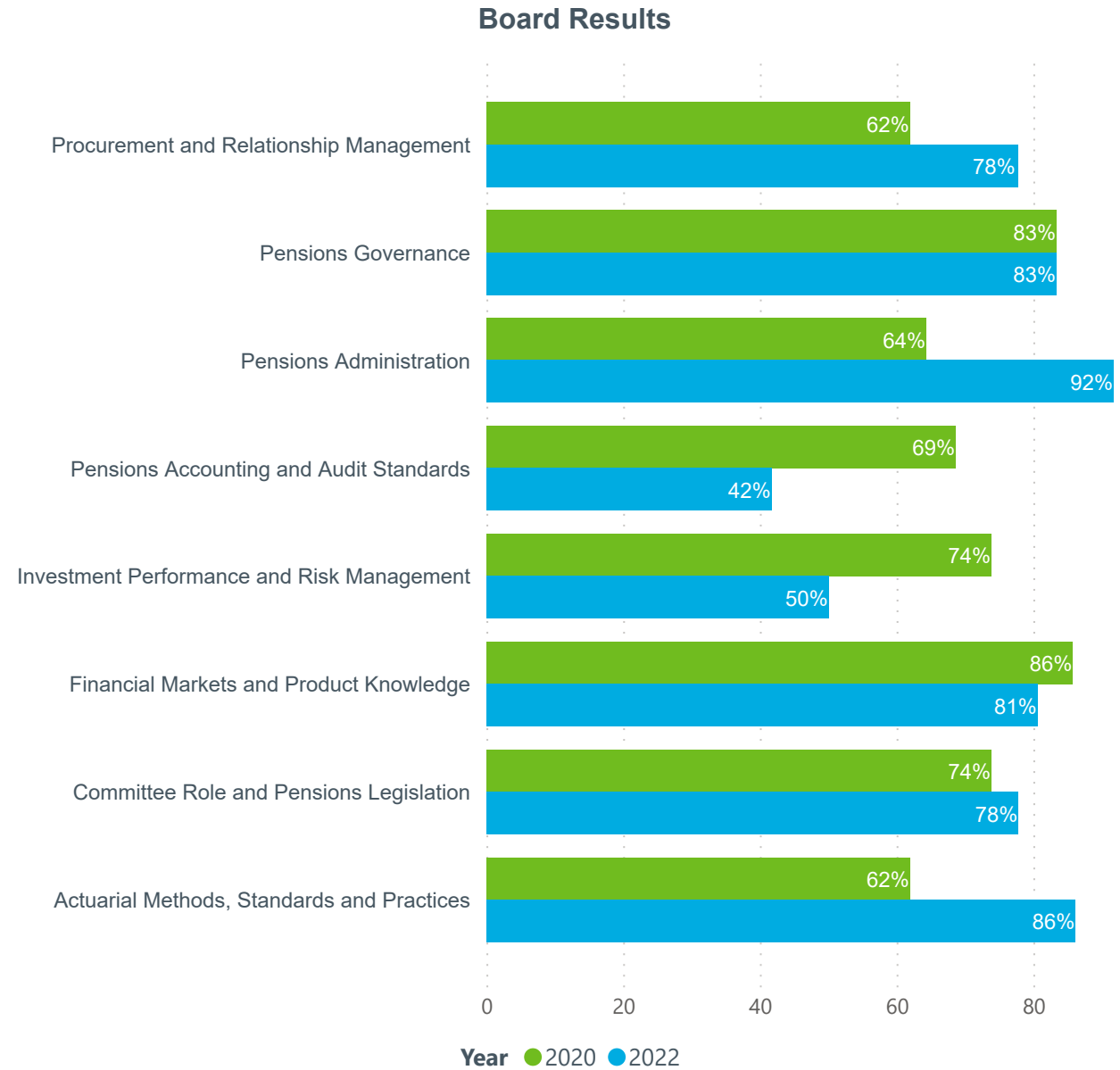
The same comparison can be made for the Board. The chart on the right shows these results.

The area which knowledge appears to have developed most for the Board concerns Pensions Administration which is encouraging. On the other hand, knowledge levels seem to have regressed in Pensions Accounting and Audit Standards.

It's worth noting that the underlying questions have changed between both assessments, and for the 2022 assessment there was an additional option given to answer "I have no knowledge of this area", whereas in 2020 that option was not there.

This might account for some small differences in the results.

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Engagement

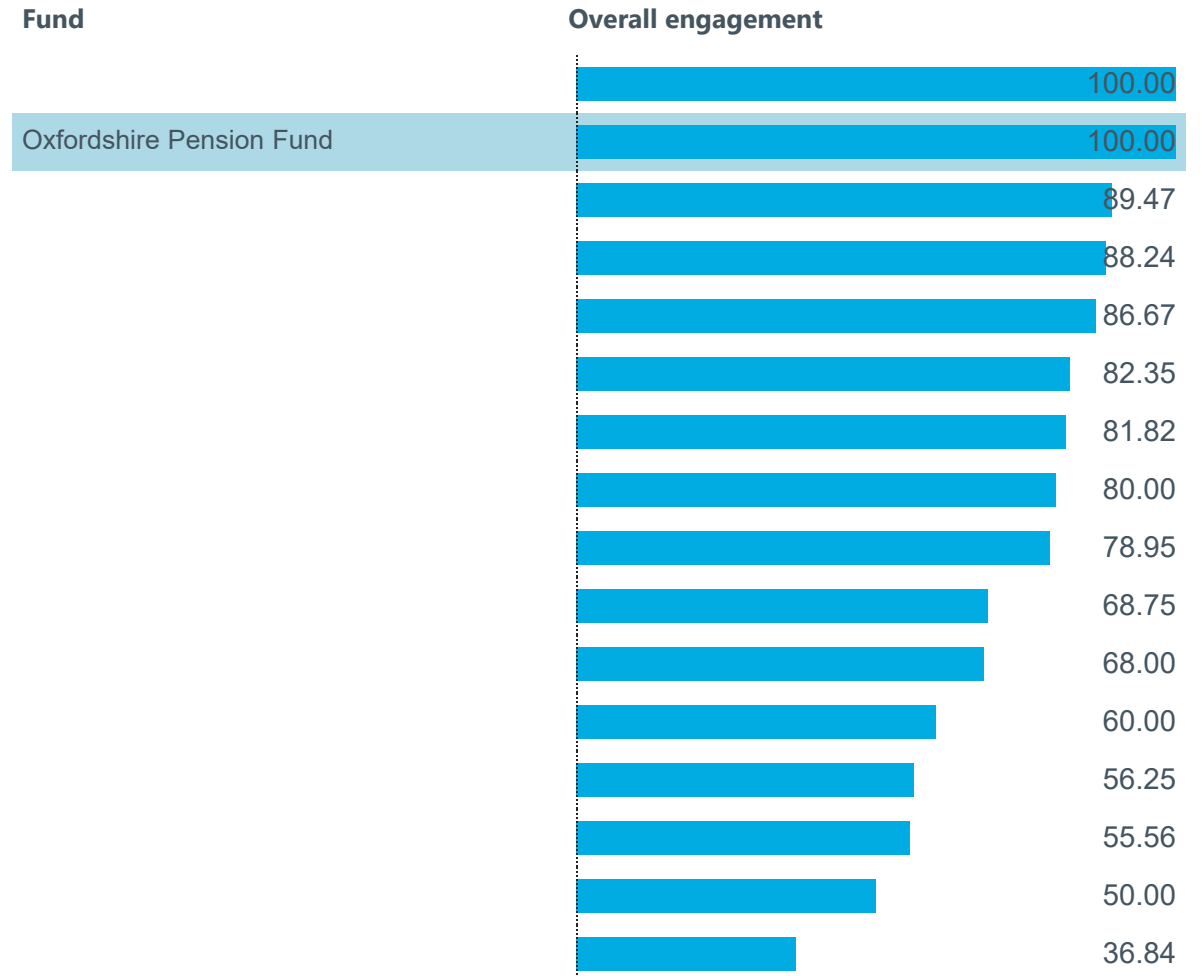
One of the key areas that we recommend funds focus on is Committee and Board training engagement.

With the ever-increasing pace of change in the pensions and investments world, member engagement is critical to maintaining strong collective knowledge. There is an expectation that they need not only be willing, but keen to develop their knowledge and understanding across the raft of topics upon which they will need to make, or ratify, decisions.

One measure of the engagement of members is their willingness to participate in training. As such, we have used the participation level of this survey to measure the engagement of your Committee and Board members.

The chart below shows the breakdown of the total number of participants from the Oxfordshire Pension Fund, as a proportion of those who could have responded.

Role	Participants	Total Number	2022 Participation Rate	2020 Participation Rate
Committee	10	10	100%	55%
Board	6	6	100%	100%
Total	16	16	100%	78%



Engagement

That 16 participants from your Fund took part in the assessment is highly encouraging. With the number of changes to the LGPS in recent years, it is vital that Committee and Board members remain abreast of the latest developments and feel confident that they have the knowledge required to make the decisions required of them.

Their level of engagement is a key driver of this. Overall engagement seems to be at a good level; however, it is important to maintain this, particularly in the current climate where face-to-face meetings and delivery of training sessions might be in hybrid format for some time to come.

One of the biggest challenges in this area is how to improve engagement. The move to online learning and tackling topics in bitesize chunks can help.

The way in which information is shared with the Committee and Board can also promote engagement.

There have been moves by some funds to issuing short timely bulletins and newsletters to increase training knowledge and engagement, which we very much encourage.

Training Feedback from Participants

One of the final sections of the survey asked participants to indicate which topics they would like to receive training on.

There was a list of options available, covering a broad spectrum of the topics we believe are most relevant to allowing Committee and Board members to effectively perform their roles. Members were also given the option to indicate any other areas in which they would benefit from further training.

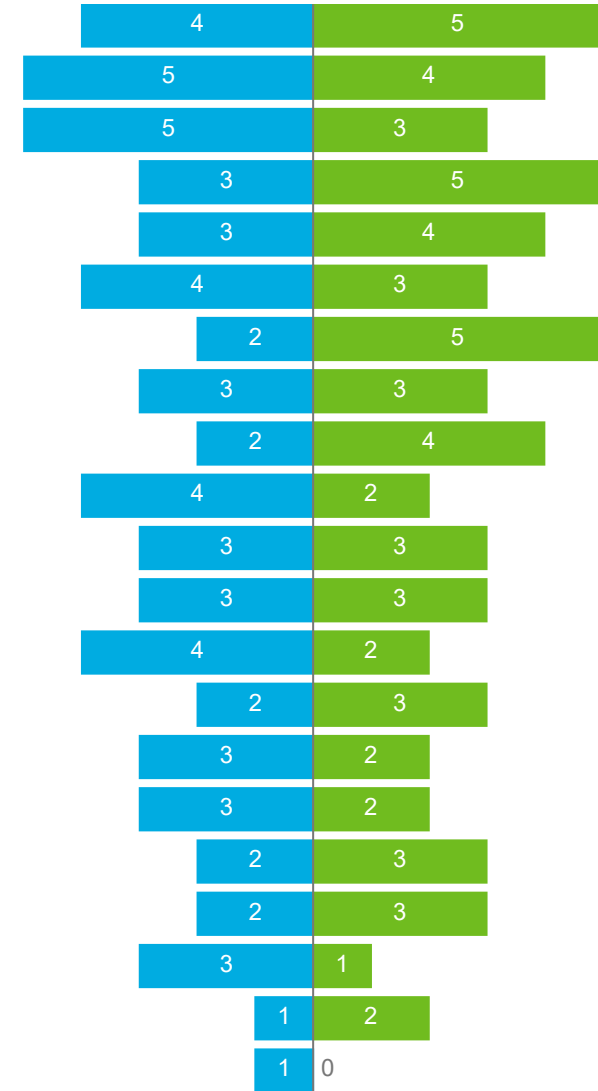
The table on the right summarises the areas in which members indicated training would be beneficial.

A suggested training plan will be sent alongside this report.

Training requirements

● Board ● Committee

Cyber security	4	5
Pensions Accounting and Audit Standards	5	4
Actuarial Methods, Standards and Practices	5	3
Pensions Governance	3	5
Investment Performance and Risk Managem...	3	4
McCloud impacts	4	3
Pension Scams	2	5
Committee Role and Pensions Legislation	3	3
Financial Markets and Product Knowledge	2	4
Pension Dashboards	4	2
Pensions Administration	3	3
Task Force on Climate-related Financial Discl...	3	3
The Pensions Regulator Code of Practice	4	2
Good Governance	2	3
Illiquid asset training	3	2
Levelling up and impact investing	3	2
Procurement and Relationship Management	2	3
Section 13	2	3
Environmental, Social and Governance / Res...	3	1
LGPS Code of transparency	1	2
Cost transparency	1	0



Next Steps

Based on the results, we would suggest that there should be consideration to the following next steps:

- This report should be **reviewed** by the Fund's officers and results shared with the Committee and Board.
- Set up a **structured training plan** or adjust the existing training plan for the next 18 months covering the main areas highlighted in this report.
- Plan for the **delivery** of training over the immediate 6-month period following these results and communicate that intention with the Committee and Board.
- Consider the most **pressing** training requirements in the coming months. Importantly, look at the **frequency** of training engagement with your Committee and Board.
- **Assess** the tools available to the Fund to assist with training, and whether any new methods should be deployed.
- Consider ways of **maintaining** and **increasing** the engagement of both the Board and Committee. This could include providing them with more information, training materials, briefing notes etc.
- Ensure that the Fund's training strategy is up to date and **appropriate** for purpose.

We will be producing a national LGPS report on the results of these assessment, which will aid Scheme Advisory Board LGPS training discussions.

A copy of this will be made available to the Fund when that report is complete.

If you wish to discuss the contents of this report further, please get in touch.

Prepared by Hymans Robertson LLP.

Andrew McKerns



Senior LGPS Governance, Administration and Projects (GAP) Consultant

Alan Johnson



LGPS Governance, Administration and Projects (GAP) Consultant

Reliances and Limitations

This report has been prepared for the Oxfordshire Pension Fund.

This report must not be released or otherwise disclosed to any third party except with our prior written consent, in which case it should be released in its entirety.

Hymans Robertson LLP do not accept any liability to any party unless we have expressly accepted such liability in writing.

This report has been prepared by Hymans Robertson LLP, based upon its understanding of legislation and events as of November 2022.

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Division(s): n/a

ITEM

PENSION FUND COMMITTEE – 2 DECEMBER 2022

RISK REGISTER

Report by the Director of Finance

RECOMMENDATION

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

Introduction

2. Previously, the Committee has 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.
3. The risk register sets out the current risk scores in terms of impact and likelihood, and a target level of risk and a mitigation action plan to address those risks that are currently not at their target score. 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.
4. A number of the mitigation plans are directly linked to the key service priorities identified in the Annual Business Plan. This report should therefore be considered in conjunction with the business plan report elsewhere on this agenda.

Comments from the Pension Board

5. At their meeting on 21 October 2022, the Pension Board considered the latest risk register and there were no comments to feedback.

Latest Position on Existing Risks/New Risks

6. Risk 15 is in relation to Fund officers having sufficient skills and knowledge to carry out their roles effectively. Unfortunately, the Fund are struggling to ensure that posts are adequately graded and are consistent with other LGPS funds. The consequence of this is that it is negatively affecting the recruitment and retention of good staff. The Fund are working closely with HR, however are constrained by local authority practices. This problem is an industry-wide issue, which will require a particular focus, due to Central Governments requirement

for Funds to produce a Workforce Strategy as part of the 'Good Governance' Project, sometime during 2023. The risk rating has increased from an Amber 6, to a high risk Red 12.

7. The only other risk where the risk rating has been amended is with regards to Risk 23 – 'Loss of strategic direction'. This has been reduced to target with the recruitment of the Governance & Communications Manager.
8. Five other risks on the current risk register remain at Amber. Two of the Amber risks relate to the skills and knowledge of the Pension Fund Committee and the Local Pension Board. Both the Committee and Board members have completed the National Knowledge Assessment and the results are presented on another paper to this Committee meeting. It is proposed that a training plan is presented to the next Pension Fund Committee meeting in the new year.
9. Actions are set out in the risk register for the other three risks which are still assessed as Amber, namely:
 - a. Risk 16 – Key system Failure.
 - b. Risk 17 – Breach of Data Security.
 - c. Risk 21 - Insufficient Resource and/or Data to comply with consequences of McCloud Judgement

Future Development of the Fund Risk Register

10. Effective risk management is vitally important for any pension fund, particularly at time where there is much political, financial and economic uncertainty. As a consequence, the following is being recommended to enhance the risk management processes and reporting:
 - a. Develop a Risk Management Framework for the Fund;
 - b. Report on 'Emerging Risks', which can then subsequently drop off the register if deemed unnecessary or be incorporated as an inherent risk to the Fund;
 - c. Develop a 'heat-map' which visually and easily show all risks for the fund and their impact rating;
11. It is proposed that the above is developed and presented to the Committee during the course of 2023.

Lorna Baxter
Director of Finance

Contact Officer: Mukhtar Master
Tel: 07732 826419

November 2022

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)

RAG Status/Direction of Travel

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

Ref	Risk	Risk Category	Cause	Impact	Risk Owner	Controls in Place to Mitigate Risk	Current Risk Rating			RAG Status and Direction of Travel	Further Actions Required	Date for completion of Action	Target Risk Rating			Date of Review	Comment
							Impact	Likelihood	Score				Impact	Likelihood	Score		
1	Investment Strategy not aligned with Pension Liability Profile	Financial – Business as Usual	Pension Liabilities and asset attributes not understood and matched.	Long Term - Pension deficit not closed.	Service Manager	Triennial Asset Allocation Review after Valuation.	4	1	4	↔			4	1	4	November 2022	At Target
2	Investment Strategy not aligned with Pension Liability Profile	Financial – Business as Usual	Pension Liabilities and asset attributes not understood and matched.	Short Term –Insufficient Funds to Pay Pensions.	Service Manager	Monthly cash flow monitoring and retention of cash reserves.	4	1	4	↔			4	1	4	November 2022	At Target
3	Investment Strategy not aligned with Pension Liability Profile	Financial – Business as Usual	Poor understanding of Scheme Member choices.	Long Term - Pension deficit not closed. Short Term –Insufficient Funds to Pay Pensions.	Service Manager	Monthly cash flow monitoring and retention of cash reserves.	3	1	3	↔			3	1	3	November 2022	At Target
4	Under performance of asset managers or asset classes	Financial – Business as Usual	Loss of key staff and change of investment approach at Brunel or underlying Fund Managers.	Long Term - Pension deficit not closed.	Financial Manager	Quarterly assurance review with Brunel. Diversification of asset allocations.	3	2	6	↔			3	2	6	November 2022	At Target
5	Actual results vary to key financial assumptions in Valuation	Financial – Business as Usual	Market Forces	Long Term - Pension deficit not closed.	Service Manager	Actuarial model is based on 5,000 economic scenarios, rather than specific financial assumptions.	3	2	6	↔			3	2	6	November 2022	At Target
6	Under performance of pension investments due to ESG factors, including climate change.	Financial – Business Plan Objective	Failure to consider long term financial impact of ESG issues	Long Term - Pension deficit not closed.	Financial Manager	ESG Policy within Investment Strategy Statement requiring ESG factors to be considered in all investment decisions. The Fund have a Climate Change Policy and implementation plan.	4	1	4	↔			4	1	4	November 2022	At Target.

Ref	Risk	Risk Category	Cause	Impact	Risk Owner	Controls in Place to Mitigate Risk	Current Risk Rating			RAG Status and Direction of Travel	Further Actions Required	Date for completion of Action	Target Risk Rating			Date of Review	Comment
							Impact	Likelihood	Score				Impact	Likelihood	Score		
7	Loss of Funds through fraud or misappropriation.	Financial – Business as Usual	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	November 2022	At Target
8	Employer Default – LGPS	Financial – Business as Usual	Market Forces, increased contribution rates, budget reductions.	Deficit Falls to be Met by Other Employers	Pension Services Manager	All new employers set up with ceding employing under-writing deficit, or bond put in place.	3	2	6	↔			3	2	6	November 2022	At Target
9	Inaccurate or out of date pension liability data – LGPS and FSPS	Financial & Administrative – Business Plan Objective	Late or Incomplete Returns from Employers	Errors in Pension Liability Profile impacting on Risks 1 and 2 above.	Pension Services Manager	Monitoring of Monthly returns	3	1	3	↔			3	1	3	November 2022	At Target
10	Inaccurate or out of date pension liability data – LGPS and FSPS	Administrative – Business Plan Objective	Late or Incomplete Returns from Employers	Late Payment of Pension Benefits.	Pension Services Manager	Monitoring of Monthly returns. Direct contact with employers on individual basis.	3	1	3	↔			3	1	3	November 2022	At Target
11	Inaccurate or out of date pension liability data – LGPS and FSPS	Administrative – Business Plan Objective	Late or Incomplete Returns from Employers	Improvement Notice and/or Fines issued by Pension Regulator.	Pension Services Manager	Monitoring of Monthly returns. Direct contact with employers on individual basis.	4	1	4	↔			4	1	4	November 2022	At Target
12	Insufficient resources from Committee to deliver responsibilities- – LGPS and FSPS	Administrative – Business as Usual	Budget Reductions	Breach of Regulation	Service Manager	Annual Budget Review as part of Business Plan.	4	1	4	↔			4	1	4	November 2022	At Target
13	Insufficient Skills and Knowledge on Committee – LGPS and FSPS	Governance – Business Plan Objective	Poor Training Programme	Breach of Regulation. Loss of Professional Investor Status under MIFID II	Service Manager	Training Review	4	2	8	↔	Undertake skills and knowledge gap analysis – completed by all committee members.	February 2023	4	1	4	November 2022	Review in light of second set of National Knowledge Assessment scores at December 2022 Committee.

Ref	Risk	Risk Category	Cause	Impact	Risk Owner	Controls in Place to Mitigate Risk	Current Risk Rating			RAG Status and Direction of Travel	Further Actions Required	Date for completion of Action	Target Risk Rating			Date of Review	Comment
							Impact	Likelihood	Score				Impact	Likelihood	Score		
14	Insufficient Skills and Knowledge amongst Board Members	Governance – Business Plan Objective	Turnover of Board membership	Insufficient Scrutiny of work of Pension Fund Committee leading to Breach of Regulations	Service Manager	Training Policy	4	2	8	↔	Undertake skills and knowledge gap analysis – completed by all members of the Board.	February 2023	4	1	4	November 2022	Review in light of scores from second National Knowledge Assessment.
15	Insufficient Skills and Knowledge amongst – LGPS and FSPS Officers.	Administrative – Business as Usual	Poor Training Programme and/or high staff turnover. Pay grades not reflecting market rates and affecting recruitment and retention.	Breach of Regulation. Errors in Payments and ineffective scheme member engagement. Inability to effectively meet RI and Climate related objectives.	Service Manager	Training Plan. Control checklists. Use of staff from 3 rd party agencies	3	4	12	↑	Complete recruitment/procurement of additional staff. Urgent piece of work with HR to support payment of Market Supplements and ensuring appropriate pay grades for new posts – pending the Workforce Strategy required next year as part of the 'Good Governance' Project from Central Government.	February 2023	3	1	3	November 2022	Proposed Business Plan for 2022/23 depends on appointment of a number of new posts.
16	Key System Failure – LGPS and FSPS	Administrative – Business as Usual	Technical failure	Inability to process pension payments	Pension Services Manager	Disaster Recovery Programme, and Cyber Security Policy	4	2	8	↔	Complete Actions identified in review of approach to Cyber Security	February 2023	4	1	4	November 2022	Gaps in monitoring of compliance identified in review of approach to cyber security, which suggests risks not fully mitigated
17	Breach of Data Security – LGPS and FSPS	Administrative – Business as Usual	Poor Controls	Breach of Regulation, including GDPR	Pension Services Manager	Security Controls, passwords etc. GDPR Privacy Policy and Cyber Security Policy.	4	2	8	↔	Complete actions identified in review of approach to Cyber Security. Review the Fund Breaches Policy.	February 2023	4	1	4	November 2022	Gaps in monitoring of compliance identified in review of approach to cyber security, which suggests risks not fully mitigated
18	Failure to Meet Government Requirements on Pooling	Governance – Business Plan Objective	Inability to agree proposals with other administering authorities.	Direct Intervention by Secretary of State	Service Manager	Full engagement within Brunel Partnership	5	1	5	↔	Review once Government publish revised pooling guidance.	TBC	5	1	5	November 2022	At Target

Ref	Risk	Risk Category	Cause	Impact	Risk Owner	Controls in Place to Mitigate Risk	Current Risk Rating			RAG Status and Direction of Travel	Further Actions Required	Date for completion of Action	Target Risk Rating			Date of Review	Comment
							Impact	Likelihood	Score				Impact	Likelihood	Score		
19	Failure of Pooled Vehicle to meet local objectives	Financial – Business Plan Objective	Sub-Funds agreed not consistent with our liability profile.	Long Term - Pension deficit not closed	Service Manager	Full engagement within Brunel Partnership	4	1	4	↔		On-going	4	1	4	November 2022	At Target
20	Significant change in liability profile or cash flow as a consequence of Structural Changes	Financial – Business as Usual	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 key projects to ensure impacts fully understood	4	1	4	↔	Need to Review in light of current Government consultation to switch HE and FE employers to Designating Bodies, and potential reclassification and introduction of a Government guarantee.	TBC	4	1	4	November 2022	At Target
21	Insufficient Resource and/or Data to comply with consequences of McCloud Judgement	Administrative – Business Plan Objective	Significant requirement to retrospectively re-calculate member benefits	Breach of Regulation and Errors in Payments	Pension Services Manager	Engagement through SAB/LGA to understand potential implications and regular communications with scheme employers about potential retrospective data requirements.	4	3	12	↔	Signed up with the LGPS Framework. Now in procurement process to get additional resource to support the McCloud Project.	On-Going	2	2	4	November 2022	Awaiting Government response to consultation exercise on new Regulations to assess full impact.
22	Legal Challenge on basis of age discrimination in Firefighters Pension Schemes	Legal & Administrative – Business Plan Objective	Pressure from Fire Brigades Union to act in advance of new Regulations	Court Order to deliver remedy	Pension Services Manager	Seeking to follow consistent approach in line with Scheme Advisory Board guidance.	4	1	4	↔			4	1	4	November 2022	At Target.
23	Loss of strategic direction	Governance – Business Plan Objective	Loss of key person	Short term lack of direction on key strategic issues	Director of Finance	Governance & Communications Manager has started and as a consequence provides resilience to the team.	2	1	2	↔			2	1	2	November 2022	At Target.

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PENSION FUND COMMITTEE – 02 DECEMBER 2022

ADMINISTRATION REPORT

Report by the Director of Finance

RECOMMENDATION

The Committee is **RECOMMENDED** to

- a) determine any actions they would like taken to improve the team performance in meeting standards
- b) note the compensatory payment made in line with Scheme of Delegation and determine any future actions if appropriate to minimise the risk of similar issues going forward
- c) note the release of deferred benefits on grounds of ill-health in line with Scheme of Delegation

Executive Summary

1. This report updates the Committee on the key administration issues including the iConnect project, service performance measurement and any write offs agreed in the last quarter.

Administration

Staffing

2. As approved by this Committee last quarter, the appointment of 6 FTE to undertake project work and to deliver work set out in the business plan is underway as a procurement exercise via the National LGPS framework.
3. One, newly appointed administration assistant started working in November. The second candidate has withdrawn and so recruitment has re-started for this post. Two newly appointed administrators have joined the team in November.
4. It should also be noted that there are some individual issues of under performance in the team which are being actively managed.

Performance Statistics

5. The table below sets out current progress of vetting incoming data from scheme employers. The incoming returns for any given month are due in by the 19th of the following month and then due to be cleared by the 19th of the month after this. As of 7 November, the returns to August should be complete (received and vetted) by 19 October and the returns for September should be received by 19 October. This means that currently 27.91% of incoming returns have not been vetted within SLA.

	Not Rec'd	Rec'd not vetted	Queries sent	Replies rec'd	Not Cleared	Cleared	Still in Admission	Total
April	1	9	9	1	20	139	3	162
May	3	17	4	0	24	135	5	164
June	3	35	5	2	45	113	5	163
July	4	45	8	1	58	99	5	162
August	5	66	7	3	81	79	6	166
Sept	18	88	7	3	116	46	5	167

6. There has been an increase to 1.264 open tasks of which 56.80% are currently outside of SLA. This increase to workload from last quarter is due to the number of changes generated between school terms.
7. There are 34 admission agreements to be finalised. Of these 25 are either waiting for the return of the contact information or the employer's discretionary policy. Seven are waiting to be signed and two are waiting for admission agreement to be sealed. Of these only one admission agreement between Activate Learning Trust and KGB Cleaning, which was delayed, has resulted in no contributions being received.
8. Since March 2022 this committee expected that the standard SLA, for benefit administration, would be used for performance measurement, although it was acknowledged that additional resources may well be required to meet normal SLA. The current statistics below are showing the progress towards meeting SLA.

	SLA Overall %	Statutory Overall %	Total Cases Completed
September	86.97	68.81	1682
October	82.87	69.49	2064
November	84.79	79.75	1789
December	85.01	82.03	1316
January	85.54	90.75	1363
February	87.01	78.83	1490
March	88.67	94.69	1892
April	82.67	93.50	1274
May	81.53	95.80	1795
June	85.86	96.24	1559
July	93.07	97.94	1508

August	89.66	98.72	1374
September	90.78	95.28	1313
October	85.60	96.19	1531

The fluctuation in completion rates, during the last quarter, is due to several factors: the team is still carrying vacancies; on going training; annual leave and sickness.

Complaints

9. For the year 2022/2023 the team has received 15 informal complaints to date. Several of the complaints are on the same subject, detailed below, whereas the remainder are more specific individual queries.
 - Having to give 3 months' notice of intention to take pension (regulatory requirement)
 - Delay in payment as final pay information is not received until after member has left.
 - Not being regularly updated of progress with case
 - Trivial commutation of pensions
 - Additional contributions
10. To address these issues the following actions have been taken:
 - Telling members about requirement to give 3 months' notice of intention to take benefits – making sure this is regularly and clearly communicated.
 - Introduction of a form to enable scheme employers to confirm final pay information ahead of the i-connect submission for people who are retiring.
 - Working with team members to improve customer service by updating members more regularly
 - Change to process for trivial commutation.
11. In addition, there are the formal complaints received by the fund. Depending on the nature of the complaint, and who made the original decision, the stage 1 complaints will either be dealt with by the scheme employer or the fund. However, all stage 2 complaints are dealt with by the Head of Pensions.
12. To date eight formal complaints have been received during the current year. Three complaints related to release of benefits on grounds of ill-health, which the scheme employer reviewed at stage 1. Of these two have been referred to stage 2 and in both cases the Adjudicator has referred the case back to the scheme employer to review their processes.

The remaining applications covered:

- Retrospective decision to link pension records
- Interpretation of regulation 10 and years used for pension calculation
- Request to retrospectively apply for scheme pays

- Requirement for 3 months' notice to bring benefits into payment
- Poor level of service, provision of incorrect information and delays in replying leading to loss of tax relief.

13. In the last case listed here the member had, over a period of several years, submitted myriad queries to the team, which has resulted in lengthy correspondence. Some responses were incorrect and during 2020/2021 tax year these queries were either not answered or not answered in a reasonable time frame which resulted in the member losing the opportunity to make additional pension contributions and so also losing the tax relief associated with this. In reviewing the complaint at stage 1 of the Adjudication of Disputes Procedure the Pension Services Manager, in line with the Scheme of Delegation, awarded a compensatory payment of £1,400 for loss of tax relief and the distress caused by this matter.

Fire Service

14. The performance figures in respect of the Fire-Fighters Pension Schemes are set out in the table below. The variation in September is mainly due to files not being checked within 10 working days. As at the end of October there are 29 open cases.

	SLA Overall %	Total Cases Completed
October	88.89	42
November	98.15	45
December	100.00	52
January	98.61	29
February	100.00	39
March	99.31	56
April	97.78	47
May	77.46	65
June	91.67	46
July	91.11	37
August	100.00	21
September	84.68	35
October	94.02	52

Data Quality

15. The tables below detail the latest outcome of the data quality testing.

Common Data

Scheme	Total records tested	Records without a fail	Pass Rate	TPR Pass Rate
LGPS	93997	86316	91.80%	94.80%
Fire	1624	1566	96.40%	96.90%

These figures show a small reduction of 0.80% for LGPS and 0.10% for Fire against the figures reported last year.

Scheme Specific Data

Scheme	Total records tested	Records without a fail	Pass Rate	TPR Pass Rate
LGPS	135681	80330	97.40%	98.61%
Fire	2503	2080	96.56%	96.56%

These figures show a small increase of 0.81% for LGPS and 0.76% for Fire against the figures reported last year.

Returns were submitted to The Pension Regulator ahead of the 18 November deadline.

Contribution monitoring

16. This process sits within the Investment team who monitor incoming payments by scheme employers to ensure that the correct contributions are received by 19th month following payroll. No issues have been reported this quarter.

Projects

17. The work that has, so far been identified as project work is detailed below.
 - Work has started on reviewing the death process which will include the review of the historic death cases where there is outstanding information which is needed to enable files to be finalised. Target date for completion – 31 May 2023
 - AVC – review of data held by Fund vs data held by Prudential. Updated information has been requested from Prudential to enable this review to start.
 - A2P – a revised project plan has been set out which will initially review the work already done on transfer out; interfund out and refunds. Existing workflow processes will then be amended so that the new process can be implemented by end of November 2022.
 - This leaves three subjects - retirements, deaths and recalculations – to be reviewed and new workflow processes implemented. Work has started on death process which will be implemented by May 2023. Other dates have yet to be finalised.
 - I-connect project for OCC onboarding – the main concern is the amount of manual intervention, by the IBC, to produce the monthly uploads, which is causing errors on the file submission. However, we are parallel running, and providing queries sent to IBC are resolved there is no issue with going live

in April. Therefore, it was agreed that for the 2022/2023 IBC would continue to provide the information via the MARS spreadsheet whilst the outstanding issues with i-connect are resolved.

- Review of pension software is subject of a separate report on this agenda.
- Review of fund cyber security is subject of a separate report on this agenda.

Debt Management

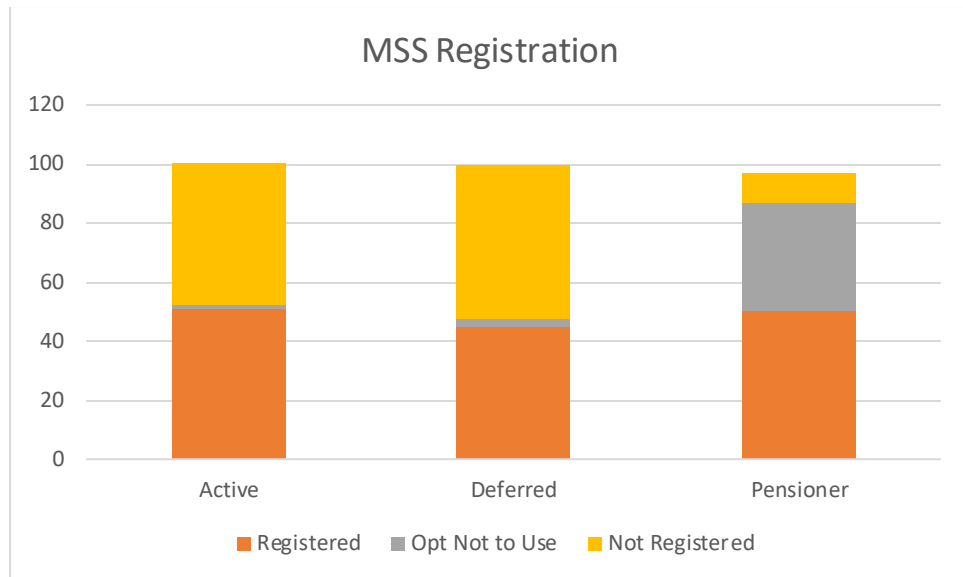
18. Discussions with the OCC debt management team have moved on and it is anticipated that resource will be available from April 2023 for the team to pick up the debt recovery process.
19. As of 01 October, the total value of outstanding invoices amounted to £117,082.08, of which £95,168.63 is overdue. Over half of the outstanding invoices relate to employer costs for early retirement / redundancy. The next highest figure is relating to overpayments of pension mainly identified through the national fraud initiative with the remain value split between fines to scheme employers for late or incorrect submission of date and reimbursement of actuarial fees.
20. In the last quarter one overpayment of £10,000 has been repaid. However, this remains the highest area of concern as to whether monies will be recovered by the Fund.
21. In the last quarter £23.93 has been written off. There four deaths where monies could not be recovered and one case where the amount to be repaid was incorrectly stated by £4.60.

Data breaches

22. There was one data breach during the last quarter where national insurance numbers for four scheme members was sent to the wrong scheme employer. The scheme employer confirmed that this information had been deleted.

Member Self - Service

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



Release of Ill-Health Pension

24. In line with the Scheme of Delegation the Director of Finance has reviewed a case of ill-health for a deferred member whose ex-employer is no longer an active scheme employer.
25. The member became a deferred beneficiary in 2016. Following the review and independent medical assessment, it was confirmed that benefits should be brought into payment from January 2020.

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November 2022

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