

Public Document Pack

To: Members of the Local Pension Board

Notice of a Meeting of the Local Pension Board

Friday, 21 January 2022 at 10.30 am

Virtual

IF YOU WISH TO VIEW PROCEEDINGS OF THIS MEETING, PLEASE CLICK ON [LIVE LINK](#) TO MEETING.

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



Yvonne Rees
Chief Executive

12 January 2022

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

Membership

Chairman – Matthew Trebilcock

Scheme Members:

Alistair Bastin	Stephen Davis	Sarah Pritchard
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Employer Members:

Marcia Slater	Elizabeth Griffiths	Angela Priestley-Gibbins
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Notes:

- **Date of next meeting: 22 April 2022**

Declarations of Interest

The duty to declare.....

Under the Localism Act 2011 it is a criminal offence to

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

Whose Interests must be included?

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

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

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

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

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

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

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

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

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

List of Disclosable Pecuniary Interests:

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

For a full list of Disclosable Pecuniary Interests and further Guidance on this matter please see the Guide to the New Code of Conduct and Register of Interests at Members’ conduct guidelines. <http://intranet.oxfordshire.gov.uk/wps/wcm/connect/occ/Insite/Elected+members/> or contact Glenn Watson on **07776 997946** or glenn.watson@oxfordshire.gov.uk for a hard copy of the document.

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

AGENDA

- 1. Apologies for Absence**
- 2. Declarations of Interest - see guidance note opposite**
- 3. Petitions and Public Address**
- 4. Minutes (Pages 1 - 6)**

To approve the minutes of the meeting held on 22 October 2021 and to receive information arising from them.

- 5. Unconfirmed Minutes of the Pension Fund Committee - 3 December 2021 (Pages 7 - 16)**

To receive the minutes of the Pension Fund Committee held on 3 December 2021.

- 6. Governance Review (Pages 17 - 40)**

The Board is invited to consider the report presented to the Pension Fund Committee on 3 December 2021 which included the results for both the Board and the Committee from the Skills and Knowledge exercise and an updated training programme and offer any comments back to the Committee.

The Board is invited to note the Strategic Planning and Budget Workshop now scheduled for 4 February 2022 to which all members of the Board are invited.

- 7. Review of the Annual Business Plan (Pages 41 - 52)**

The Board is invited to review the latest position against the Annual Business Plan for 2021/22 as considered by the Pension Fund Committee at their meeting on 3 December 2021, including the draft outline for the Climate Change Engagement Policy, and to offer any comments to the Committee.

- 8. Risk Register (Pages 53 - 62)**

This is the latest risk register as considered by the Pension Fund Committee on 3 December 2021. The Board is invited to review the report and offer any further views back to the Committee.

9. Administration Report (Pages 63 - 68)

The Board is invited to review the latest Administration Report as presented to the Pension Fund Committee on 3 December 2021, including the latest performance statistics for the Service.

10. Items to Include in 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.

11. 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.

LOCAL PENSION BOARD

MINUTES of the meeting held on Friday, 22 October 2021 commencing at 10.30am and finishing at 12.30pm.

Present:

Matthew Trebilcock – in the Chair

Voting Members

Elizabeth Griffiths
Angela Priestley-Gibbins
Sarah Pritchard
Marcia Slater
Stephen Davis

**Pension Fund
Committee Members
in Attendance:**

Councillor Bob Johnston.

Officers:

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

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

32/21 APOLOGIES FOR ABSENCE

(Agenda No. 2)

Apologies for absence were submitted by Alistair Bastin.

33/21 MINUTES

(Agenda No. 5)

The Minutes of the meeting held on 9 July 2021 were approved.

34/21 UNCONFIRMED MINUTES OF THE PENSION FUND COMMITTEE - 10 SEPTEMBER 2021

(Agenda No. 6)

The meeting had before it the draft minutes of the last Pension Fund Committee meeting of 10 September 2021 for consideration. The draft Minutes were noted.

35/21 GOVERNANCE REVIEW

(Agenda No. 7)

The Board was invited to consider the response to the 10 recommendations made within the Independent Governance Review undertaken by Hymans Robertson, as considered by the Pension Fund Committee on 10 September 2021.

The Board was informed that one of the recommendations was in relation to the **Constitution of the Committee** which was to ensure wider representation of the scheme employers within the Fund, and this was taken forward at the March meeting before the May 2021 elections.

Reference was made to the development of a fund specific **conflicts of interest policy**. The main issue behind this recommendation was the potential conflicts of interest between the County Council's role as the Administering Authority and its role as a scheme employer, including the potential conflict of interest for County Council officers, in particular the Section 151 Officer. There was also a concern about the potential conflict of interest between the role of the County Council as a Shareholder of Brunel and its client role.

The Board was informed that this recommendation was adopted by the Pension Fund Committee so that this conflict of interest policy applied to both Committee and Board Members.

Discussion took place on this recommendation and the Board asked whether its Members should be registering their interests in the register of interests which Councillors signed. This would be investigated.

Reference was made to whether the conflicts of interest policy covered political pressures/ philosophies or was it just financial. It was agreed that this would be raised with the Pension Fund Committee.

In relation to the recommendation on **reviewing the Terms of Reference for the Pension Fund Committee and Pension Board**, to clarify roles and improve **communication** between the two bodies. The Board was informed that communication had been improved with both bodies receiving draft minutes of each other's meetings, and the Chair of the Pension Fund Committee attending meetings of the Board, with Board Members invited to observe Pension Fund Committee meetings.

Another recommendation related to the **establishment of a Governance Officer** role to support the Service Manager (Pensions) and service delivery of the Fund. This would reduce key person risk and support the findings of the Good Governance Project. The Pension Fund Committee agreed this recommendation, and this was supported by the Board.

In relation to the recommendation relating to **reviewing the agenda content for the Pension Fund Committee and Pension Board**, the Board was informed that it was the aim of officers to ensure that reports which were presented to future meetings of the Pension Fund Committee were tied into the strategic roles and responsibilities.

The aim was to reduce reports which were simply just for noting and the recommendations should reflect the regulatory roles and responsibilities of the Committee. Recommendations should be clear to ensure better focus on debate.

The Chair asked if a similar exercise would be undertaken for the Local Pension Board and the Service Manager (Pensions) reminded the Board that its role was to support and scrutinise the decisions of the Pension Fund Committee and to ensure it was meetings its roles and responsibilities.

In respect of the recommendation to **hold a separate meeting of the Committee to discuss the annual business plan and budget**, the Board asked that consideration be given to inviting Board Members to this meeting to attend as a “Critical Friend” to the Committee. It was agreed that a Special Board meeting should also take place to ensure the Board has input into the process.

The comments on the recommendation relating to **reviewing the process for risk review at the Fund** were noted.

A key recommendation was regarding a **mandatory training policy** including an escalation process where members of the Committee and/or Board failed to engage appropriately. The Board had expressed concern that the statutory requirement that all Board members must acquire the necessary skills and knowledge to sit on the Board, did not apply to Pension Fund Committee Members.

The Board was informed that there needed to be a more robust process around the policy to ensure compliance and assess the overall effectiveness of the training. It was proposed that annual knowledge assessment be undertaken of all Members of the Committee and Board and then the overall skills and knowledge of both bodies could be assessed on an annual basis.

The Board supported the recommendations on the Pension Fund Committee and asked that the Board’s comments be communicated to the Committee.

36/21 CLIMATE CHANGE REPORT

(Agenda No. 8)

The Board was invited to review the Fund’s first report produced in accordance with the Taskforce for Climate-Related Financial Disclosures template as presented to the Pension Fund Committee on 10 September 2021.

The report set out the Fund’s approach to meeting the climate related objectives as set out in the Funds Investment Strategy Statement.

The Board received an oral update on the latest position following the decision of the Pension Fund Committee to switch the whole of its passive equity allocation (15% of the Fund) to the new Paris Aligned Benchmark Fund developed by Brunel alongside FTSE Russell.

The Board noted the report and congratulated officers on the report.

37/21 REVIEW OF THE ANNUAL BUSINESS PLAN

(Agenda No. 9)

The Board was invited to review the latest position against the Annual Business Plan for 2021/22 as considered by the Pension Fund Committee at their meeting on 10 September 2021, and to offer any comments to the Committee.

Regarding delivering further improvements to the governance arrangements of the Fund, reference was made to the initial skills and knowledge assessment around Board Members, particularly as there were two new Board Members who did not have the necessary full range of skills and knowledge at this stage. It was agreed that this be added as a new risk to the Risk Register.

In relation to further improvement of the data management arrangements between the Fund and both scheme employers and scheme members, reference was made to the impact of the McCloud judgement. The Board was informed that it was anticipated that this affected around 13,000 employees which would require a review.

The Board noted the report.

38/21 RISK REGISTER

(Agenda No. 10)

The Board was asked to review the risk register report and offer any further views back to the Pension Fund Committee.

As per the discussion on the previous agenda item (Review of the Annual Business Plan), it was requested that Pension Fund Committee be asked to consider adding Knowledge and Skills on Local Pension Board Members to the Risk Register.

In relation to the McCloud issue, the Board was informed that it was difficult to fully understand the implications of the age discrimination issues identified in the court case due to the lack of guidance. The Board was informed that all employers would be written to on the numbers this would affect.

The Board noted the report, and it was agreed that the Pension Fund Committee be asked to consider adding Knowledge and Skills on Local Pension Board Members to the Risk Register.

39/21 ADMINISTRATION REPORT

(Agenda No. 11)

The Board was asked to review the latest Administration Report as presented to the Pension Fund Committee on 10 September 2021, including the latest performance statistics for the Service.

The Board was informed that i-connect had now been implemented for all scheme employers with the exception of Oxford Brookes and OCC.

Reference was made checks were built into the software which would prevent erroneous data being uploaded to pension records.

Reference was made to the reduced SLA which the team had been working to since March and an update on this would be reported to December's Pension Fund Committee. It was noted that there had not been an adverse impact on the service because of the staffing issues which was evidenced by the lack of negative feedback in the customer survey.

The report was noted.

40/21 ITEMS TO INCLUDE IN REPORT TO THE PENSION FUND COMMITTEE

(Agenda No. 12)

The Board discussed items to be included in the report to the Pension Fund Committee and the following was agreed:-

- Conflicts of Interest Policy - Whether the conflicts of interest policy covered political pressures/ philosophies or was it just financial.
- Annual Business Plan – That Local Pension Board Members observe the process
- Risk Register – To consider adding Knowledge and Skills on Local Pension Board Members to the Risk Register.

..... in the Chair

Date of signing

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PENSION FUND COMMITTEE

MINUTES of the meeting held on Friday, 3 December 2021 commencing at 10.00 am and finishing at 12.20 pm

Present:

Voting Members: Councillor Bob Johnston – in the Chair

Councillor Kevin Bulmer (Deputy Chair)

Councillor Imade Edosomwan

Councillor Nick Field-Johnson

Councillor Richard Webber

Non-Voting Members: District Councillor Jo Robb, District Councils (non-voting)
Shelley Cook, Academy Sector (non-voting)
Alistair Fitt, Oxford Brookes University (non-voting)
Steve Moran, Pension Scheme Member (non-voting)
Alan Staniforth, Academy Sector (non-voting)

By Invitation: Philip Hebson, Independent Financial Adviser

Officers:

Whole of meeting Sean Collins (Finance), Colm Ó Caomhánaigh (Law & Governance)

Part of meeting

Agenda Item

10

Officer Attending

Sally Fox, Pension Services Manager

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.

51/21 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS

(Agenda No. 1)

There were no apologies received.

52/21 DECLARATIONS OF INTEREST - SEE GUIDANCE NOTE

(Agenda No. 2)

There were no declarations of interest.

53/21 MINUTES

(Agenda No. 3)

The minutes of the meetings held on 10 September 2021 and 12 November 2021 were approved and signed.

Sean Collins updated the meeting on Item 50/21, Age Discrimination Cases In The Firefighters Pension Scheme. Since the Committee meeting, the Government had withdrawn the previous guidance. They were advising fire authorities not to process any further payments. This put the Council in a difficult position. The courts had said the legislation was unlawful and payments must be made to remedy this.

These developments did not change the position regarding the recommendation from the last Committee meeting because it was agreed in principle pending clarification of the details.

Asked how others were responding, Sean Collins responded that the Chief Fire Officer was in contact with his counterparts and there were moves through the Local Government Association to develop a common approach. It was estimated that Oxfordshire had fewer cases involved than many other authorities and that would affect decisions regarding the balance of risk.

Sean Collins suggested that the Committee clarify that the recommendation be implemented as and when the implications have been agreed between the Chief Finance Officer and the Chief Fire Officer. It will then be reported to the Committee. This was agreed.

54/21 MINUTES OF THE LOCAL PENSION BOARD

(Agenda No. 5)

The unconfirmed Minutes of the Local Pension Board, which met on 22 October 2021 were noted.

55/21 REPORT OF THE LOCAL PENSION BOARD

(Agenda No. 6)

The Committee was provided with a report by the Independent Chairman of the Pension Board.

Sean Collins summarised the meeting. The Board considered the Governance Review and in particular conflicts of interest and were satisfied that the policy covered these adequately. The Board welcomed the Climate Report produced in line with the requirements of the Taskforce for Climate-related Financial Disclosures (TCFD).

On the risk register the Board noted the risk related to skills and knowledge of the Pension Fund Committee and that there was no corresponding risk in relation to the Board, even though it has two new members. It was proposed to add a new risk under the Risk Register item later in this meeting.

The other question discussed was the special business planning meeting of the Committee and the role of the Board in that. It was confirmed that the special

meeting will discuss issues around the business plan with the final draft being brought to the March meeting of the Committee. The Board will have an opportunity to provide comments to that meeting.

56/21 REVIEW OF THE ANNUAL BUSINESS PLAN

(Agenda No. 7)

The Committee considered a report providing an update on progress against the key priorities set out in the Annual Business Plan for 2021/22, including an update on the progress in implementing the Climate Change Policy.

Sean Collins noted that the ratings on the Climate Change objective were one Green and two Amber, reflecting that work still needed to be done in agreeing new metrics.

The Climate Change Working Group had discussed a paper produced by Fossil Free Oxfordshire on developing an engagement policy. The key principles from this paper have been included in a first draft policy statement included as an annex to this report, and the Committee was recommended to endorse these principles. Then the Climate Change Working Group will develop timeframes and a detailed criteria sector-by-sector and the policy will be taken at the March meeting for approval.

A key question will be: can we insist that the fund manager exclude certain companies or do we set out the expectation and then assess the fund manager's performance against those? Sean Collins expressed a preference for the latter because issues other than climate change may need to be taken into account as well as fiduciary duty.

Members of the Committee raised issues that Sean Collins responded to as follows:

- The criteria in paragraph 16 were general to all sectors. Fossil fuel reserves would only be relevant to certain sectors.
- For any difficult issues, agreement was reached between funds within the Brunel Partnership through discussions with the client group, the Oversight Board, where Councillor Bulmer was our representative, and the shareholders group where the Director of Finance was our representative. Any controversial issues would come to this Committee first.
- It could happen that the funds do not agree and there could be two sets of portfolios.

It was agreed that the second objective relating to improving governance arrangements was on track.

There were two amber ratings under the third objective relating to Data Management. These were due to the lack of response from customers and central guidance being awaited on the McCloud case.

The fourth objective relating to arrangements with Brunel was rated Amber as a number of funds and the new independent financial adviser had outstanding questions about the information provided. However, this was on target to be resolved by the end of the year.

The recommendations were proposed by Councillor Bulmer and seconded by Councillor Field-Johnson.

RESOLVED: to

- a) **review progress against each of the key service priorities as set out in the report;**
- b) **agree that no further actions were needed to be taken to address those areas not currently on target to deliver the required objectives; and**
- c) **endorse the draft Engagement Policy contained as an Annex to this report and ask the Climate Change Working Group to further develop the Policy to include more details on timeframes and specific criteria for consideration at their March meeting.**

57/21 GOVERNANCE REVIEW

(Agenda No. 8)

The Committee had before it a report providing the updated position on the nine outstanding recommendations from the Independent Governance Review undertaken for the Fund by Hymans Robertson, two of which required follow up work from the Officers in conjunction with Hymans Robertson.

Sean Collins introduced the report and suggested two possible dates for the special meeting to discuss the 2022/23 Business Plan and Budget. He drew attention to the list of issues in paragraph 6 of the report which was a long list but added that it might be possible to combine issues.

It was clear that there was a lot of work for the Committee in the year ahead which would have resource implications. The Committee would need to decide how quickly it wanted to move on the issues. He also asked the Committee to identify if any issues had been left out.

Sean Collins went on to summarise the results of the skills and knowledge tests undertaken by members of the Committee and Local Pension Board. The scores were lower than the old Committee and Board but that was not surprising given the number of new members. The highest scores were on Governance and the lowest on Actuarial Methods, Standards and Practices which needed to be included early in the training programme.

Next year Hymans Robertson will conduct tests across the pension funds so that it will be possible to get comparisons. The scores and training undertaken by members will be reported every year and officers were trying to ensure that they had a full record of training undertaken by longer-standing members prior to this year. Sean Collins reminded members to inform officers of any training undertaken that is not booked through them.

Members of the Committee provided the following comments:

- The tests included some areas that were not covered in the training materials.
- Some members have undertaken substantial training since those tests were conducted so the scores should be better now.
- Different members of the Committee will bring different skills and knowledge and professional advice is available to the Committee as well.
- Unison provides training for scheme member representatives through both national and regional fora.

Sean Collins responded that while there are professional advisers available, committee members needed to have sufficient knowledge to challenge them appropriately. If a problem arises the Pension Regulator will want to know the information the Committee had, what it had challenged and what it had done about it.

It was agreed that the special meeting be held on 4 February 2022. The recommendations were proposed by Councillor Bulmer, seconded by Councillor Edosomwan and agreed.

RESOLVED: to

- a) Agree 4 February 2022 as the date for the special meeting to discuss the 2022/23 Business Plan and Budget;**
- b) Note the priority areas already identified at paragraph 6 and agree there were no further additional items they wished to cover at the special meeting;**
- c) Note the results of the Knowledge Assessment exercise, and agree the draft training programme included at Annex 2 to this report;**
- d) Commit to undertaking the training appropriate to their role.**

58/21 RISK REGISTER

(Agenda No. 9)

Previously, the Committee had 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 were included in their report to this meeting.

Sean Collins reported that the risk related to skills and knowledge of the members of the Local Pension Board had been added and scored as Amber, largely due to the fact that there were two new members and it would be desirable for their score to be higher.

He emphasised that the Committee was no longer just recommended to note the report but had to satisfy itself that the risk register covered all key risks to the achievement of their statutory responsibilities, and that any mitigation plans were appropriate.

Asked to update the Committee on the recruitment of a governance officer, Sean Collins responded that it would be actioned after the Christmas period.

The recommendations were proposed by Councillor Bulmer, seconded by Councillor Field-Johnson and agreed.

In addition, the Committee requested the Constitutional Review Working Group to allow possible substitutes on the Pension Fund Committee but only if they were fully trained and had kept their knowledge current.

RESOLVED: to note the changes to the 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.

59/21 ADMINISTRATION REPORT

(Agenda No. 10)

The Committee considered a report updating on the key administration issues including the iConnect project, service performance measurement and any write offs agreed in the last quarter.

Sally Fox summarised the report. There were still delays in iConnect and team leaders were reviewing both the structures and processes in place. Since March the benefit team had been working to a reduced Service Level Agreement (SLA) standard, as agreed by this committee. They were making progress but in order to achieve a sustained improvement, team leaders were requesting that the temporary SLA targets continue until March 2022. They were recruiting another 4 administrators which will mean that 90% of team Administrators were or will be in training.

Sally Fox reported that the unauthorised payment charge which will fall to be met by the Fire Service relating to issues around the change of retirement age was likely to be over £100,000. Changes had been made to prevent recurrences of this. The position had also been confirmed that it was this Committee's responsibility as Scheme Manager to report all unauthorised payments and not that of the Chief Fire Officer.

Members of the Committee noted that the situation with the benefit team was improving but hoped that this would be the last extension of the reduced SLA. Sally Fox responded that she had challenged the managers on this and made it clear that they were expected to deliver on the improvements in the coming quarter.

Asked about the lack of customer feedback and the increase in the number of complaints, Sally Fox agreed to include the number of complaints and number resolved in future reports. In an effort to increase feedback, the customer surveys will be featured more clearly on the website and they will consult with colleagues on national communications for advice.

The recommendations were proposed by Councillor Bulmer, seconded by Councillor Field-Johnson and agreed.

RESOLVED to:

- a) **determine that no further information was required to ensure they are in a position to monitor service standards are consistent with their responsibilities under the Regulations;**
- b) **agree that the further actions being taken are reasonable to address the shortfall in performance and that they expected performance to return to the targeted levels by the end of the financial year;**
- c) **agree the further extension of reduced SLA targets until March 2022; and**
- d) **agree the write off of £40.81.**

60/21 INTRODUCTION TO THE NEW INDEPENDENT FINANCIAL ADVISER

(Agenda No. 11)

Philip Hebson was introduced as the new Independent Financial Adviser. He said that he was delighted to take on the role and honoured to succeed Peter Davies. He hoped to bring fresh eyes and a different perspective to the role. He outlined his 41 years of experience in the sector.

61/21 REPORT OF THE INDEPENDENT FINANCIAL ADVISER

(Agenda No. 12)

The Committee received the first report of the new Independent Financial Adviser, covering an overview of the financial markets, the overall performance of the Funds' investments against the Investment Strategy Statement and commentary on any issues related to the specific investment portfolios.

Philip Hebson summarised his report and gave some first impressions:

- He believed that Property had recovered since Covid, that the office sector was resilient and that there was a demand for Covid-friendly high-quality space especially in London.
- It was possible for companies to have very good internal governance but be operating in a country with a poor human rights record for example. He believed that concerns at government level were likely to move up the agenda.
- There were concerns that investment in renewables was going to cost more as demand increased, and increased cost meant increased risk.
- In the Brunel report he found it difficult to see who was managing money and how they were managing it. He believed that the public market information needed greater detail while the private market section needed to be more concise.
- He did not share the general view that the recent increase in inflation was temporary. Energy prices might correct themselves but labour will probably continue to be more expensive.
- On COP26 his analysis was that a lot was achieved, even if it was not as much as some people wanted. There was an opportunity to continue the movement in the

right direction through investments. In particular, forestry was good for profits and good for carbon credits.

Members of the Committee raised a number of issues and Philip Hebson responded as follows:

- While the City of London was quieter, most city centres were busy again. Many financial firms still needed staff in office. There was also an issue with increased mobility of labour which will take some time to work through.
- As funds divest from fossil fuel companies, there is a risk that the assets will end up in the private equity sector in the hands of people who care little about the climate or environment.
- Some major oil companies were amongst the biggest investors in renewable energy. It was likely that they will split their fossil-fuel and non-fossil fuel interests at some point in the future.
- Oil and gas companies were still exploring because the reality was that there will continue to be a demand for these fuels as the transition cannot happen overnight.
- There was a risk now in equity which had performed very well in recent years. However, he believed that bond markets were currently overvalued.
- He would support a move into infrastructure but at the moment there was a lot of money chasing very few projects.
- You can insure forestry against most risks except disease. That can be limited by good design.
- The fund was well placed to take opportunities to assist the less wealthy parts of the world following the lack of willingness seen at COP26 on the part of the wealthy nations. The fund had already moved in that direction and it was important to continue a balanced and informed approach.

62/21 REPORT OF THE LEGACY FUND MANAGERS

(Agenda No. 13)

The Committee received a report covering the meetings held between Officers and Legal and General Investment Management and Adams Street Partners on the performance and associated issues of their legacy portfolios.

Members thanked officers for a clear and detailed report. The report was noted.

63/21 CORPORATE GOVERNANCE AND SOCIALLY RESPONSIBLE INVESTMENT

(Agenda No. 14)

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

Members of the Committee noted that a number of the companies drawn to attention as having issues around governance and environment were in the fund's top 10 active equities.

Sean Collins responded that we look more closely at the companies that we are heavily invested in – it does not necessarily mean that they are the worst companies. Regarding issues around the Energy Charter Treaty, the Local Authority Pension Fund Forum (LAPFF) will take that issue up in their general engagement – they did not have it as a separate topic.

The Chair thanked Councillors Nick Field-Johnson and Richard Webber who were standing down from the Committee after this meeting.

..... in the Chair

Date of signing

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Division(s): n/a

PENSION FUND COMMITTEE – 3 DECEMBER 2021

GOVERNANCE REVIEW

Report by the Director of Finance

RECOMMENDATION

1. **The Committee is RECOMMENDED to**
 - a) **Agree the date for the special meeting to discuss the 2022/23 Business Plan and Budget;**
 - b) **Note the priority areas already identified at paragraph 6 and agree any additional items they wish to cover at the special meeting;**
 - c) **Note the results of the Knowledge Assessment exercise, and agree the draft training programme included at Annex 2 to this report;**
 - d) **Commit to undertaking the training appropriate to their role.**

Introduction

2. At its September meeting, this Committee agreed the way forward on the 9 outstanding recommendations from the Independent Governance Review undertaken for the Fund by Hymans Robertson. Two of these required follow up work from the Officers in conjunction with Hymans Robertson, and this report provides the updated position.

Annual Business Planning and Budget Setting Meeting

3. The September Committee agreed to trial the setting up of a special meeting of the Committee to allow sufficient time for discussion on the Annual Business Plan and Budget for the Fund. Key to this was ensuring that the Committee Members themselves took responsibility for setting the objectives for the year and establishing the measures of success they wanted to see achieved, against which their performance would be assessed.
4. In particular, it is expected that by setting aside a full meeting, the Committee Members will have the opportunity to explore their full range of responsibilities taking into account any new Government legislation and/or guidance, the priorities identified by the Pension Regulator, issues identified from the performance reports considered by the Committee and any local priorities.
5. In preparation for the meeting, Officers have been working with colleagues at Hymans Robertson to put together a full programme of the issues over and above the business as usual activities which could be fed into the 2022/23 Business Plan, and are currently working to identify the resource requirements to deliver these over given timescales. At the special meeting, the Committee will be asked to consider each of these issues to determine which they wish to

include within the 2022/23 Business Plan, and for those to be included, the balance between the resources required to complete the task, and the timescales to achieve completion.

6. The initial issues identified to date include those listed below. Members are invited to identify any further issues they would wish to see considered at the special meeting.
 - a) Implementing the McCloud/Sargeant remedy
 - b) The Pensions Dashboard
 - c) An Employer Management System
 - d) Improving Communications to Scheme Members
 - e) Fund Governance including improved performance reporting and Member Training
 - f) Review of Additional Voluntary Contribution (AVC) provision
 - g) Re-tender of the Pensions Software
 - h) Taking forward the Implementation of the Climate Change Policy
 - i) The 2022 Fund Valuation including review of the Funding Strategy Statement and Strategic Asset Allocation

7. It is currently proposed to hold the meeting on either Friday 28 January 2022 or Friday 4 February 2022. The outcome of the meeting would then be developed into the formal Business Plan and Budget to be presented to the March meeting of the Committee for agreement. Members of the Pension Board would be invited to attend the special meeting as observers and then feed any views on the proposed way forward to the March Committee meeting. At this stage it is not clear whether the Pension Board would also need a special meeting to determine any agreed views to be fed into the Committee meeting in March.

Knowledge Assessment and Training

8. Following appointment to the new Committee and recruitment to the vacant positions on the Pension Board, all Members were asked to complete a Knowledge Assessment Exercise run by Hymans Robertson. We were pleased to confirm that 100% of both Committee and Board Members completed the exercise.

9. Hymans Robertson have now co-ordinated the results and these are contained in Annex 1 to this report. The results do reflect that number of new members of both the Committee and Board and identify a number of gaps in the skills and knowledge of the Committee and the Board as a whole. The headline scores are 37.92% and 60.42% for the Committee and the Board respectively.

10. The exercise consisted of 47 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 distorted 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

11. 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.
12. As well as the differences between the scores of the Committee and the Board, there were also significantly different scores between the 8 areas, with the Board scores ranging from 81% down to 38% and the Committee scores ranging from 57% to 27%. There was some consistency though between the ranking of the areas between the Committee and the Board, with both scoring highest on Committee Role, Pensions Legislation and Pensions Governance and both scoring lowest on Pensions Accounting and Audit Standards.
13. In the middle scores there was some differences with the Committee scoring relatively higher on the investment areas compared to the administration and actuarial areas whereas the position was reversed for the Board. Neither group scored highly on Procurement and Relationship Management. These differences reflected the agendas of the two bodies, with limited inclusion on the Board's agenda of investment performance issues.
14. The exercise also allowed individuals to identify those areas where they themselves felt they could benefit most from further training. Interestingly, despite being one of the highest scoring areas, Pensions Governance was identified most frequently as the area where people wanted more training (12 out of 17 respondents). The four areas which were identified on 10 returns were Actuarial Methods and Standards, Best Practice Pensions Administration, McCloud and Section 13.

Training Policy and Programme

15. Members are reminded that under the current Training Policy agreed by the County Council, all members of the Pension Fund Committee are required to undertake either the LGA 3-Day Fundamentals Training Course, or the 9 key modules (5 Core and 4 Defined Benefit modules) of the on-line Trustee Toolkit Training produced by the Pension Regulator. This training should be completed within 1 year of joining the Committee. In addition, all Members are expected to undertake a minimum of 2 days further training each year they serve on the Committee.
16. We are required to report all training completed by Members of the Committee annually as part of the Annual Report and Accounts. We also produce similar information for members of the Pension Board as part of their Annual Report. We are working with Hymans to ensure we hold a comprehensive training record for all Committee and Board members to include all prior year's training

as well as that undertaken within the most recent year and reported in the Annual Report.

17. We will be assessing the effectiveness of the Training programme through asking all members of the Committee and the Board to complete an annual Knowledge Assessment exercise run by Hymans Robertson. We will use the results of these exercises to assess progress in reaching the expected standards of skills and knowledge both of the Committee as a whole and for individual members. Every other year, Hymans Robertson will run the exercise nationally, allowing us to benchmark our performance against Funds elsewhere within the Country.
18. It was agreed at the last meeting that the Training Policy would be updated to include the annual assessment process and include an escalation process to ensure all members were engaging appropriately with the training programme, and displaying sufficient progress in acquiring the skills and knowledge or face removal from the Committee or Board. This reflects the importance the Committee attached to ensuring those charged with managing the Pension Fund for over 65,000 scheme members and comprising over £3bn do have the necessary skills and knowledge to meet their statutory duties. It also mirrors the increased scrutiny of the governance arrangements of all Pension Funds from the Pension Regulator and Scheme Advisory Board.
19. As a consequence of the results of the initial Knowledge Assessment exercise, Officers have reviewed the draft training programme alongside colleagues from Hymans Robertson, and the revised draft programme is included at Annex 2. Key changes include the inclusion of a series of training events link to the Valuation process reflecting the relatively low score for the Committee on this section of the Assessment (28%) and the impending 2022 Valuation process.
20. It should be noted that the training programme is delivered through a number of different media as previously agreed by the Committee. Where appropriate we will arrange attendance at external courses, and/or bring in external speakers to run an Oxfordshire specific session – the programme includes such a session in the first quarter of next year to be delivered by the Fund Actuary on the Valuation process.
21. We also include training material within the monthly Governance Newsletter sent out to all members of the Committee and Board each month (with back copies available on the dedicated Pensions Governance Focal Point Site (log on details sent out by Sally in the last quarter). Both the October and November newsletters contained training pieces written by the Fund Actuary relevant to the Valuation process, with previous articles on subjects including McCloud, the national Cost Management, responsible investment, and governance arrangements. We will also be using the newsletter to flag key decisions coming up for the Committee and highlight appropriate training to complete in advance.
22. Finally, all Members have access to the On-Line Training Academy maintained by Hymans Robertson which has a number of modules which can be used as initial training on a subject or to provide a reminder on topics previous covered.

These modules can be accessed at any time, and on multiple occasions as required.

23. Members should note that all training booked through the Pensions Investment Team and all access to the On-Line Academy is automatically recorded for inclusion in your pension training records. We also record attendance at all pre-committee training and the training sessions run by Brunel. However wherever a member undertakes training through the Pensions Regulator website, or outside the normal arrangements they should send notification through to the Pensions Investment Team so it can be included on their training record.

Lorna Baxter
Director of Finance

Contact Officer: Sean Collins
Tel: 07554 103465

November 2021

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LGPS

Knowledge Assessment

HYMANS  ROBERTSON

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Oxfordshire Pension Fund – Knowledge Progress Assessment

October 2021

Overview

The results of the May 2021 local elections and the recommendations from the recent Fund Governance review saw several changes to the membership of the Oxfordshire Pension Committee and Pension Board. To determine the levels of knowledge and understanding within these groups, an annual knowledge assessment took place over August and September 2021. The purpose of the assessment is to gain an immediate understanding of knowledge and understanding levels of the new Committee (and the Board), with the results feeding into training plans being developed for each group.

The findings from this assessment provides a quantitative report of the current knowledge levels of the individuals responsible for decision making and oversight of the Fund. It also aids the development of more appropriately tailored training plans for both groups. This report is also a key document in evidencing the Fund's commitment to training.

Background

Given the changes to its Pension Committee, the Oxfordshire Pension Fund ("the Fund") opted to use Hymans Robertson online knowledge assessment, to determine a base-line level of knowledge for its new Committee, across a range of topics. It also included the Pension Board in the exercise, providing a complete picture of knowledge and understanding levels across both groups. During the period the assessment was available for completion we received 15 responses. This report provides the participants' results broken down into 8 key areas. Each participant received an individual results report following completion of the assessment.

Why does this matter?

While fund officers may deal with the day-to-day running of the Fund, the members of the Committee and Board play a vital role. In order to exercise their roles effectively Committee and Board members must be able to address all relevant topics including investment matters, issues concerning funding, pension administration and governance.

In recent years there has been a marked increase in the scrutiny of LGPS Funds. The Public Service Pensions Act 2013 introduced new governance legislation, including the requirement for Local Pension Boards to be set up and extended the remit of the Pensions Regulator to public service schemes as set out in its Code of Practice 14¹. Additionally, the Ministry of Housing, Communities and Local Government ("MHCLG") in England & Wales and Scottish Ministers in Scotland, and their respective Scheme Advisory Boards have emphasised the need for the highest standards of governance in the LGPS. Indeed, for English and Welsh Funds the Good Governance review includes specific recommendations regarding knowledge and understanding and training. All these measures are aimed at ensuring that all involved in the governance of LGPS Funds can evidence they have the requisite knowledge, skills and commitment to carry out their role effectively.

The undertaking of this knowledge assessment by the Pension Committee and Pension Board reflects the Funds commitment to ensuring key decision makers have the required knowledge and understanding to enable them to perform their duties.

¹ Governance and administration of public service pension schemes – issued April 2015



Assessment

Challenging test

The Knowledge Progress Assessment is a challenging multiple-choice assessment of participants’ knowledge and understanding of relevant subject areas. There was no expectation that participants would score 100% on each subject area tested. Rather the goal of the exercise 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) current Code of Practice 14. It is appreciated that TPR has consulted on a ‘combined’ Code of Practice amalgamating all existing Codes and bringing its requirements up to date on topical issues such as cyber risk. We have not specifically catered for any additional elements expected to be included within the combined Code as part of this assessment.

The opportunity was also taken to understand those areas where the member had no knowledge of a subject matter, with each question having the option “*I currently have no knowledge relating to this topic*”. This ensured the results are not skewed through guesswork on the part of the participant. It also provides a more honest appraisal of knowledge levels across all areas, resulting in greater clarity over training needs, leading to better outcomes for the Fund as well as the Committee and Board members.

Use of results

We would encourage the use of these results to better understand the areas where Committee and Board members feel comfortably informed, but crucially where further training may be of benefit.

In keeping with the theme of increased external scrutiny, it is important not only that the Committee and Board have confidence in their roles, but also that the Fund can demonstrate the steps taken to facilitate this. We would suggest you keep a record of the process used to assist the Committee and Board with training and development. This report should form part of the overall training records for both groups.

Approach

The members of the Fund’s Committee and Board were invited to complete an online knowledge assessment. In total there were 10 respondents from the Committee and there were 7 respondents from the Board. Each respondent was given the same set of 47 questions on the 8 areas below:

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



Under each subject heading, there were up to 6 multiple choice questions to answer. Each question had 5 possible answers, of which one answer was correct. Participants also had the option of selecting the option *“I currently have no knowledge relating to this topic”*.

The responses allow us to build a picture of the knowledge levels of each individual member in each of the topics, but crucially to help inform the Fund of the overall levels of knowledge in each area. The individual responses for Pension Committee and Board members to each of the questions asked have been provided to each member separately.

Results

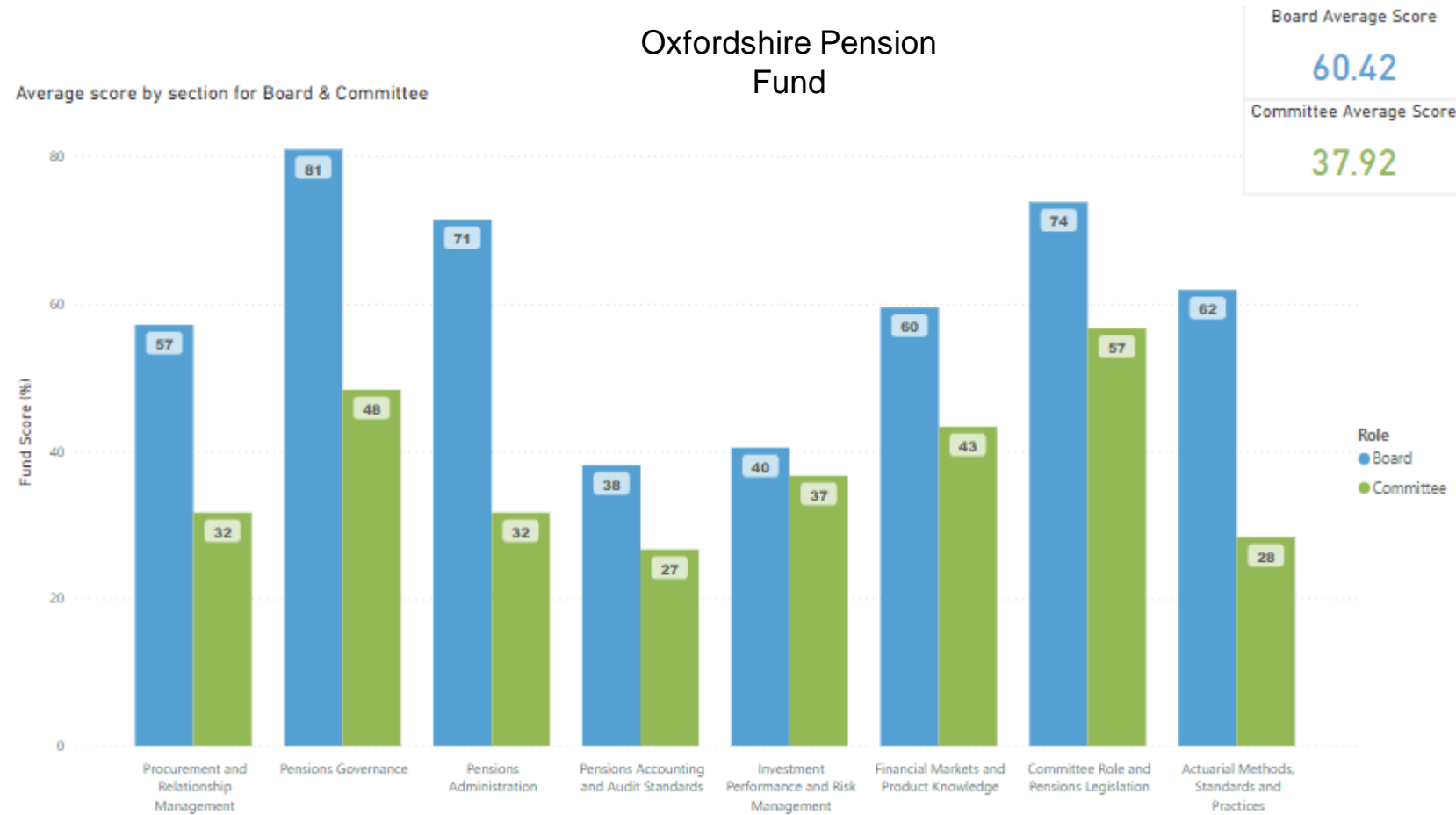
The responses for all members who participated have been collated and analysed. For each section we have shown:

- The average score for each of the 8 subject areas, for both the Committee and Board members;
- Individual scores as a percentage against each of the 8 topics, for both groups;
- The number of correct and incorrect answers to individual questions, per respondent, together with an indication of those areas where respondents indicated they had no knowledge of the subject area; and
- Engagement levels for both the Committee and Board.



Overall Results

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.



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The above results indicate significant differences in knowledge levels between the Committee and Board in many areas. The Board outscored the Committee in all topics. That said, the average scores for both suggest training is required for both groups.



Performance in each area

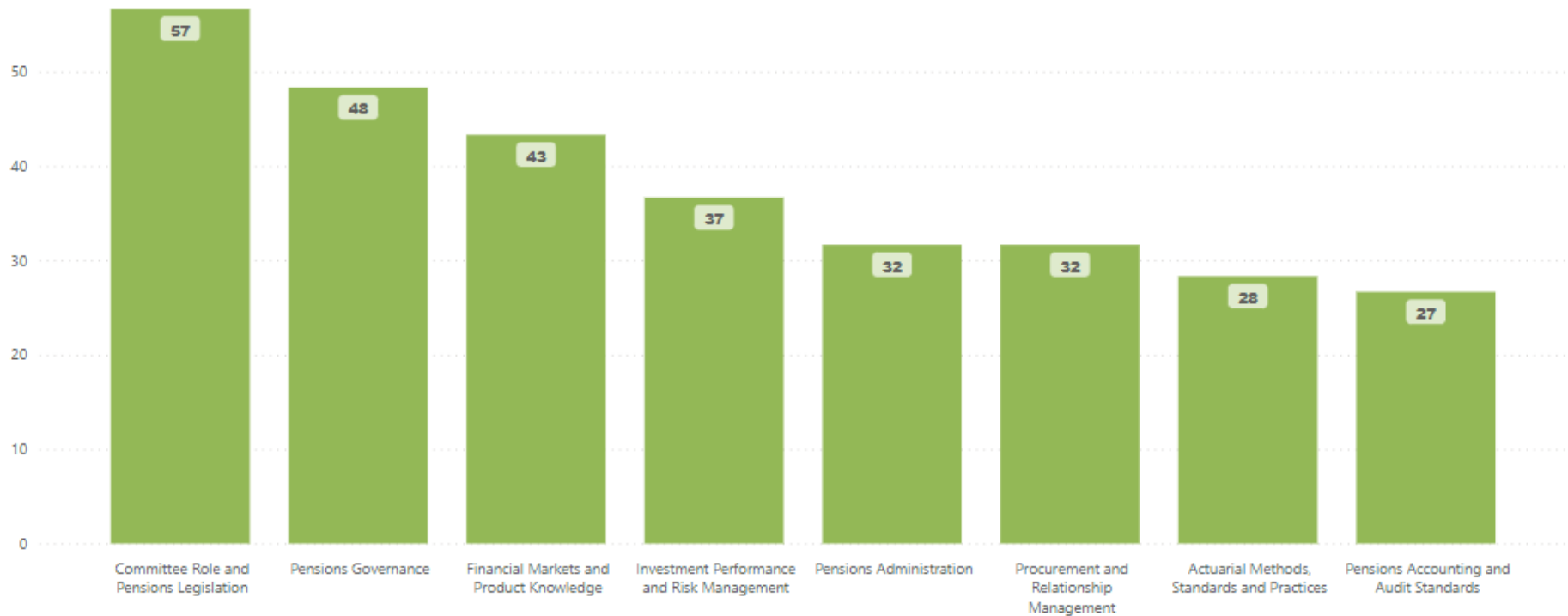
The results can be ranked for each section from the highest score (greatest knowledge) to lowest score (least knowledge). This is shown separately for both the Committee and the Board. The intention is that training plans and/or timetables can be tailored to focus on the areas of least knowledge, whilst ensuring the Committee and Board maintain the high level of knowledge in the stronger areas.

Pension Committee

Oxfordshire Pension Fund

Committee Average Score
37.92

Committee Average Score by Section



The results show the scores for the Committee Role and Pensions Legislation and Pension Governance were significantly higher than other areas. Knowledge across all the remaining areas was below 50%, with four areas scoring 32% or less. These four areas require the greatest attention.

It is highly encouraging that all of the Pension Committee members chose to participate in the assessment.

Actions

- Given the 2022 triennial valuation is approaching, the above scores suggest the highest priority is given to improving awareness of Actuarial Methods, Standards and Practices.
- Consideration should then be given to Pensions Administration, Pensions accounting and Procurement & relationship management.
- In terms of priority the final elements would be Investment Performance and Financial Markets.

Additionally, it is important that steps are taken to maintain overall engagement of the Committee members in undertaking regular assessments, demonstrating they have the knowledge and understanding required to fulfil their roles.

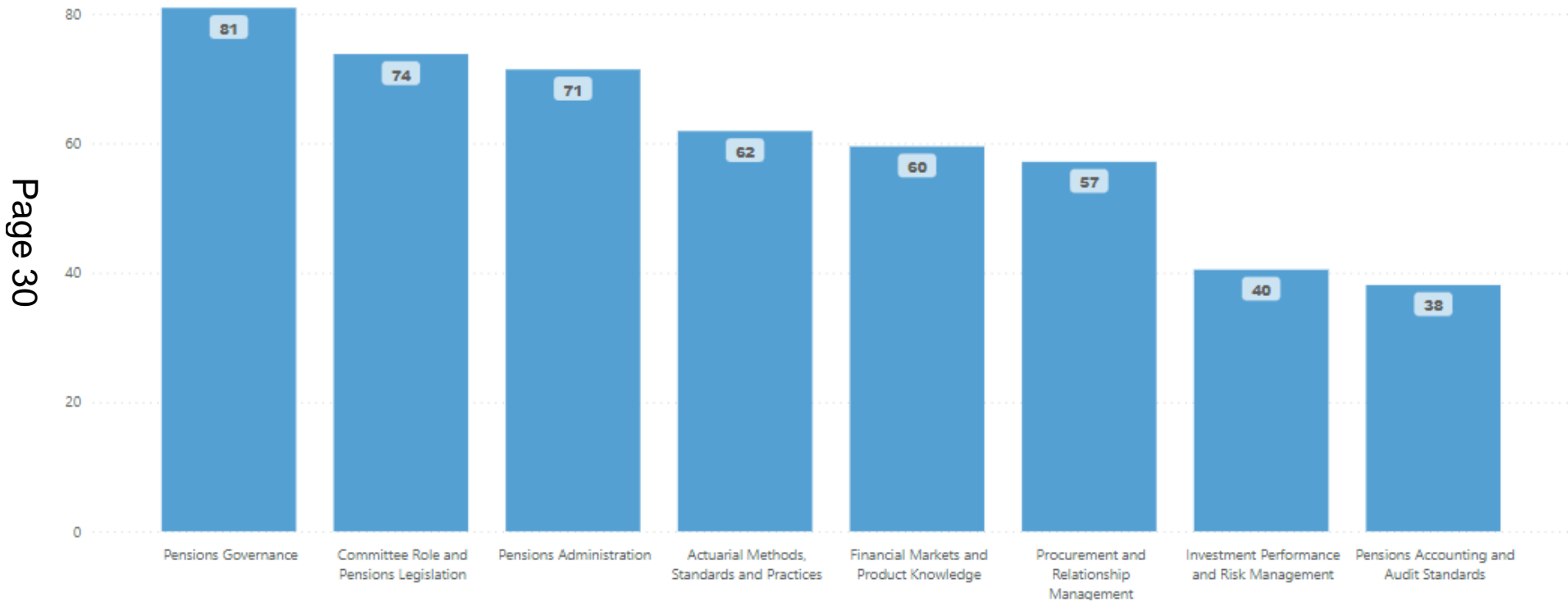


Pension Board

Oxfordshire Pension Fund

Board Average Score
60.42

Board Average Score by Section



The Board has scored best in Pensions Governance, Committee Role and Pensions Legislation and Administration. It has scored low in the areas of Investment Performance and Risk Management and Pensions Accounting and Audit Standards. This suggests a significant weakness in these areas, indicating the Board is not fully equipped to provide the level of informed challenge you might expect to the Committee or Officers in these areas.

Given the 2022 valuation is approaching, Actuarial Methods, Standards & Practices would be a key area to focus on, even though this topic did not receive the lowest overall score for the Board. That said, urgent steps should be taken to address deficiencies in all the other areas covered by the assessment too.



It is again encouraging that all of the Board members participated in the assessment.

While the Pension Board may not have decision making responsibilities in relation to the Fund, it is a requirement of the Public Service Pensions Act that each individual is conversant with the rules of the scheme and has knowledge and understanding of the law relating to pensions and such other matters as may be prescribed.

Actions

- A plan should be drawn up and actioned covering all of the above topics, with a particular focus on the 2 lowest scoring areas of investments and pensions accounting.
- It would make sense to prioritise some other topics in line with training plans and priorities for the Pension Committee, ensuring training mirrors the Fund's business plan priorities and objectives.
- As part of the Funds training plan, members should view the requisite training videos on the LGPS online learning academy

Page 31 Commentary

Given the fact that the Pension Committee and Pension Board has a number of new members, with limited experience, it is perhaps not surprising that the overall scores were lower than might be desired. 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.



Engagement

One of the key areas that we recommend funds focus on is Committee and Board 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 to be not only willing, but keen to develop their knowledge and understanding across the raft of topics upon which they will need to make, or ratify, decisions.

Overall engagement

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 table below shows the breakdown of the total number of participants from the Fund, as a proportion of those who could have responded. When we carried out the 2020 National Knowledge assessment the average engagement score was just above 60%. There are many factors that can influence engagement in such assessments, but the Fund’s current score suggests work is still required to improve on the overall engagement moving forward.

	Participants	Total Number	Participation rate
Committee	10	10	100%
Board	7	7	100%
Total	17	17	100%

We understand that different Committees function in different ways and have different numbers of members. We therefore draw no conclusions or make any inferences from these results. The information is simply being provided to the Fund officers, as they will be best placed to draw any conclusions.

Commentary on engagement

With every member of the Committee and Board completing the assessment, the results suggest that engagement is very high. It is important, therefore, to maintain this, particularly in the current climate where scheme governance is under greater scrutiny and the Scheme Advisory Board Good Governance recommendations are expected imminently.



Training

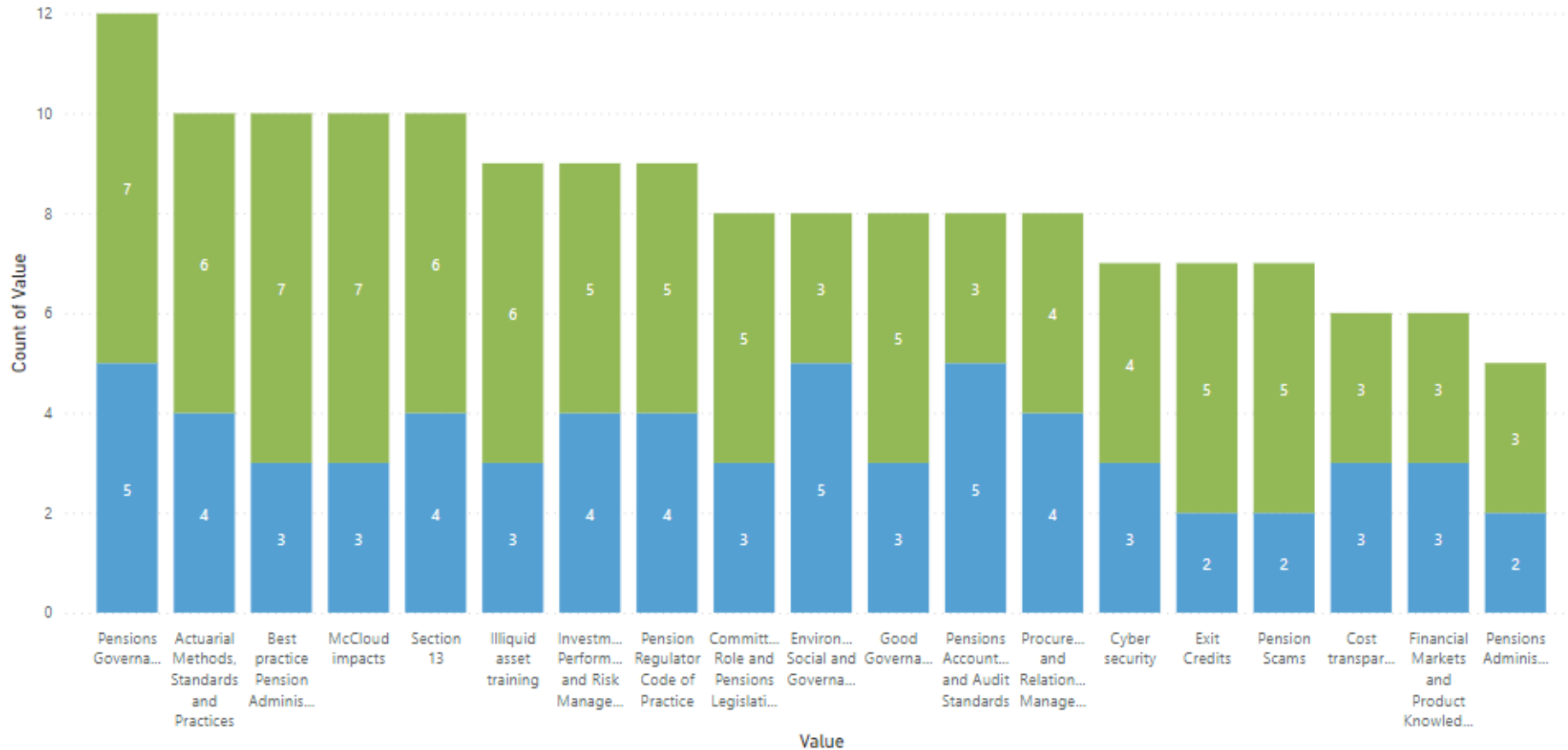
Feedback from participants

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 below summarises the areas in which members indicated training would be beneficial.

Training requirements

Role ● Board ● Committee



Training support

Tools such as this online assessment offer different ways for members to take part in training. There might be more options for online training sessions which you could take advantage of. We have noted some training materials and websites below which might help you deliver focussed sessions to your Committee and Board and keep them informed on the most pertinent pension areas.

- CIPFA Knowledge and Skills Framework
- [TPR Public Service Toolkit](#)
- [LGA fundamental training – currently a ‘physical’ attendance course](#)
- [LGA monthly bulletins](#)
- Oxfordshire monthly governance and training bulletin includes training papers for Committee and Board members
- Regular topical updates from Officers – e.g. valuation planning and assumptions, McCloud, etc.

The Fund has committed to using the Hymans Robertson [On-line Learning Academy](#) as part of the delivery of its wider training plan. The platform contains a number of bitesize training videos and short assessments for Committee and Board members across all of the 8 topics covered by this assessment, together with emerging current issues or hot topics. This will provide a strong base from which to deliver more detailed and focussed training as part of the Fund’s wider training plan. Each of the priorities highlighted above are covered by the On-line Learning Academy. Individuals will be able to view the videos and undertake the short assessments in their own time ahead of any more formal training ahead of Committee and Board meetings.



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
- There may be a possible adjustment of the Funds **training plan**.
- Provision of the required **training sessions, videos, and training papers** to be confirmed by the Fund Officers.
- Consider the most **pressing** training requirements over the next 6 to 8 months, to ensure members have the required knowledge – e.g. Actuarial Methods, Standards & Practices
- **Assess** the full range of tools available to the Fund to assist with training, including the On-line Learning Academy, TPR Toolkit, etc.
- Consider ways of **maintaining** and **increasing** the engagement of both the Board and Committee.
- Ensure that the Fund's training strategy is up to date and **appropriate** for purpose



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 at October 2021.



DRAFT FORM

Oxfordshire Pension Fund Training Plan 2021/2022 – 2022/2023

	Q1 2022/2023		Q2 2022/2023		Q3 2022/2023		Q4 2022/2023	
	1 April 2022 - 30 June 2022		1 July 2022 - 30 September 2022		1 October 2022 - 31 December 2022		1 January 2023 - 31 March 2023	
1 Core CIPFA requirement	Pension Legislation (module 1)	Pension Governance (module 2)	Pension Administration (module 3)	Pension Accounting & Auditing Standards (module 4)	Pension Services Procurement & Relationship Management (module 5)	Investment Performance & Risk Management (module 6)	Financial Markets & Product Knowledge (module 7)	Actuarial Methods, Standards & Practices (module 8)
Outline of content	Providing a general understanding of the legislative framework as it applies to the LGPS, in line with CIPFA Knowledge & Skills Framework	Providing a general understanding of the LGPS governance structure and a "who's who" of scheme governance, in line with CIPFA Knowledge & Skills Framework	Providing a general understanding of best practice in pensions administration, together with Fund policies and discretionary powers, in line with CIPFA Knowledge & Skills Framework	Providing a general understanding of the Accounts and Audit Regulations and the role of internal and external audit, in line with CIPFA Knowledge & Skills Framework	Providing a general understanding of the public procurement requirements as they apply to the LGPS, in line with CIPFA Knowledge & Skills Framework	Providing a general understanding of the relationship between assets and liabilities, the Myners principles and the structure, operation and purpose of investment pooling arrangements, in line with CIPFA Knowledge & Skills Framework	Providing a general understanding of the risk and return characteristics of the main asset classes, the workings of the financial markets and available investment vehicles and the importance of the Fund's ISS and investment strategy decisions, in line with the CIPFA Knowledge & Skills Framework	Providing a general understanding of the role of the Fund actuary and the formal valuation process (including the FSS and inter-valuation monitoring) and the treatment of new and ceasing employers (including employer covenant) in line with the CIPFA Knowledge & Skills Framework
Scheduled delivery date	tbc	tbc	tbc	tbc	tbc	tbc	tbc	tbc
Method of delivery	video conference/face to face	video conference/face to face	video conference/face to face	video conference/face to face	video conference/face to face	video conference/face to face	video conference/face to face	video conference/face to face
Delivered by								
Committee	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Board	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2 Business plan relevant	Assessment							
Outline of content	Review of the delivery of the training plan, to include an assessment of the knowledge and understanding of the Committee and Board members							
Scheduled delivery date	tbc							
Method of delivery								
Delivered by								
Committee								
Board								
3 Current issues and ongoing training	Valuation update							
Outline of content	If required, to ensure members are up to date with regard to any specific issues relating to the Fund's 2022 valuation exercise							
Scheduled delivery date	tbc							
Method of delivery	tbc							
Delivered by								
Committee								
Board								

4	Current issues and ongoing training	TPR toolkit Training videos Webinars Conferences	TPR toolkit Training videos Webinars Conferences	TPR toolkit Training videos Webinars Conferences	TPR toolkit Training videos Webinars Conferences
	Outline of content				
	Scheduled delivery date	Throughout the year	Throughout the year	Throughout the year	Throughout the year
	Method of delivery	As appropriate	As appropriate	As appropriate	As appropriate
	Delivered by	tbc	tbc	tbc	tbc
	Committee	Yes	Yes	Yes	Yes
	Board	Yes	Yes	Yes	Yes
5	Valuation specific	Funding risks and objectives training			
	Outline of content	Funding risks and objectives training (inc climate change, use of surplus, etc)			
	Scheduled delivery date	tbc			
	Method of delivery	video conference/face to face			
	Delivered by	Hymans			
	Committee	Yes			
	Board				

Committee decision/actions:

March 2022 - Agree valuation assumptions (financial and demographics)

September 2022 - Agree draft FSS for consultation alongside initial whole fund results

March 2023 - Agree final FSS following consultation and final valuation report

Training hours completed (hours)	Subject								Total (hours)
	Pension Legislation (module 1)	Pension Governance (module 2)	Pension Administration (module 3)	Pension Accounting & Auditing Standards (module 4)	Pension Services Procurement & Relationship Management (module 5)	Investment Performance & Risk Management (module 6)	Financial Markets & Product Knowledge (module 7)	Actuarial Methods, Standards & Practices (module 8)	
Pension Committee									
Cllr A (Chair)									
Cllr B (vice -chair)									
Cllr C									
Cllr D									
Cllr E									
Cllr F									
Cllr G									
Vacancy									
Pension Board									
A									
B									
C									
D									
E									
F									
G									
Vacancy									
Officers									
A									
B									
C									
D									

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Appropriate external training events and seminars

Date	Event	Host	Cost
January	LGA Annual Governance Conference	Local Government Employers	TBC
May	Local Authority Conference	Pension & Lifetime Savings Association	TBC
October/November/ December	LGA Fundamentals	Local Government Employers	TBC
July	Pension Fund Symposium	Local Government Chronicle (LGC)	TBC
September	Investment Summit	Local Government Chronicle (LGC)	TBC
November	Local Authority Forum	Pension and Lifetime Savings Association (PLSA)	TBC
December	LAPFF Annual Conference	Local Authority Pension Fund Forum (LAPFF)	TBC

Division(s): n/a

PENSION FUND COMMITTEE – 3 DECEMBER 2021

REVIEW OF THE BUSINESS PLAN 2021/22

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; and
- c) endorse the draft Engagement Policy contained as an Annex to this report and ask the Climate Change Working Group to further develop the Policy to include more details on timeframes and specific criteria for consideration at their March meeting.

Introduction

1. This report sets out the latest progress against the key service priorities set in the business plan for the Pension Fund for 2021/22. The Plan was agreed by the last meeting of the old Committee in March 2021.
2. The key objectives for the Oxfordshire Pension Fund as set out in the Business Plan for 2021/22 remain consistent with those agreed for previous years. These are summarised as:
 - To administer pension benefits in accordance with the LGPS regulations, and the guidance set out by the Pensions Regulator
 - To achieve a 100% funding level
 - To ensure there are sufficient liquid resources to meet the liabilities of the Fund as they fall due, and
 - To maintain as near stable and affordable employer contribution rates as possible.
3. The service priorities for the year do not include the business as usual activity which will continue alongside the activities included in the service priorities. Business as usual activities are monitored as part of the Administration Report and the report on Investment Performance.

Key Service Priorities – Progress to Date

4. There were 4 service priorities included in the 2021/22 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
- Red – insufficient progress or insufficient actions identified to deliver measures of success

5. Deliver Key Progress on the Implementation of the Climate Change Policy. The position against the 3 agreed measures of success are set out in the table below.

Measure of Success	Key Progress Achieved	Outstanding Actions
Metrics, benchmarks and targets in place for all portfolios to assess progress against the 7.6% per annum reduction in carbon emissions - GREEN	Benchmark report produced for all equity portfolios and the corporate bond investments as at December 2019 and December 2020. Initial reductions in carbon emissions of 17.7%. Recommendation to this Committee on switch of passive allocations to new climate related benchmarks.	Work to be undertaken with Brunel to identify metrics and benchmarks for remaining portfolios, and collate the metrics already collected in respect of a number of private market portfolios.
Metrics, benchmarks and targets in place to assess progress in investing in climate solutions - AMBER	Initial conversations held with Brunel who are looking to develop metrics this year. New passive benchmarks to include tilt towards green revenues	New metrics to be agreed and aligned to latest scientific thinking. Future targets to be agreed.
Robust Arrangements in place to assess the effectiveness of the Engagement Strategy and Voting Process in advance of the 2022 stocktake - AMBER	Initial discussions at Climate Change Working Group led by paper from Fossil Free Oxfordshire, with principles presented today for Committee to review.	Develop detail of policy and work with Brunel and other Funds with partnership to build consensus position.

6. The Climate Change Working Group met on 10 November 2021 to review the progress on the Implementation Plan for our Climate Change Policy. The meeting was attended by Laura Hobbs from the Responsible Investment team

at Brunel. Laura gave an update on the key highlights from COP26. These included the establishment of an International Sustainability Standards Board which will be tasked with creating global minimum standards for data sets. This will hopefully address a key weakness in our current efforts to deliver our Climate Change Policy, including the above issues relating to the measurement of investments in climate solutions and the performance of our investments in the private markets. This will also be helped by the Chancellors drive to develop a net zero financial centre, requiring investment managers, asset owners, and listed companies to produce climate transition plans on a comply or explain basis.

7. The Climate Change Working Group also discussed a paper produced by Fossil Free Oxfordshire which was designed as a starting point for developing an engagement policy to provide a benchmark against which the success of current engagement could be assessed, and decisions to divest could be made. The key principles from this paper have been included in a first draft policy statement included as an annex to this report, and the Committee are recommended to endorse these principles and ask the Climate Change Working Group to develop the Policy further alongside Brunel with a view to bringing back a more detailed document to the March meeting of this Committee.
8. Key areas that require further work include:
 - Establishing appropriate timeframes
 - Agreeing detailed general and sector/company specific criteria
 - Establishing practical approach to implementation, including where responsibilities lie between the Fund, Brunel and Fund Managers
9. Included as an Annex to the draft Policy is a sample document setting out what the sort of detail we would expect to include in the March document. Members are being asked to note this sample at this time and offer comments on the presentation. For the avoidance of doubt, endorsement of the principles set out in the Policy does not include the data included in this sample report.
10. Following the March meeting, it is intended that the agreed Oxfordshire Policy is the basis for future discussions with the other Funds within the Brunel Partnership to develop a partnership wide Policy where possible that supports the 2022 Stocktake being undertaken by Brunel.
11. It should be noted that the absence of a formal engagement strategy does not mean that our Fund Managers are not currently engaging with companies on our behalf or taking decisions as part of their active management role to exclude companies where they feel they do not meet the investment parameters set by Brunel in each of the portfolio specifications. All Brunel Portfolio specifications include clear expectations in respect of environmental, social and governance issues. This is reflected in the first-year performance figures included in our Taskforce for Climate-related Financial Disclosures report as presented to the September meeting of this Committee.

12. In light of the progress made over the last quarter, the status against the measure has been reduced from Red to Amber.
13. Deliver further improvements to the governance arrangements of the Fund. There were 3 specific measures of success set out in the 2021/22 Business Plan in respect of this priority. The progress against these is set out in the table below.

Measure of Success	Key Progress Achieved	Outstanding Actions
New Committee Constitution in place - GREEN	New constitution agreed by full Council in March 2021, elected member appointments made in May, alongside agreement to the scheme member and Oxford Brookes University representatives. Academy and District Council representatives subsequently agreed.	None
New ways of working for the Committee and Board to be in place to satisfaction of members - GREEN	Proposed way forward on all 10 recommendations from the Independent Governance Review determined and being taken forward.	Special Meeting to agree 2022/23 Business Plan and Budget to be convened. New Governance Officer to be appointed.
Full Training Programme in place, with levels of engagement and skills and knowledge scores increasing - GREEN	Initial knowledge assessment completed for all Committee and Board Members. Result, associated training programme and review process included in today's agenda.	Training Programme to be agreed.

14. A further report on the two key outstanding proposals from the independent governance review is included elsewhere on today's agenda, covering the results of the Knowledge Assessment exercise and the associated training programme, and the establishment of a special meeting to develop the Business Plan and Budget for 2022/23.
15. Further improve the data management arrangements between the Fund and both scheme employers and scheme members. There were 4 measures of success set for this service priority within the Business Plan, and progress against these measures is set out below.

Measure of Success	Key Progress Achieved	Outstanding Actions
Improved scores recorded in customer satisfaction surveys - AMBER	Customer satisfaction scores sent out regularly	Increase number of survey responses to build meaningful feedback.
Increase take up of Member Self Service (MSS) - GREEN		Further develop the scope of MSS and improve the functionality for scheme members.
Further Improvements in data quality scores - GREEN	Resolution of long term Guaranteed Minimum Pension (GMP) issues	Resolve outstanding issues with missing addresses and historic cases with missing data.
Clear Policy in place for calculating benefits where underpin benefits cannot be established due to missing data - AMBER	Full review of all data previously received from scheme employers and analysis of gaps underway.	Complete review of data gaps and produce policy paper for Committee setting out the scale of the issue, the key risks in collecting outstanding data and key risks associated of undertaking benefit calculations in absence of data.

16. The main area of outstanding work in this area relates to the implementation of the remedy to age discrimination identified in the McCloud case. Whilst this work is progressing, we are still awaiting central guidance before we can finalise the project plan and complete the assessment of the data requirements and where policy decisions will be required by this Committee. A full report including any additional resource requirements will be brought to a future meeting of this Committee.
17. Review the arrangements with Brunel following the transition of the majority of Fund assets to Brunel portfolios. Progress against the two measures of success for this service priority are set out below.

Measure of Success	Key Progress Achieved	Outstanding Actions
All investment portfolios deliver long term performance in line with their specifications - AMBER	Officers have work through the Client Group with Brunel to agree draft format of new reports.	Introduce revised performance and assurance reports. Training session to be provided for Committee members on the assurance process.

High confidence/satisfaction scores expressed by Committee members in next client Survey - AMBER		Survey of Members to be undertaken once new reporting arrangements embedded.
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18. As reported last quarter, a number of changes have been agreed to the standard quarterly performance reports and Brunel are currently taking this forward. We still expect revised reports to be available for the Committee later this year.
19. It is intended to run a short training session for Committee members to talk through the assurance process to build confidence that the long-term performance of the investments should be in line with the portfolio specifications.
20. Part C of the Business Plan sets out the Fund's budget for 2021/22 which totals £15,588,000. The table below provides information on expenditure during the first quarter of the year and provides a forecast outturn for the year as a whole.

	Budget	YTD	%	Forecast Outturn	Variance
	2021/22	2021/22		2021/22	2021/22
	£'000	£'000		£'000	£'000
Administrative Expenses					
Employee Costs	1,335	604	45%	1,210	-125
Support Services Including ICT	812	526	65%	812	0
Printing & Stationary	82	23	28%	82	0
Advisory & Consultancy Fees	165	0	0%	165	0
Other	59	0	0%	59	0
Total Administrative Expenses	2,453	1,154	47%	2,328	-125
Investment Management Expenses					
Management Fees	11,316	6,100	54%	12,000	684
Custody Fees	25	10	42%	30	5
Brunel Contract Costs	1,065	822	77%	1,065	0
Total Investment Management Expenses	12,406	6,931	56%	13,095	689
Oversight & Governance					
Investment Employee Costs	263	127	48%	263	0
Support Services Including ICT	12	7	60%	15	3
Actuarial Fees	190	123	65%	190	0
External Audit Fees	40	23	57%	60	20
Internal Audit Fees	16	0	0%	16	0
Advisory & Consultancy Fees	89	26	30%	80	-9
Committee and Board Costs	61	1	2%	50	-11
Subscriptions and Memberships	58	13	23%	50	-8
Total Oversight & Governance Expenses	729	322	44%	724	-5
Total Pension Fund Budget	15,588	8,406	54%	16,147	559

21. At this time it is forecast that the expenditure for 2021/22 will total £16.147m which represents an overspend of £559,000 or 3.6%. The main element of this overspend is on investment management fees, which as previously explained are directly linked to the total assets under management. An improvement in investment performance which increases the overall value of the Fund therefore will lead to an increase in investment fees paid.
22. The only other significant variation is on the employee costs for the administration service which as covered within the Administration report elsewhere on this agenda continues to experience a number of vacancies across the team.
23. Part D of the Business Plan sets out the broad Training Plan for Committee Members, based on the draft Policy previously agreed by the Committee. As noted above, a full training programme produced in conjunction with Hymans Robertson has been included in the separate report on the governance review elsewhere on today's agenda. Once adopted, this will be monitored as part of this report in line with the process set out in the governance review.

Lorna Baxter
Director of Finance

Contact Officer
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November 2021

A MORE PRESCRIPTIVE APPROACH TO ENGAGEMENT - ALIGNING INVESTMENTS TO A 1.5°C PATHWAY

Introduction

1. The Pension Fund's Climate Change Policy Implementation Plan included a goal to set targets and measures of success in relation to engagement activity. This document is intended to set out the Pension Fund's approach to achieving this aim, consistent with the Fund's Climate Change Policy objective of aligning investments with the Paris Agreement goal to limit global temperature increases to 1.5°C.
2. Ultimately this will feed into the Brunel Climate Policy Stocktake process where the goal is to adopt a Brunel wide approach that has the agreement of all client funds. Where a unanimous position cannot be agreed the Pension Fund would seek to work with other Brunel funds to establish portfolios which align to the Fund's Policy.

Scope

3. The ambition is for the Policy to apply across all the Pension Fund's portfolios but initially the focus will be on listed equities and corporate bonds which make up a large proportion of the Fund's investments and have more established processes and data to enable the Policy to be applied.
4. The Policy will focus on companies that have the most significant climate impacts. The Pension Fund expects there to be a mechanism for identifying high impact companies. This could be sector based, company based, or a mixture of the two. For high impact companies, additional criteria should be applied under the Policy.

Principles

Goals

5. The Policy aims to establish a mechanism for ensuring the Pension Fund's investments are aligned to the Paris goal of limiting temperature rises to 1.5°C within an appropriate timeframe. The Policy will operate in a way that does not conflict with the Pension Fund Committee's fiduciary responsibilities.

Science Based

6. The Policy will be grounded in scientific consensus on climate change, in particular by the work of the Intergovernmental Panel on Climate Change. In addition, the Policy will be informed by outputs from other reputable bodies that produce analysis derived from credible 1.5°C scenarios.

Transparency

7. The operation of the Policy will be transparent: the reasoning for decisions will be predictable, recorded and accessible. The Policy will take every opportunity to signal positive change to the wider market and society to maximize the impact of the Policy.
8. Transparency on the criteria to be assessed is also seen as a key driver in encouraging companies to disclose the information needed to undertake the required analysis and in promoting the development of products and services by providers that links to the Policy criteria.

Timeframe

9. The Pension Fund will primarily seek to achieve portfolio alignment through the decarbonisation of assets, as this is what is required in order for 1.5°C scenarios to be achieved. However, where decarbonisation at company level is not taking place at the required level the Pension Fund seeks to have a criteria-based approach to excluding such companies from its portfolios. The timeframe for exclusion must be reasonable, consider the period that has already passed since the Paris Agreement was adopted in 2015, and recognise the urgency of climate action including the fact that emissions must reduce significantly by 2030 in order to be on track with current 1.5°C pathways.
10. Once the criteria for exclusion have been met the Pension Fund would expect this to be applied to its portfolios without undue delay.

Data

11. As far as possible the Policy should use objective measures or simple verifiable facts that signal a tangible effect on climate mitigation. Measures should be comparable within sectors and between sectors where possible.
12. Decisions made under the Policy will not be postponed or avoided in the absence of perfect data. Reasonable estimates should be used when actual data is unavailable. The absence of data in itself should be considered as a potential criterion fail where there is a reasonable expectation for a company to make the data available. It is primarily the responsibility of companies to generate verifiable data that can be used to guide policy execution.
13. In making company level assessments full scope 3 emissions should be considered. Unlike portfolio level assessments that include full scope 3 emissions, company level assessments do not suffer from double counting issues.
14. In assessing alignment with 1.5°C scenarios a prudent approach will be adopted where companies place reliance on emissions offsetting and/or carbon capture and storage technologies. Plans should not rely on unproven

technologies or adopt timeframes for action that are inconsistent with 1.5°C pathways.

Policy criteria

15. The Policy should adopt a set of criteria against which companies will be assessed that have a clear link to alignment to 1.5°C temperature scenarios. Additional criteria are expected to be required of companies identified as high impact.
16. The Pension Fund views the adoption of a credible Paris-aligned business plan as a key criterion that must form part of any assessment. Where possible the assessment of Paris alignment should be sector specific to take into account the different decarbonisation pathways that have been established for different sectors. Alongside this the Fund would expect other criteria to be used such as the following:
 - Capital expenditure consistent with a 1.5°C scenario
 - Emissions performance consistent with targets
 - Paris-agreement-aligned lobbying position
 - Climate governance – clear oversight of climate planning and climate linked executive remuneration targets
17. Where companies are not meeting all the required criteria but are within the timeframe for exclusion conventional engagement will be utilised targeting those criteria not yet met, with the expectation that consistent progress towards the criteria will be demonstrated.

Sample Criteria and Policy Operation

	Member of Trade Organisations Conducting Anti-Climate Lobbying	Spending Aligned with 1.6-2°C Scenario (% of capex)	Construction of new fossil fuel infrastructure	Exploration for new reserves	Credible Paris-Aligned Pathway (e.g. CO ₂ Intensity Alignment and Science-Based Targets)		Lowered oil price forecasts and significant write-down of assets	Paris-aligned executive		
					2degC	1.5degC		Reserve Growth Targets	Production Growth	Green Targets
H1 - Year 1	3	20	Yes	Moratorium	Under discussion	No	No	No	No	No
H2 - Year 1	1	50	Cessation being discussed	Divest	Divest	Under discussion	No	Divest	Under discussion	Under discussion
H1 - Year 2	Divest	80	Divest			Divest	Under discussion		Divest	Under discussion
H2 - Year 2		Divest					Under discussion			Divest
H1 - Year 3							Divest			
H2 - Year 3										

Division(s): n/a

ITEM

PENSION FUND COMMITTEE – 3 DECEMBER 2021

RISK REGISTER

Report by the Director of Finance

RECOMMENDATION

1. **The Committee is RECOMMENDED to note the changes to the 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 22 October 2021, the Pension Board considered the latest risk register and recommended the inclusion of an additional risk relating to the skills and knowledge of the Pension Board itself. This has been added as a new Risk 14 to the Register.

Latest Position on Existing Risks/New Risks

6. Over the last quarter there has been little movement in the overall levels of risks faced by the Fund, reflecting the previous work of this Committee and the Pension Board to develop robust risk management arrangements. There are though five risks which are currently scored as Amber which require further mitigation to reduce the overall level of risk to target.

7. Risk 13 relates to the skills and knowledge of this Committee to effectively undertake their statutory responsibilities. Following the re-constitution of the Committee and the May 2021 elections, there was considerable change to the Committee membership, with a number of new and inexperienced members joining the Committee. This has been reflected in the recent Knowledge Assessment exercise undertaken by Hymans Robertson, where the Committee average score was 37.92% (see report elsewhere on today's agenda for further information). There is therefore currently a significant shortfall against the required level of skills and knowledge, and this is addressed in the development of the training policy and programme as covered elsewhere on today's agenda.
8. As noted above, a new Risk 14 has been added to the Register to reflect the gap in the skills and knowledge of the Pension Board, where 2 of the 6 voting members joined the Board for the first time at their October meeting. The Board achieved a higher average score as part of the Knowledge Assessment exercise at 60.42%, but this still represents a risk to their ability to meet their statutory duties. Again, the mitigation is through the new training policy and programme.
9. The retention of the amber score for risk 21 reflects the lack of national progress on bringing forward guidance on the steps necessary to fully remedy the age discrimination identified in the McCloud court case. At the time of writing this report, the absence of clear guidance means that it is not yet possible to fully understand the risks involved in calculating the two pension figures for all those members who are entitled for their pension to be calculated under the remedy arrangements, nor the work and resources required to collect and process the information to complete the calculations.
10. The position is similar on risk 22 which relates to the same issue in respect of the fire-fighters pension scheme. We have proposed a reduction in the risk score and ranked the risk Amber rather than the Red ranking included last quarter. This reflects that during the last quarter the Local Government Association (LGA) on behalf of the Fire Authorities and the Fire Brigades Union (FBU) on behalf of the firefighters have jointly issued the Immediate Detriment Framework to provide a standard approach to addressing the issues of age discrimination in the absence of the remedying legislation. At their meeting on 12 November 2021 this Committee adopted the Framework but delayed the implementation date until there was greater clarification on the financial implications. At the time of writing this report, there was still a risk therefore of legal challenge from the FBU relating to the delay, although this is being regularly reviewed as the financial implications are clarified.
11. The third and final risk retaining its Amber score is risk 23 which relates to the key person risk identified in the independent governance review carried out by Hymans Robertson. The process to appoint a new Governance Officer to manage the increased workload associated with governance issues is underway and once in post should work to mitigate this risk, and enable the score to be reduced down to target.

Lorna Baxter
Director of Finance

Contact Officer: Sean Collins
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November 2021

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Risk Register

Identification of Risks:

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

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

Key to Scoring

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

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Likelihood

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

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 2021	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 2021	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 2021	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 2021	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 2021	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.	4	1	4	↔			4	1	4	November 2021	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 Manage	Review of Annual Internal Controls Report from each Fund Manager. Clear separation of duties.	3	1	3	↔			3	1	3	November 2021	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 2021	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 2021	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 2021	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 2021	At Target
12	Insufficient resources 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 2021	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	↔	Training Programme put in place on review of new Committee requirements.	December 2021	4	1	4	November 2021	Initial Knowledge Assessment score of 37.92 indicates significant gap in current level of skills and knowledge.

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	New	Training Programme in place and targeted to gaps in skills and knowledge of Board		4	1	4	November 2021	New Risk following appointment of 2 new Members to Board. Initial Knowledge Assessment score for Board 60.42 indicating gap in current level of skills and knowledge.
15	Insufficient Skills and Knowledge amongst – LGPS and FSPS Officers	Administrative – Business as Usual	Poor Training Programme and/or high staff turnover	Breach of Regulation and Errors in Payments	Service Manager	Training Plan. Control checklists.	3	1	3	↔			3	1	3	November 2021	At Target
16	Key System Failure – LGPS and FSPS	Administrative – Business as Usual	Technical failure	Inability to process pension payments	Pension Services Manager	Disaster Recovery Programme	4	1	4	↔			4	1	4	November 2021	At Target
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.	4	1	4	↔			4	1	4	November 2021	At Target
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 2021	At Target
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 2021	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.	TBC	4	1	4	November 2021	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	↔	Establish project plan. Respond to consultation, and work with SAB to seek guidance on mitigating key risks where data not available. Look to bring in additional resources.	On-Going	2	2	4	November 2021	Awaiting Government response to consultation exercise on new Regulations to assess full impact.

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		
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	2	8	↓	Financial Impact of Implementing Immediate Detriment Framework to be Assessed	December 2021	4	1	4	November 2021	Immediate Detriment Framework adopted in principle, with implementation following financial assessment of risks.
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		3	2	6	↔	Review structure to strengthen governance and communication functions	December 2021	2	2	1	November 2021	Process to appoint Governance Officer underway, with review of structure to follow.

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PENSION FUND COMMITTEE - 3 DECEMBER 2021

ADMINISTRATION REPORT

Report by the Director of Finance

RECOMMENDATION

The Committee is **RECOMMENDED** to

- a) determine what, if any, further information they require to ensure they are in a position to monitor service standards are consistent with their responsibilities under the Regulations;
- b) agree that current standards are at an acceptable level, or the further actions being taken are reasonable to address the shortfall in performance;
- c) agree the further extension of reduced SLA targets until March 2022; and
- d) agree the write off of £40.81

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.

Workload and Performance

2. There are still delays in the vetting of incoming returns. To address these issues team leaders are reviewing both the structure of the team and the processes in place as well as better reporting to ensure such issues are identified more quickly so that corrective action can be taken to improve the flow of work to the benefit administration section who are responsible for processing the payments, answering queries, and updating member records.
3. Over the past six months the benefit team has been working to a reduced SLA standard, as agreed by this committee. The chart below is showing an improvement however, in order to achieve a sustained improvement, team leaders are requesting that the temporary SLA targets to continue until March 2022 especially given that recruitment of another 4 administrators will mean that 90% of team Administrators are/will be in training

	SLA Overall %	Statutory Overall %	Total Cases Completed
April	57.14	54.22	1,365
May	67.83	64.01	1,085
June	69.37	65.12	1,536
July	74.88	62.91	2,047
August	91.47	73.73	1,804
September	86.97	68.81	1,682
October	96.15	69.49	2,064

4. Fire Service – for the period August to October the number of files completed within SLA deadline are:

August	92.19%
September	93.33%
October	88.89%

5. There has been no progress in clearing the 13 backlog files.

Contribution monitoring

6. This process sits within the Investment team. Scheme employers are required to make payment over of contributions by 19th month following payroll.
7. As reported last quarter the only concern at present is with APCOA who are consistently late in making payment. The Investment Manager is in contact with this employer regarding the late payments.

Projects

8. In March 2021 this committee received a report on the final stages of the GMP reconciliation process. The information shown below reflects the final adjustments made to the payroll figures now that the outstanding queries have been resolved. The numbers shown in brackets were those reported in March.
- This project has identified that there are 86 (87) pension members who have been underpaid and this was corrected in the February 2021 payroll.
 - There was an increase in the annual payment of pension by £3,624.24 (£4,203.58). The arrears paid in the February 2021 payroll amount to £32,649.72 (£37,568.55).
 - As previously decided by this Committee, pension members who had been overpaid would have their pension payment corrected but there would not be any recovery of the over payment. Letters were sent out to 242 (245) pensioners whose pension was adjusted in April 2021. This resulted in an annual reduction of pension amounting to £35,056.61 (£35,411.35)

9. Implementation of i-connect – bar a couple of tidy up meetings all scheme employers are fully operational on system with the exceptions of OCC and OBU. As the two largest fund employers the work to data match / cleanse has been much more than initially anticipated.
10. For OBU the payroll department are unable to extract data in format needed to make return and are having to make manual changes before making the return which led to some additional queries. Whilst the payroll manager is still making manual adjustments the uploading of the monthly returns to i-connect is now being made as expected.
11. For OCC there is much more data cleansing needed to ensure that any duplicate information received is stripped out before information is loaded on to the pension systems, so monthly returns are being manually loaded once they have been data cleansed. It is anticipated that this dual action will continue until the end of the current financial year.
12. Administration to Pay has been the project with the most delays to timetable. The implementations in February and March were achieved, however work on retirements has been delayed yet again.

Area of Work	Implementation date	Implemented (Y/N)
IFA out	February 2021	Y
TV out	February 2021	Y
Refunds (not including over 75s and post 14 leavers being paid more than 5 years after leaving) *	March 2021	
Retirements from active status (redundancy, efficiency, ill health, age retirement)	May 2021	Delayed
Retirements from deferred pension	July 2021	Delayed
Death **	September 2021	Delayed
Trivial Commutations	November 2021	Delayed
Fire	January 2022	Delayed

Solution being sought with software suppliers to deal with post 75 and post 14 leavers being paid after 5 years as the tax implications are different and Altair does not calculate these at present

** Deaths. Further work needs to be done in cases where death grants are split between multiple beneficiaries.

13. A project plan is currently being prepared to set out project work for the team during the coming year.
14. All other projects are on target.

Staffing

15. The proposed changes detailed in the September report have been made. Senior administrators were asked to set out their preferences as to which area of the team they would like to work. Interviews were held to appoint to the senior training role with the second candidate being appointed to their second choice in the benefit administration team. Further interviews took place to appoint administrators in the benefit administration team which resulted in one candidate being appointed to their second choice in the systems team. With hand overs these changes will be finalised on 01 January 2022.
16. The recruitment process to appoint 4 new administrators has now started. It is anticipated that new team members will join early in 2022.
17. As part of the project planning the next stage of reviewing team structure will be scheduled into the workload.

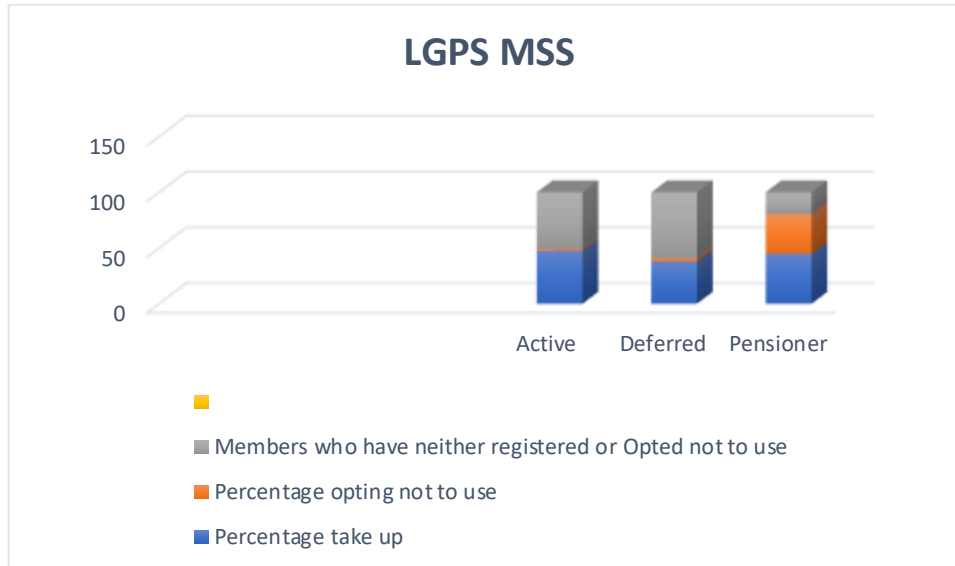
Communications

18. In the last quarter the activities for employer engagement have been:
 - Introduction to the LGPS – we have held one Introduction to the LGPS training in the last three months – this was very well attended with 18 attendees from a wide cross section of employers
 - Employer Meeting – the Employer meeting held in September 2021 was also well attended with representatives from 32 employers making the time to attend. The main feature of the meeting was a section on Discretionary Policies.
 - Talking Pensions – the monthly employer newsletter was sent out on 31st August, 30th September and 3rd November to approximately 220 employer contacts.
19. Active scheme members will have received the member newsletter published on 07 October. It was distributed to LGPS employers, posted on our website and on My Oxfordshire Pension, plus paper copies were posted to employees who have registered to retain paper communications.
20. The website review of employer pages, Firefighter pages and Investment pages and maintenance of member pages is ongoing. Visits to the website have shown a steady increase over the last three months, with member pages remaining the most popular.

	Aug-21	Sep-21	Oct-21
Home page unique views	465	520	573
Member pages views	1361	1613	1812
Employer pages views	155	309	356
Overall	2019	2442	2741

Member Self Service

21. Overall, there has been a slight reduction in the number of active members signed up to use MSS. Whereas the annual exercise of sending activation codes out to members who have not yet registered has resulted in a slight increase in the number of members signed up.



Employers

22. No reported issues

Customer Surveys – Feedback and Complaints

23. The customer surveys introduced earlier this year have not given the expected level of response. Overall, there has been a low number of returns and whilst this has identified some complaints there has not been sufficient information given to feed into any process changes. Therefore, officers have decided to discontinue using the customer survey form. Information about complaints will be made clearer on the website.
24. There are currently 9 informal complaints waiting for response.
25. There has been an increase in the number of formal complaints made in last quarter which are waiting response.

Write Off

26. There have been six deaths in the quarter where payroll adjustments cannot be recovered amount to a write off £40.81.
27. We are also in the process of resolving a long-standing issue regarding the payment of a fire-fighters pension which is going to result in a significant unauthorised payment charge which will fall to be met by the Fire Service and

is not recoverable under the grant. We are taking expert advice on the level of payment due given the complexity of the issue and the length of time taken to resolve it, but the final payment is likely to exceed £100,000.

28. The issue goes back to 2010 when the Government increased the earliest retirement age from 50 to 55. Special arrangements were made for the fire-fighters (and others) which allowed them to retain a protected pension age of 50 as long as they met an agreed set of criteria. The fire-fighter at the centre of this issue retired in July 2010 shortly after the introduction of the new Regulations and was believed at the time to have retained his protected pension age.
29. Subsequently, there was a lot of further discussion between the fire authorities, the Fire Brigades Union and HMRC about the interpretation of the criteria and in particular the restrictions on taking on a new job. It was not until 2013 that final advice was received that confirmed that anyone who held 2 jobs at the time of retirement had to retire from both jobs to retain their protected pension age. Unfortunately, the fire-fighter at the centre of the Oxfordshire case had taken on a second employment as a retained fire-fighter shortly before he retired and therefore should have lost his protected pension age. As such, the payment of his pension became an unauthorised event under the Regulations and subject to an unauthorised payment charge of 40% of the total amount paid.
30. There were a number of similar cases across the Country and cases were taken to the Pensions Ombudsman to test who should meet the unauthorised payment charge. In all cases, the Ombudsman determined that that payment could not reasonably be charged to the fire-fighter who had made their retirement decisions based on the advice they had received at the time, and therefore the charge should fall to the fire authority.
31. The Oxfordshire case was initially identified for resolution in 2016 following the conclusion of the various legal challenges, and the matter referred to the then Chief Fire Officer. Unfortunately, the matter was not concluded at the time and no follow up action was agreed. The position was recently re-visited and the necessary actions are now being taken.
32. There have been two key changes since this case to prevent further occurrences. Firstly, following the clarification on the interpretation of the protected age criteria, new processes were put in place at retirement to ensure no fire-fighter held a second job which would invalidate their protected pension age, nor that they took on a new role within the fire service within the six-month period specified in the guidance. Secondly, the Scheme of Delegation has been reviewed and the position confirmed that it is this Committee's responsibility as Scheme Manager to report all unauthorised payments and not that on the Chief Fire Officer. Arrangements have therefore been put in place to record all such instances and ensure payments are made promptly to HMRC. Future performance reports will include statistics on any unauthorised payments made.

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November 2021