To: Members of the Pension Fund Committee

Notice of a Meeting of the Pension Fund Committee

Friday, 10 September 2021 at 10.15 am*
Please Note – there will be a training session focusing on investments in equities – active v passive and options to meet our climate change requirements delivered by Faith Ward, Chief Responsible Investment Officer from Brunel immediately before the Committee, starting at 9:30am

Council Chamber - County Hall, New Road, Oxford OX1 1ND

Please note that Council meetings are currently taking place in-person (not virtually) with social distancing at the venue. Meetings will continue to be live-streamed and those who wish to view them are strongly encouraged to do so online to minimise the risk of covid-19 infection.

If you wish to view proceedings, please click on @videolink to meeting, https://oxon.cc/PFC10092021.

However, that will not allow you to participate in the meeting.

Places at the meetings are very limited due to the requirements of social distancing. If you still wish to attend this meeting in person, you must contact khalid.ahmed@oxfordshire,gov.uk by 9am four working days before the meeting and he will advise if you can be accommodated at this meeting and of the detailed Covid-19 safety requirements for all attendees.

Yvonne Rees
Chief Executive

2 September 2021

Committee Officer: ***Khalid Ahmed***
Tel: 07990368048; E-Mail: khalid.ahmed@oxfordshire.gov.uk

Membership

Voting Members of Oxfordshire County Council – Councillors Kevin Bulmer (Vice-Chair), Imade Edosomwan, Nick Field Johnson, Bob Johnston (Chair) and Richard Webber

Non-voting Members of the Academy sector – Ms Shelley Cook and Mr Alan Staniforth

Non-voting Scheme Member Representative - Mr Steve Moran

Non-voting Member of Oxford Brookes University – Mr Alistair Fitt

Non-voting Member of District Councils – Councillor Jo Robb

Notes:

- ***Date of next meeting: 3 December 2021***

Declarations of Interest

The duty to declare…..
Under the Localism Act 2011 it is a criminal offence to
(a) fail to register a disclosable pecuniary interest within 28 days of election or co-option (or re-election or re-appointment), or
(b) provide false or misleading information on registration, or
(c) participate in discussion or voting in a meeting on a matter in which the member or co-opted member has a disclosable pecuniary interest.

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

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

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

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

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

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

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

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

List of Disclosable Pecuniary Interests:
Employment (includes"*any employment, office, trade, profession or vocation carried on for profit or gain*".), **Sponsorship, Contracts, Land, Licences, Corporate Tenancies, Securities.**

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

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

AGENDA

1. Apologies for Absence and Temporary Appointments

2. Declarations of Interest - see guidance note

3. Minutes (Pages 1 - 8)

10.15

To approve the minutes of the meeting held on 11 June 2021 and to receive information arising from them.

4. Petitions and Public Address

10.15

Currently council meetings are taking place in-person (not virtually) with social distancing operating in the venues. However, members of the public who wish to speak at this meeting can attend the meeting 'virtually' through an online connection. Places at the meeting are very limited due to the requirements of social distancing. While you can ask to attend the meeting in person, you are strongly encouraged to attend 'virtually' to minimise the risk of Covid-19 infection.

Please also note that in line with current government guidance all attendees are strongly encouraged to take a lateral flow test in advance of the meeting.

Normally requests to speak at this public meeting are required by 9 am on the day preceding the published date of the meeting. However, during the current situation and to facilitate these new arrangements we are asking that requests to speak are submitted by no later than 9am four working days before the meeting i.e. 9 am on Friday 3 September 2021. Requests to speak should be sent to khalid.ahmed@oxfordshire.gov.uk. You will be contacted by the officer regarding the arrangements for speaking.

If you ask to attend in person, the officer will also advise you regarding Covid-19 safety at the meeting. If you are speaking 'virtually', you may submit a written statement of your presentation to ensure that if the technology fails, then your views can still be taken into account. A written copy of your statement can be provided no later than 9 am 2 working days before the meeting. Written submissions should be no longer than 1 A4 sheet.

5. Minutes of the Local Pension Board (Pages 9 - 12)

10:20

A copy of the unconfirmed Minutes of the Local Pension Board, which met on 9 July 2021 is attached for information only.

6. **Report of the Local Pension Board** (Pages 13 - 24)

10:25

In a response to a request from the Chairman of Pension Fund Committee to have a dedicated item on each Committee agenda for the work of the Local Pension Board, attached is the report by the Independent Chairman of the Local Pension Board.

The report sets out the items the Local Pension Board wishes to draw to the attention of this Committee following their last meeting in July 2021.

7. **Passive Equity Allocation** (Pages 25 - 30)

10.30

This report sets out the new passive options developed by Brunel in conjunction with FTSE Russell and Legal and General Investment Management in response to the requests from Client Funds for suitable alternatives aligned to the Paris Agreement.

The Committee is RECOMMENDED to determine any changes to the current allocation to passive equities, and if appropriate, to the current commitments set out in the Investment Strategy Statement.

8. **Climate Change Report** (Pages 31 - 48)

10.50

This report sets out the Fund's current arrangements for managing the climate change risk in accordance with the TaskForce for Climate Related Financial Disclosures (TCFD) Template. The report will also highlight progress in the first year since the adoption of our Climate Change Policy.

The Committee is RECOMMENDED to note the report.

9. **Governance Review** (Pages 49 - 76)

11.20

This report updates the Committee on the progress against each of the 10 Recommendations made in the Independent Governance Review completed by Hymans Robertson, and seek the Committee's agreement on the way forward.

The Committee is RECOMMENDED to:
a. Adopt the Conflict of Interest Policy as set out in Annex 1;
b. Review the job description for a new Governance Officer role as set out in Annex 2, and agree the establishment of the new position;
c. Comment on the future agendas for the meetings of the committee to be based on the key roles and responsibilities of the Committee as set out in annex 3, and in particular the proposal to focus on a review of investment performance annually, and the need for a separate annual business meeting;

d. Agree the proposals to amend the current Training Policy to include an annual assessment and an escalation procedure to cover cases on non-engagement with the Policy;
e. Ask Officers in conjunction with Hymans Robertson to amend the draft Training Programme as set out in Annex 4 based on the results of the initial knowledge assessment and bring the revised programme back to the December meeting for approval.

10. Review of the Annual Business Plan (Pages 77 - 84)

12.00

This report provides an update on progress against the key priorities set out in the Annual Business Plan for 2021/22.

The Committee is RECOMMENDED to note progress against each of the key service priorities as set out in the report.

11. Risk Register (Pages 85 - 94)

12.10

This report presents the latest position on the Fund's risk register, including any new risks identified since the report to the last meeting.

The Committee is RECOMMENDED to note the changes to the risk register and offer any further comments.

12. Administration Report (Pages 95 - 114)

12.15

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

The Committee is RECOMMENDED to

i) Agree to a further extension of the reduction is SLA target, to be reviewed at the December meeting;
ii) Agree to the proposed changes to communication policy;
iii) Note the amounts written off by the Pension Services Manager; and
iv) Decide whether the fund should undertake an annual benchmarking exercise.

13. Annual Report and Accounts 2020/21 (Pages 115 - 234)

12.25
This report presents the Annual Report and Accounts for the Pension Fund and highlight any issues raised by external audit.

The Committee is RECOMMEDED to note the report.

14. Analysis of Relative Investment Performance to March 2021 (Pages 235 - 236)

12.30
This report summarises the findings of the annual review of the investment performance of the LGPS Funds carried out by PIRC.

15. EXEMPT ITEMS

The Committee is RECOMMENDED that the public be excluded for the duration of items 16 and 17 in the Agenda since it is likely that if they were present during those items there would be disclosure of exempt information as defined in Part I of Schedule 12A to the Local Government Act 1972 (as amended) and specified in relation to the respective items in the Agenda and since it is considered that, in all the circumstances of each case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

16. Overview of Past and Current Investment Position (Pages 237 - 326)

12.40

The Independent Financial Adviser will review the investment activity during the past quarter, present a summary of the Fund's position as at 30 June 2021, and highlight any key performance issues, with reference to Tables and Graphs, the Investment Performance Reports produced by Brunel. **The report does not contain exempt information and is available to the public.**

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

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

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

17. Overview and Outlook for Investment Markets (Pages 327 - 334)

12.45

Report of the Independent Financial Adviser.

The report sets out an overview of the current and future investment scene and market developments across various regions and sectors. **The report itself does not contain exempt information and is available to the public**. The Independent Financial Adviser will also report orally and any information reported orally will be exempt information.

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

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

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

ITEMS FOLLOWING THE RE-ADMISSION OF THE PRESS AND PUBLIC

18. Corporate Governance and Socially Responsible Investment (Pages 335 - 346)

13.00

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

LUNCH

PENSION FUND COMMITTEE

MINUTES of the meeting held on Friday, 11 June 2021 commencing at 10.00 am and finishing at 11.25 am

Present:

Voting Members:	Councillor Bob Johnston– in the Chair Councillor Kevin Bulmer Councillor Nick Field-Johnson Councillor Richard Webber Councillor I.U. Edosomwan
Non-Voting Members:	Steve Moran (Scheme Member Representative) (attended virtually) Alistair Fitt (Oxford Brookes University Representative) (attended virtually)
By Invitation:	Alistair Bastin (Local Pension Board Member), Peter Davies (Independent Financial Adviser), Angela Priestley-Gibbins (Local Pension Board Member)
Officers:	Lorna Baxter (attended virtually), Sean Collins, Sally Fox (attended virtually) (all Finance) and Khalid Ahmed (Law and Governance)

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

17/21 ELECTION OF THE CHAIRMAN FOR THE 2021/22 MUNICIPAL YEAR
(Agenda No. 1)

That Councillor Bob Johnston be elected Chair of the Committee for the 2021/22 Municipal Year.

18/21 ELECTION OF DEPUTY CHAIRMAN FOR THE 2021/22 MUNICIPAL YEAR
(Agenda No. 2)

That Councillor Kevin Bulmer be appointed Vice-Chair of the Committee for the 2021/22 Municipal Year.

19/21 APPOINTMENT OF REPRESENTATIVE TO THE BRUNEL OVERSIGHT BOARD
(Agenda No. 5)

That Councillor Kevin Bulmer be appointed as this Committee's representative to the Brunel Oversight Board.

20/21 MINUTES
(Agenda No. 6)

The Minutes of the meeting held on 5 March 2021 were approved and signed as a correct record.

21/21 PETITIONS AND PUBLIC ADDRESS
(Agenda No. 7)

The Committee received a public address from Mr Peter Wallis from Fossil Free Oxfordshire.

Thank you for allowing me to address the Pension Fund Committee as a County Council employee, LGPS scheme member and member of Fossil Free Oxfordshire. I extend a welcome to new Committee members and welcome back the old hands. It is a very responsible job, and your dedication is hugely appreciated by scheme members.

We at Fossil Free Oxfordshire are delighted that tackling the climate emergency is top of the Oxfordshire Fair Deal Alliance’s shared goals. The County Council acknowledged the climate emergency in 2019 and made a commitment to becoming a carbon neutral council by 2030, showing strong leadership in addressing climate change.

The Pension Fund Committee has taken some important steps to address climate change. Climate risk is classed in its risk register as amber and is included in the Investment Strategy Statement. A climate change policy has been agreed, with the aim of decarbonising the whole fund by 2050.

However, the LGPS continues to invest in fossil fuels and has not set targets for reducing those high-emission, high-risk, low-return investments. As such, the pension fund remains a drag on the Council’s climate agenda.

The pace of change in climate change and the global response is dizzying. We would like to draw your attention to three significant developments literally in the last three weeks, and to urge you to be more ambitious in your targets.

On May 18, the International Energy Agency, the world’s leading energy organisation, stated that exploration and development of new oil and gas fields - the primary activity of fossil fuel companies - must stop this year if the world is to stay within safe limits of global heating and meet the goal of net zero emissions by 2050. The fossil fuel sector has consistently under-performed the rest of the equity markets over the last 10-15 years, and the IEA report will have a further major impact for energy markets.

On May 26, a court in the Netherlands ruled in a landmark case that Shell is responsible for its CO_2 emissions and those of its suppliers and must cut its carbon emissions by 45% by 2030 compared to 2019 levels. Arguments have been made against divesting the fund from fossil fuel companies, favouring the idea of ‘engagement’. However, we don’t need fossil fuel companies to just invest a bit more, or even a lot more, in renewable alternatives. We need them to have a plan to shut down their fossil fuel-based business activities entirely in the course of the next twenty years. Shareholder engagement as a way of achieving that is like asking a lion very politely if he would consider the advantages of vegetarianism. Despite decades of ‘engagement’, investment in renewables by Shell is currently only around 10% relative to the company’s total capital expenditure in fossil fuels.

On 27 May the World Meteorological Organisation said by 2025 - that’s in four years - there's a 40% chance of at least one year being 1.5C hotter than the pre-industrial level, up on the 20% chance in their previous estimate. 1.5C is the safer of two temperature limits set by the Paris Agreement on climate change.

That’s 3 game changing announcements in just 10 days of last month. David Attenborough recently stated that; ‘investing pension savings into fossil fuels is “crazy” as it supports industries that are threatening the future that pensions are saving for.’ Climate change will impact on future generations as extreme weather events damage property and livelihoods and put pressure on farming and food supply locally. Moreover, burning fossil fuels disproportionately affects the poorest people nationally and globally, and it seems deeply unethical as one of the richest countries to profit from investments that are causing other people misery.

As members of the Pension Fund Committee, you’re in a powerful position, and can have a positive impact on the world. The pension fund has a lot of money to manage. We call on you to invest in a world worth living in.

Fossil Free Oxfordshire applauds the fund setting a target for decarbonising the fund. However, many targets nationally and globally are being brought forward in light of grim news of the impact of climate change and fears of passing the tipping point for runaway warming.

The County Council has a 2030 target, why not the Pension Fund?
We also call on you to ask Brunel to develop funds that are fossil fuel-free.

Fossil Free Oxfordshire appreciates being able to participate in the Climate working group and would like to continue our involvement as a critical friend. We hope to offer constructive challenge, pointing to issues of climate risk and climate justice. We encourage you to be brave leaders in addressing this critical issue.

22/21 MINUTES OF THE LOCAL PENSION BOARD

(Agenda No. 8)

The unconfirmed Minutes of the Local Pension Board, which met on 23 April 2021 were noted.

23/21 REPORT OF THE LOCAL PENSION BOARD

(Agenda No. 9)

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

Alastair Bastin, Member of the Board introduced the report and outlined details of the reports which were considered at the meeting.

Reference was made to the discussion which took place on the relationship between the Board and the Pension Fund Committee and it was agreed that the Chairman of the Committee would attend Board meetings to answer questions and clarify decisions made at the Committee.

Members were informed that the Board welcomed the Pension Fund Committee's proposals relating to provision of a more robust training programme for its Members.

RESOLVED – That the report of the Local Pension Board be noted, together with the commitment of the Chairman of the Pension Fund Committee to attend future Board meetings.

24/21 REVIEW OF THE ANNUAL BUSINESS PLAN

(Agenda No. 10)

The Service Manager for Pensions informed Members that the report set out the latest progress against the key service priorities set in the business plan for the Pension Fund for 2021/22.

The four key objectives for the Oxfordshire Pension Fund were:

- 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.

One of the service priorities was to deliver key progress on the implementation of the Climate Change Policy. The Committee was informed that there had been limited progress in this area partially due to the local election process restricting the ability to hold meetings of the Climate Change Working Group and resources prioritised on closing the Pension Account Accounts.

Discussion took place on the membership of the Climate Change Working Group and it was agreed that the membership should be the Chair and Vice Chair of this Committee, a scheme member representative (Steve Moran), a representative from Fossil Free Oxfordshire, Alistair Bastin (Representative from the Local Pension Board) and the Independent Financial Adviser. Members agreed that once the final scheme employer representatives had been appointed, that further Committee Members could be appointed.

A second service priority was the delivering of further improvements to the governance arrangements of the Fund. Officers had continued to meet regularly with

Hymans Robertson to develop action plans to deliver against the 9 outstanding actions of the independent governance review carried out by Hymans.

Details of the proposals to the September meeting were provided. Discussion took place on the revised training policy and training programme, which included regular assessments of the skills and knowledge of the Committee and Board Members and supporting officers.

The Service Manager for Pensions provided the background to the priority to improve the data management arrangements between the Fund and both scheme employers and scheme members, particularly around the retrospective work to remedy the age discrimination issues from the McCloud/Sargeant court cases. It was noted that the Committee would have to make a policy decision on the amount of resources it wished to allocate to this at some stage.

Another priority was to review the arrangements with Brunel following the transition of the majority of Fund assets to Brunel portfolios.

Members were informed that the Fund was in the middle of the transition process for the fixed income assets, and on completion, 80% of the Funds' assets would be invested in Brunel portfolios. A breakdown was provided of the remaining £600m held outside Brunel which provided the Committee with flexibility to make minor amendments to its strategic asset allocation.

Discussion took place on the current investment reports from Brunel and on the frequency with which the Committee wanted to see officers from Brunel to question them on the portfolio performance. It was agreed that the Chief Investment Officer be asked to attend annually, with the option of requesting attendance of other officers when specific issues or concerns were raised.

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

(2) That approval be given to the future membership of the Climate Change Working Group as follows: Chair and Vice-Chair of this Committee, a scheme member representative (Steve Moran), a representative from Fossil Free Oxfordshire, Alistair Bastin (Representative from the Local Pension Board) and the Independent Financial Adviser.

(3) That approval be given to the Chair of this Committee (or representative in his absence) to attend future meetings of the Local Pension Board to answer questions from Board members on decisions made at the most recent Committee meeting;

(4) That it be agreed that in relation to the attendance of Brunel at meetings of this Committee, that the Chief Investment Officer be asked to attend annually, with the option of requesting attendance of other officers when specific issues or concerns were raised.

25/21 AGE DISCRIMINATION CASES IN THE FIREFIGHTERS PENSION SCHEME

(Agenda No. 11)

Members were provided with a report which provided details of the latest legal position in relation to the age discrimination cases in the firefighters pension scheme, and advising the Committee to the likely need to call a special meeting of the Committee to determine their policy in advance of Regulation changes.

The Committee was provided with details of the background to the issues with the Firefighters Pension Scheme which had resulted from the establishment of the Firefighters Pension Scheme 2015. This had resulted in a number of legacy Firefighters Pension Schemes remaining open which had meant Members had transferred to the 2015 scheme at different points dependent on age.

The Committee was informed that there were a number of legal issues to resolve before progress could be made on the age discrimination cases in the Firefighters Pension Scheme. The Council's Monitoring Officer was seeking advice from Queens Counsel in addition to awaiting the production of the Scheme Advisory Board's National Framework.

The Committee asked that the Council's Monitoring Officer be invited to attend the next meeting of the Committee to provide an update.

RESOLVED – (1) That the Committee noted the latest legal position on the age discrimination cases in the Firefighters Pension Schemes and on the intention to call an additional meeting of this Committee to determine the Council's policy in advance of revised Regulations once in receipt of further legal advice and the publication of the National Framework.

(2) That the Council's Monitoring Officer be invited to attend the next meeting of the Committee to provide an update on the legal opinion.

26/21 RISK REGISTER

(Agenda No. 12)

Consideration was given to a report which updated Members on the latest position on the Fund's Risk Register, including any new risks identified since the report to the last meeting.

Members noted the addition of the new risks of the age discrimination issues relating to the Firefighter's Pension Scheme and the proposed appointment of a new Governance Officer to mitigate the key person risk identified in the Hymans Robertson independence governance review.

RESOLVED – (1) That the changes to the risk register be noted.

27/21 ADMINISTRATION REPORT

(Agenda No. 13)

The Committee was provided with a report which updated Members on the key administration issues including the iConnect project, service performance measurement and any write offs agreed in the last quarter.

An update was provided on staffing within the Team and reference was made to the approval which was given at the last meeting of the Committee, to temporarily reduce the service level agreement from completion of 90% / 95% of work to be completed within deadline to 75% of work being completed in deadline. The Committee was asked to extend this arrangement until the next meeting.

The Pensions Service Manager informed the Committee that under the current Financial Scheme of Delegation there was provision for the authorisation of Pension Fund payments separate to the authorisation of payments for goods and services. The Committee was asked to extend this delegation to also include the two Managers within the Employers Team to the list of authorised signatories.

RESOLVED – (1) That the information in the report be noted.

(2) That approval be given to an extension to the temporary reduction in service level agreement targets (down to 75%) until the next meeting of the Committee.

(3) That approval be given to the changes to the Scheme of Delegation to add the two Employer Team Managers to the list of officers authorised to approve payments from the Pension Fund.

28/21 EXEMPT ITEMS

(Agenda No. 14)

RESOLVED - That the public be excluded for the duration of items 15 and 16 in the Agenda (during discussion on confidential matters) since it is likely that if they were present during those items there would be disclosure of exempt information as defined in paragraph 3 of Part I of Schedule 12A to the Local Government Act 1972 (as amended) .

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

29/21 OVERVIEW OF PAST AND CURRENT INVESTMENT POSITION

(Agenda No. 15)

The Independent Financial Adviser provided the Committee with an overview of the current and future investment scene and market developments across various regions and sectors.

The information reported was noted.

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

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

30/21 OVERVIEW AND OUTLOOK FOR INVESTMENT MARKETS
(Agenda No. 16)

The report set out an overview of the current and future investment scene and market developments across various regions and sectors.

The Committee thanked Peter Davies, Independent Financial Adviser for the work he carried out in his role.

The report was noted.

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

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

31/21 CORPORATE GOVERNANCE AND SOCIALLY RESPONSIBLE INVESTMENT
(Agenda No. 17)

There was nothing to report.

.... in the Chair

Date of signing ....

LOCAL PENSION BOARD

MINUTES of the meeting held on Friday, 9 July 2021 commencing at 10.30 am and finishing at 12.00 pm.

Present:	
	Matthew Trebilcock – in the Chair
Voting Members:	Alistair Bastin Stephen Davis Angela Priestley-Gibbins Sarah Pritchard
Pension Fund Committee Members in Attendance:	Councillor Richard Webber Alistair Fitt
By Invitation:	Simon Bradley (Observer) and Maria Slater (Observer)
Officers:	Sean Collins (Service Manager Pensions Insurance and Money Management) and Khalid Ahmed (Law and Governance).

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

23/21 MINUTES
(Agenda No. 5)

The Minutes of the meeting held on 23 April 2021 were approved.

[In relation to Minute No. 16/21, the Board was informed that a replacement for Peter Davies, the Independent Financial Adviser had not been appointed. The tender documents for the post were with the Council's Legal and Procurement Team. It was expected that Peter Davies would remain until the September meeting and would be paid on an ad hoc basis when needed.]

24/21 UNCONFIRMED MINUTES OF THE PENSION FUND COMMITTEE - 11 JUNE 2021
(Agenda No. 6)

The meeting had before it the draft minutes of the last Pension Fund Committee meeting of 11 June 2021 for consideration. The draft Minutes were noted.

25/21 ANNUAL REPORT OF THE PENSION BOARD
(Agenda No. 7)

The Board was required to publish an Annual Report covering its work of the previous year, for inclusion in the Report and Accounts of the Pension Fund.

Members were provided with the report for 2020/21 which covered the Board's meetings from July 2020 to April 2021.

The Board was informed that it would play a key role in supporting the Pension Fund Committee in delivering its responsibilities following the McCloud judgement and the need to retrospectively collect and review data for the scheme members in scope of the proposed remedy arrangements.

Reference was made to preparation for the next tri-ennial valuation of the Fund due at 31 March 2022 which would be a key area for the Board to consider during 2021/22.

Details of Board Members training was provided. It was noted that training of Board Members was a statutory obligation to enable Members to have the skills and knowledge to enable them to fulfil their duties.

The report was noted.

26/21 REVIEW OF THE ANNUAL BUSINESS PLAN
(Agenda No. 8)

The Board was invited to review the latest position against the Annual Business Plan for 2020/21 which was considered by the Pension Fund Committee at their meeting on 5 March 2021, and to offer comment on the Business Plan agreed for 2021/22.

Sean Collins informed the Board that in relation to progress on the further implementation of the Climate Change Policy, there had been limited progress due the restricted ability to hold meetings of the Climate Change Working Group. This had been caused by problems with membership and Officers being required to prioritise resources on closing the Pension Account Accounts in line with statutory deadlines.

The Board was informed that the membership of the Climate Change Working Group had been agreed as the Chair and Vice Chair of the Pension Fund Committee, a scheme member representative (Steve Moran), a representative from Fossil Free Oxfordshire, Alistair Bastin (Representative from the Local Pension Board) and the Independent Financial Adviser. Councillor Jo Robb had asked to attend meetings of the working group.

Sean Collins informed the Board that the working group would be receiving a report, providing carbon data on the equity and corporate bond investments, with data for both December 2019 and December 2020. In addition, the working group would undertake the initial work in respect of investing in climate solutions and monitoring the effectiveness of our engagement and voting strategies and include initial recommendations to the September meeting of the Pension Fund Committee. A report would be submitted to the next meeting of the Board on the outcome of the working group meeting.

In relation to priority 2, delivering further improvements to the governance arrangements of the Fund, the Board was informed that a report would be submitted to the September meeting of the Pension Fund Committee on the proposals to implement the actions from the Hymans Robertson review into the governance arrangements of the Fund.

The priority of improving the data management arrangements between the Fund and both scheme employers and scheme members, reference was made to whether there was scope for modelling of the data, rather than manually collecting and the Board was informed that this would happen.

Regarding reviewing the arrangements with Brunel following the transition of the majority of Fund assets to Brunel portfolios, the Board was informed that 80% of the Fund's assets had been invested in Brunel portfolios.

The Board noted the report, together with the information reported.

27/21 RISK REGISTER

(Agenda No. 9)

The Board had been invited to review the latest risk register as considered by the Pension Fund Committee on 11 June 2021 offer any further views back to the Committee.

The report was noted.

28/21 ADMINISTRATION REPORT

(Agenda No. 10)

The Board was invited to review the latest Administration Report as presented to the Pension Fund Committee on 11 June 2021. The report included key administration issues including the iConnect project, service performance measurement and any write offs agreed in the last quarter.

The Board noted that at the Pension Fund Committee it was agreed to extend the temporary reduction in service level agreement targets (down to 75%) until the next meeting of the Committee in September.

Regarding the implementation of i-connect, this was working better and Annual Statements were ahead of schedule.

The report was noted.

29/21 INVESTMENT MANAGEMENT FEES

(Agenda No. 11)

The Board was invited to consider the report on investment management fees and investment performance covering the 3 year period to 31 March 2021 and offer any comments to the Pension Fund Committee.

Sean Collins informed the Board that there had been an increase in investment management fees (£10m) for the last financial year. This had been caused by greater transparency over the underlying costs in respect of some of the private market portfolios. As well as providing information on their own fees, Brunel have provided information in respect of the fees paid to the underlying fund managers in the property and private equity portfolios.

In addition, there was also higher fees paid to the legacy private equity managers in 2020/21 which were related directly to performance.

After discussion, the Board agreed to ask the Pension Fund Committee whether the Fund was getting value for money in terms of fees paid to Asset Managers, as Fund Managers were getting twenty times more than for Passive investments.

The Board was informed that the Pension Fund Committee would be looking at whether Fund Managers had reached their targets.

The report was noted.

30/21 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:-

- Annual Report of the Board
- The re-appointment of Alistair Bastin to the Climate Change Working Group
- Pension Fund Management Fees
- Reflection of the importance of training for Board and Pension Fund Committee members.

31/21 ITEMS TO BE INCLUDED IN THE AGENDA FOR THE NEXT BOARD MEETING
(Agenda No. 13)

The Committee asked that a report back be provided on the meeting of the Climate Change Working Group.

.... in the Chair

Date of signing ....

Division(s): n/a

PENSION FUND COMMITTEE – 10 SEPTEMBER 2021

REPORT OF THE PENSION BOARD

Report by the Independent Chairman of the Pension Board

RECOMMENDATION

1. **The Committee is RECOMMENDED to note the comments of the Board as set out below, and in particular the comments on ensuring the Fund is receiving value for money from investment managers fees when considering the item on amending the current allocations to passive portfolios.**

Introduction

2. This report is part of the process by which the Local Pension Board works with the Committee in fulfilling its duty to support the work of the Committee and ensure that the Committee delivers its responsibilities in line with the regulatory framework. The report covers the key issues discussed by the Board and any matters that the Board wishes to draw to the attention of the Committee.

3. This report reflects the discussions of the Board members at their meeting on 9 July 2021. The virtual meeting was attended by Matthew Trebilcock as the independent Chairman, and four voting members of the Board. At the time of the meeting, the other 2 voting positions on the Board were vacant following the resignation of Lisa Hughes who had left for personal reasons, and the requirement for Cllr Bob Johnston to step down from the Board following his appointment to the Pension Fund Committee. Three expressions of interest had been received for the 2 vacant posts, and two of the interested candidates joined the meeting of the Board as observers. The meeting was also observed by Cllr Richard Webber and Alistair Fitt from the Committee.

4. Since the meeting and following interviews with the Chair and Vice Chair of the Pension Fund Committee alongside the Service Manager (Pensions) (who substituted for the Chairman of the Board who was unable to attend the interviews due to a local wi-fi failure), Marcia Slater and Elizabeth Griffiths have been appointed to fill the vacant positions on the Board.

Matters Discussed and those the Board wished to bring to the Committee's Attention

5. The Board received three of the reports which had been presented to the June meeting of this Committee. These were the reports on the quarterly review of progress against the annual business plan, the risk register, and the

administration report. The Board also considered the Annual Report on their activity and a report on investment management fees.

6. The Board wished to draw the Committee's attention to their Annual Report. This report is included in the Annual Report and Accounts of the Pension Fund, a draft of which is included on today's agenda, but has also been included as an annex to this report for ease of reference.

7. As part of their discussion on the implementation of the Climate Change Policy, the Board agreed to re-appoint Alistair Bastin to serve as their representative on the Climate Change Working Group.

8. The report on investment management fees was the fourth in a series of reports considered by the Board on fees. The Board noted the increase in the total costs shown in the Funds Accounts but noted that a significant element of this was as a result of increased transparency and the inclusion of costs previously netted off against investment performance, specifically the fees paid to underlying fund managers within the property portfolio.

9. The Board also noted the significant fee savings when comparing the fees paid on the passive equity portfolios compared to the active equity portfolios. They noted that recent outperformance against the benchmark by the active fund managers more than offset the additional fees paid but commented that this performance was over too short a period to draw any firm conclusions.

10. The Board also noted the need to consider the ability to deliver the requirements of the Investment Strategy Statement when looking at the options to deliver fee savings, noting that in many asset classes there is not an alternative passive option. Fee savings in these classes therefore can only be delivered by deleting the asset class from the strategic asset allocation at the expense of diversification and the specific investment objectives identified for that asset class. They also noted the need to ensure that higher fees may need to be paid to deliver the objectives set out in the Climate Change Policy.

11. Overall, the Board therefore wished to refer the report (included as Annex 2 to this report) to the Committee and invite the Committee to take into account their comments and ensure that the Fund was receiving value for money from the fees paid to the investment fund managers.

Matthew Trebilcock
Independent Chairman of the Pension Board

Contact Officer: Sean Collins
Tel: 07554 103465

August 2021

Annex 1

The Oxfordshire Local Government Pension Scheme (LGPS) Pension Board

All Public Sector Pension schemes were required under the Public Service Pensions Act 2013 to set up a Pension Board with effect from 2015/16 to assist the administering authorities of their Pension Scheme in ensuring compliance with LGPS and other pension regulations.

The Oxfordshire Pension Fund Committee, acting as administering authority of the Oxfordshire LGPS, agreed the terms of reference of the Pension Board in March 2015. These terms of reference are available on the Board's website at https://www.oxfordshire.gov.uk/cms/content/lgps-local-pension-board .

Under the constitution of the Board, an annual report on the work of the Board should be produced by the Board for inclusion in the Fund's own annual report; and it should be presented to the Pension Fund Committee within 6 months following the end of the municipal year. This report meets that requirement for the 2020/21 financial year, covering the work from the July 2020 Board meeting to their meeting on 23 April 2021.

Board Membership

The Board started the year with an Interim Independent Chairman, Paul Blacker, who held the position of Director of Finance at Gloucestershire County Council. He chaired the first two meetings of the year, until a permanent appointment was made to the position of Head of Pensions at Gloucestershire. Matthew Trebilcock then chaired the final two Board meetings of the year. Lisa Hughes, one of the Scheme Employer representatives resigned her position on the Board for personal reasons immediately before the April meeting. Attendance at Board meetings was as follows:

	Attended 17 July 2020 Meeting	Attended 23 October 2020 Meeting	Attended 22 January 2021 Meeting	Attended 23 April 2021 Meeting
Scheme Employer Representatives				
Cllr Bob Johnston (Oxfordshire County Council)	Yes	Yes	Yes	Yes
Angela Priestley-Gibbins (The Thera Trust)	Yes	Yes	Yes	Yes
Lisa Hughes (River Learning Trust)	No	Yes	Yes	n/a
Scheme Member Representatives				
Stephen Davis (Oxford City Council & Unite)	Yes	Yes	Yes	Yes
Alistair Bastin (Oxfordshire County Council & Unison)	Yes	Yes	Yes	Yes
Sarah Pritchard (Brookes University)	Yes	Yes	Yes	Yes

Cllr Bob Johnston, Angela Priestley-Gibbins, Alistair Bastin and Stephen Davis regularly attended the Pension Fund Committee as observers, with one of them presenting the report of the Board to the Committee. Board Members were also regular attenders at the training events run through the year, to which all Committee and Board members were invited.

Following the County Council elections in May 2021, Cllr Bob Johnston was appointed to Chair the new Pension Fund Committee. He has therefore resigned from his position on the Board as required under the Constitution. Two new scheme employer representatives are therefore being sought to sit on the Board for the 2021/22 year.

Work Programme

The July 2020 meeting of the Board was the first virtual meeting of the Board during the lockdown arrangements imposed due to the spread of the coronavirus. As a consequence, the agenda was lighter than normal, and focussed on the Investment Strategy including the Climate Change Implementation Plan and the standard Administration Report. Alistair Bastin has sat on the Climate Change Working Group as a representative of the Board and scheme members in looking to develop proposals for implementing the Climate Change Policy.

The Board made a request to ensure that whatever the circumstances, they should always have an item on the Risk Register on their agenda, even where it had not been considered by the proceeding meeting of the Pension Fund Committee. The Board also asked for the draft minutes of the preceding Committee meeting to come to their meetings to ensure they were able to consider all matters on a timely basis. Both requests were subsequently agreed by the Pension Fund Committee.

At the October, January and April meetings, the Board considered the reports presented to the Pension Fund Committee on future Governance arrangements, the review of the Annual Business Plan, the Risk Register and the Administration Report. The Board took a very keen interest in the Governance review, which started with the completion of the National Knowledge Assessment tool run by Hymans Robertson. All members of the Board completed the assessment, and their combined score of 72, out-ranked the average score of the Committee (56) and placed them 3rd out of the 18 Boards that completed the assessment.

The Board were then very keen to engage with the subsequent independent governance review of the Fund conducted by Hymans Robertson, with Bob Johnston, Alistair Bastin and Lisa Hughes all volunteering for individual interviews with members of the review team. The Board were keen for the review to clarify what they saw as a lack of clarity around the terms of reference of the Board and Committee and in particular the relationship and communication between the 2 bodies. They also supported a more robust training regime including annual assessment of the effectiveness of the training undertaken for both Committee and Board members. At their October meeting they considered whether introducing payment of a stipend would lead to improvements in the relationship between the Committee and Board, but ultimately rejected the proposal.

In reviewing the reports on the Annual Business Plan and the performance of Administration Services, the Board focussed on the format of the reports received by the Committee and their usefulness in allowing effective strategic oversight of the delivery of the Committee's objectives. The Board made a number of suggested improvements to the reports to include a more visual presentation of the key issues through RAG ratings with direction of travel indicators, supported by shorter summary statements, and a focus on those performance issues outside expected outcomes. These proposals were subsequently accepted by the Committee.

Two other proposals made by the Board subsequently accepted by the Committee were to strengthen the relationship between the review of the Annual Business Plan and the Risk Register, and for a representative of the Committee to attend future Board meetings to provide clarification in respect of Committee decisions and hear directly from the Board members on issues of concern.

Finally, at their January 2021 meeting, the Board received a report on the annual fees paid to investment managers alongside the investment performance achieved by these managers. The Board made no firm proposals as a result of their review but have asked for a further report covering a 3-year period to be brought to their meeting in July 2021.

Future Work Programme

Many issues covered by the Board in 2020/21 will continue to be a focus for attention in the next year. In particular, the Board will continue to review the proposed changes to the governance arrangements to ensure the effective delivery of the statutory responsibilities of the Committee and to build an improved relationship between the Committee and the Board.

The Board will play a key role in supporting the Committee in delivering its responsibilities following the McCloud judgement and the need to retrospectively collect and review data for the scheme members in scope of the proposed remedy arrangements. There will be a number of challenges in terms of the collection of data for scheme employers, and the presentation of outcomes to scheme members where the Board's input will be important in determining the Committee's final approach.

Another key area for the Board to consider during 2021/22 will be the preparation for the next tri-ennial valuation of the Fund due at 31 March 2022. The Board will be invited to feed in comments into the review of the Funding Strategy Statement which will determine the principles to be followed in the valuation.

The Board will also maintain its focus on the standard administration report, review of the annual business plan and the risk register to ensure that the Committee is able to meet its statutory duties.

Board Members Training 2020/21 **Appendix**

Alistair Bastin	Pre-Committee – Good Governance	11th September 2020
Alistair Bastin	LGPS Autumn Seminar	28th September 2020
Alistair Bastin	Brunel Investor Day – Public Markets	18th November 2020
Alistair Bastin	Brunel Investor Day – Private Markets	19th November 2020
Alistair Bastin	Pre-Committee – Governance Review	4th December 2020
Alistair Bastin	LGA Webinar	26 January 2021
Alistair Bastin	Pre-Committee – TCFD reporting	5 March 2021
Angela Priestley-Gibbins	LGPS Autumn Seminar	28th September 2020
Angela Priestley-Gibbins	LGA Fundamentals Webinar - day 1	6th October 2020
Angela Priestley-Gibbins	LGA Fundamentals Webinar - day 2	7th October 2020
Angela Priestley-Gibbins	LGA Fundamentals Webinar - day 3	8th October 2020
Angela Priestley-Gibbins	Brunel Investor Day – Public Markets	18th November 2020
Angela Priestley-Gibbins	Brunel Investor Day – Private Markets	19th November 2020
Angela Priestley-Gibbins	Pre-Committee – Governance Review	4th December 2020
Angela Priestley-Gibbins	LGA Webinar	26 January 2021
Angela Priestley-Gibbins	Pre-Committee – TCFD reporting	5 March 2021
Bob Johnston	Pre-Committee – Good Governance	11th September 2020
Bob Johnston	LGA Fundamentals Webinar - day 2	7th October 2020
Bob Johnston	LGA Fundamentals Webinar - day 3	8th October 2020
Bob Johnston	Pre-Committee – Governance Review	4th December 2020
Bob Johnston	LGA Webinar	26 January 2021
Bob Johnston	Pre-Committee – TCFD reporting	5 March 2021
Lisa Hughes	Brunel Investor Day – Public Markets	18th November 2020
Lisa Hughes	Brunel Investor Day – Private Markets	19th November 2020
Stephen Davis	Brunel Investor Day – Public Markets	18th November 2020
Stephen Davis	Brunel Investor Day – Private Markets	19th November 2020
Stephen Davis	Pre-Committee – TCFD reporting	5 March 2021

Annex 2

OXFORDSHIRE LOCAL PENSION BOARD – 9 JULY 2021

INVESTMENT MANAGEMENT COSTS AND PERFORMANCE

Report by the Director Finance

Recommendation

1. **The Board are invited to discuss the contents of this report and consider what advice, if any, to send to the Pension Fund Committee.**

Introduction

2. This is the fourth in a series of reports considered by this Board in respect of the costs and performance of the investment management portfolios run on behalf of the Pension Fund Committee. The previous reports have all looked at annual performance in the years ending March 2018, 2019 and 2020 respectively.

3. One of the concerns expressed by Officers in drafting these previous reports is that a single year's data on investment performance is too short a period. The majority of fees paid are on a fixed rate basis and vary in line with overall asset values rather than performance. In any one year therefore comparison of fees paid to performance against benchmark will be impacted by the position in the investment cycle with results likely to imply different conclusions for value and growth managers for example. This report therefore looks at fees paid and investment performance over a 3-year period.

4. In previous reports Officers have also stated their concerns that looking simply at fees and investment performance is too narrow a view of the overall performance of our fund managers and fails to take into account the wider objectives of the Committee's investment strategy. In particular, there is a requirement to ensure the overall investment strategy provides for a sufficiently diversified set of investments to mitigate risk. In recent years there is also much greater attention paid to the management of the environmental, social and governance risks within the investment portfolios which may not necessarily be reflected in short-term investment performance. Indeed, many of those companies best placed to manage the transition to a low carbon economy may suffer poorer investment performance in the short term as they fund the transition.

Data for the Period 1 April 2018 to 31 March 2021

5. Annex 1 shows the investment management fees paid against each of the portfolios for the last three financial years, alongside the investment performance for the respective portfolios.

6. A key issue in undertaking any analysis at the present time is immediately obvious from the Annex in that very few of the portfolios have a 3 year history

for the period, due to the transition of assets from the legacy fund managers to Brunel. It is therefore very difficult to draw any form conclusions.

7. The transition to Brunel has also introduced another distortion to the figures in that we have gained greater transparency over the underlying costs in respect of some of the private market portfolios. As well as providing information on their own fees, Brunel have provided information in respect of the fees paid to the underlying fund managers in the property and private equity portfolios. These underlying fees were previously netted off against the performance figures returned by the legacy managers. The increase in property fees for 2020/21 will therefore be offset by increased out-performance in the investment performance figures for the portfolio.

8. The greater transparency accounts for the majority of the increase in overall level of fees from 30.1bps in 2018/19 to 37.8% in 2020/21. There is also an element explained by the higher fees paid to the legacy private equity managers in 2020/21which are related directly to performance.

9. Over the 3-year period, the average level of fees is broadly in line with the performance above benchmark achieved by the fund managers. The performance report to the last meeting of the Pension Fund Committee indicates that over a 5 year period, fund managers have added considerable value relative to their fees (total outperformance of 0.8% per annum) although over 10 years, the figure drops to 0.2% per annum.

10. It should be noted that the Committee do not have the option of investing all the Funds assets into passive options of the current asset classes to achieve investment performance in line with the benchmark. Passive options exist for the equity and fixed income portfolios but not for the majority of the private markets. Fee avoidance would therefore involve involving the asset class itself and amending the Investment Strategy.

11. If we look at the asset classes in turn, we can make the following observations:

    a. Equities account for about 57% of the total investments but only 33% of the total fees. The average fee cost of the equity portfolios is 23 bps. Due to the transitions to Brunel we do not have any 3 year performance figures, but all Brunel equity portfolios significantly exceeded their benchmarks in the last year, including the Global High Alpha portfolio which outperformed its benchmark by 10.9%, which equates to over £30m. Switching the whole equity investments to passive portfolios could save up to £3m but would potentially forego much greater investment returns.
    b. Fixed income accounts for around 17% of the current portfolio and 12% of the total fees, with an average fee of 25bps. The 3 year performance of the portfolio managed by Legal and General shows out performance of 0.9% indicating annual investment out performance net of fees of £3.25m
    c. Property represents around 6% of the total assets, and accounts for 12% of the total fees. There is not a passive version of the property

portfolios, so this would be an asset class we would need to reduce exposure to if we believed we were not getting value for money from the fees paid. The long-term figures for UBS before the property assets were transitioned to Brunel, indicated that investment performance was exceeding fees by around 15 bps per annum, over both 3 and 10 year periods.

d. Private Equity involves the highest fee levels in the current portfolio, accounting for over 25% of total fees whilst representing just 8.5% of the total investments. However, this asset class has been one of the strongest performing asset classes within the Fund over a sustained period of time, with 10 year figures showing out-performance against the benchmark by 4.3% well in excessive of the average fees paid.

e. The Diversified Growth Fund accounts for around 5-6% of the total investments and total fees. Whilst over the most recent 3-year period the portfolio has performed below the benchmark, it has exceeded the benchmark over a 5-year period. The Committee have already determined to review the current allocation to the Diversified Growth Fund as part of their next review of the strategic asset allocation.

f. The remaining portfolios (infrastructure, secured income and private debt) do not have a long enough track record to complete any meaningful analysis.

Lorna Baxter
Director of Finance June 2021

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

Fund Manager	Fees as per 2018/19 Accounts	Fees as per 2019/20 Accounts	Fees as per 2020/21 Accounts		3 Year Performance
	£000	£000	£000		%
Global Equities - Wellington	1,071	715			
Global High Alpha - Brunel		385	1,174		
Sustainable Equities - Brunel			469		
Emerging Markets - Brunel		166	435		
UK Equities - Brunel	307	850	818		
UK Equities - Baillie Gifford	643				
Passive Equities - LGIM	93				
UK Passive Equities - Brunel ($)	11	29	41		
Developed World Passive Equites - Brunel ($)					
Global Equities - UBS	881	863	429		
Total Equities	**3,006**	**3,008**	**3,366**		
Fixed Income - LGIM	**1,106**	**1,197**	**1,273**		**0.9**
Property - Bridges Fund Management	204	373	203		)
Property - Partners Group	409	- 202	-95		) -0.3
Property - UBS	252	245	65		
UK Property - Brunel			891		
International Property - Brunel			165		
Total Property	**865**	**416**	**1,229**		
Private Equity - Adams Street	765	805	1,393		)
Private Equity - Epiris	144	141	280		)
Private Equity - Longwall Ventures	178	178	146		)
Private Equity - Partners Group	409	106	436		) +6.0
Private Equity - Brunel		798	607		
Total Private Equity	**1,496**	**2,028**	**2,862**		
Infrastructure - Brunel		261	169		
Infrastructure - Partners Group	288	263	549		2.6
Total Infrastructure	**288**	**524**	**718**		

Secured Income - Brunel		**52**	**41**		
Diversified Growth Fund - Insight	**571**	**602**	**597**		**-1.2**
Total	**7,332**	**7,827**	**10,086**		**0.3**
Total Fees Relative to Average Asset Values (bps)	**30.1**	**32.1**	**37.8**		

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Division(s): n/a

PENSION FUND COMMITTEE – 10 SEPTEMBER 2021

PASSIVE EQUITY ALLOCATION

Report by the Director of Finance

RECOMMENDATION

1. **The Committee is RECOMMENDED to determine any changes to the current allocation to passive equities, and if appropriate, to the current commitments set out in the Investment Strategy Statement.**

Introduction

2. The Committee last reviewed its allocation to passive equites in March 2020 as part of the fundamental asset allocation review. The review was undertaken alongside the development of the Climate Change Policy, and the Committee were keen to ensure that any decision met both the overall funding objectives, as well as the new objectives set out in the Climate Change Policy.

3. As a consequence, the Committee determined to switch 5% of its then allocation to UK passive equities to the Low Carbon portfolio available through Brunel. The decision was made to achieve an immediate reduction in the carbon intensity of the Fund's investments, whilst acknowledging that the Low Carbon portfolio had a number of limitations in terms of meeting the requirements of the Climate Change Policy. The Committee therefore also agreed to ask Brunel to develop further passive portfolios that were more consistent with the objectives of their Climate Change Policy, and the Paris Agreement, and earmarked the remainder of the UK Passive allocation to be switched, once a suitable alternative passive portfolio was available.

4. The request for Paris aligned passive portfolios was supported by other Funds within the Brunel Partnership and Brunel subsequently worked with others in the investment industry to develop suitable offerings. New climate related benchmarks have now been developed in conjunction with FTSE Russell and new portfolios based on these benchmarks are being made available by Legal and General Investment Management and added to the Brunel suite of portfolios.

The New Climate Related Benchmarks

5. Following discussions between officers from Brunel and the Client Group, the view was taken that rather than developing specific climate related benchmarks for the Brunel Funds, Brunel should be tasked with working with others in the investment industry to develop new standard climate related benchmarks. It was felt that such an approach benefitted by setting a consistent definition and

set of metrics against which performance can be assessed and allowing Brunel and the underlying Funds to collaborate more readily with other investors to bring pressure on others to deliver the real world changes required if the world is going to keep temperature rises below 1.5°. The development of an industry standard benchmark would also reduce the costs of the Fund.

6. In conjunction with FTSE Russell, Brunel have developed two families of benchmarks – the Paris Aligned Benchmark and the Climate Transition Benchmark. Both benchmarks meet the definitions set under the EU Taxonomy as set out in EU Regulation 2016/1011. They are also consistent with the Institutional Investors Group of Climate Change (IIGCC) Net Zero Framework. Both benchmarks are consistent with the Paris Agreement.

7. Both benchmarks target:

- A minimum 80% reduction in fossil fuel reserves
- Annual reductions in carbon emissions of 7%
- Increasing allocations to those companies on net zero pathways
- An 100% increase in green revenues
- Overweighting companies with higher Transition Pathway Initiative (TPI) Management and Performance Scores
- The ability to phase in scope 3 metrics as and when these can be measured on a more consistent and standard basis.

8. The Paris Aligned Benchmark is more aggressive in its approach to delivering these targets. It sets an immediate reduction of 50% in carbon emissions over the period September 2020 to September 2021. The Climate Transition Benchmark has a similar target of 30%. Both benchmarks are designed to achieve net zero by 2050 but follow different paths with the CTB having a smaller initial reduction but with greater annual reductions thereafter.

9. To enable it to hit the more aggressive targets, the Paris Aligned Benchmark includes a greater number of exclusions. Both benchmarks exclude:

- controversial weapons,
- tobacco,
- companies guilty of OEDC violations or excluded from the United Nations Global Compact (which sets target behaviours in respect of human rights, labour law, the environment and anti-corruption measures as well as seeking to advance societal goals),
- or companies deemed to cause significant harm (no clear definition).

10. The Paris Aligned Benchmark also excludes:

- Coal – companies that generate more than 1% of revenues from the exploration, mining, processing etc of coal
- Oil - companies generating 10% or more of revenues from the exploration, extraction, distribution or refining of oil fuels

- Gas – companies generating 50% of more of revenues from the exploration, extraction, manufacturing or distribution of hydrocarbons, hydrogen and carbon monoxide mixtures present in gaseous state
- Electricity producers – based on carbon intensity and % revenues

11. The Climate Transition Benchmark has no specific fossil fuel exclusions and cannot underweight in aggregate the high intensity sectors, therefore investing in the higher performing companies in these sectors.

12. At the time of writing this report, FTSE Russell had launched the Paris Aligned family of benchmarks, and are expected to launch the Climate Transition Benchmark in the next couple of months. Within the Paris Aligned Benchmark family, there is no UK only benchmark. Given the make up of the UK market, and the exclusions hard wired into the Paris Aligned Benchmarks it is not felt that a UK version of the benchmark could be appropriately diversified. It is expected that there will be a UK only version of the Climate Transition Benchmark.

Discussion at the Climate Change Working Group

13. The Climate Change Working Group discussed the new climate related benchmarks when they met on 4 August 2021. Faith Ward and Laura Hobbs from Brunel joined the meeting to present on the work undertaken by Brunel and answer questions on the new benchmarks.

14. The Group noted the current allocations to passive portfolios were as follows:.

    - UK – 3%
    - Developed World – 7%
    - Low Carbon – 5%

15. This 15% allocation is equivalent to a total investment of £470m. As at the end of June the Fund was overweight to these portfolios with a total investment of £530m

16. The Group discussed the limitations of the low carbon portfolio which it was felt had served a useful purpose at the point it was initially designed but was now limited in what further it could contribute towards meeting the objectives of the Paris Agreement, and delivering real world change. In particular, the optimisation principles on which it is based simply moves investments up and down the value chain. Overall exposure to the risks associated with fossil fuels is therefore not significantly reduced.

17. Questions were raised about the future investment performance of the various portfolios. It was noted that the new Paris Aligned and Climate Transition Benchmarks are targeted to deliver the same investment performance as their equivalent market cap benchmarks. Investment performance therefore should be a neutral consideration in any decision to re-allocate investments between passive portfolios.

18. There was some discussion on the current 3% allocation to the UK benchmark and whether it was necessary to retain any passive allocation to the UK markets. The Group were informed by the Independent Financial Adviser that given the small size of the current passive allocation to the UK market, and the current concentration of high impact companies within the UK market, it was his view that any allocation to the UK could be best managed through the allocations to the active portfolio.

19. There was limited discussion on the benefits of retaining an overall 15% allocation to the passive markets or whether it was appropriate to increase the allocations to the active markets where Fund Managers would have greater flexibility in investing in line with our Investment Strategy. It was noted that there was a significant cost benefit of retaining the allocation to the passive portfolios, and that the new Paris Aligned and Climate Transition Benchmarks had been designed to be flexible going forward to incorporate new scientific developments, including the addition of scope 3 emissions once more widespread and consistent metrics were available. As part of the discussion, Brunel indicated their intention to use the Climate Transition Benchmark as a secondary benchmark to assess the performance of all active equity portfolios.

20. The Group therefore were happy to recommend that the full 15% currently allocated to the passive portfolios could be switched to the new climate related benchmarks. It was further agreed that the full allocation could be against the developed world. Any decision to overweight the UK or the emerging markets was best delivered through the allocations to the active equity portfolios.

21. There was no consensus though in respect of allocating between the Paris Aligned Benchmark and the Climate Transition Benchmark. It was the view of Officers that the Climate Transition Benchmark more closely reflected the current wording within the Climate Change Policy. In particular, the Policy specifically states that the Fund will not operate a blanket divestment policy, and will support the principles of the Just Transition, providing a managed transition to protect the employees and communities current dependent on the fossil fuel industry. It is also noted that an 30% initial reduction in carbon emissions was consistent with the actual current carbon intensity of the Fund which was 25% below its benchmark according to the last Carbon Metrics report. This position was supported by some members of the Group, recognising that the Committee have previously acknowledged the resolution of the climate change risks needs to be much wider than simply focussing on just the fossil fuel industry.

22. Others within the Group felt that the Fund should be more ambitious and supported the more aggressive approach within the Paris Aligned Benchmark. It was noted that in terms of performance retrospectively calculated, the Paris Aligned Benchmark had marginally out-performed the Climate Transition Benchmark (which in turn had marginally out-performed the market cap benchmark), although both benchmarks were targeted to be investment performance neutral. Due to the higher number of exclusions, the Paris Aligned Benchmarks carried higher concentration and tracking risk.

23. The Working Group therefore wanted to Committee to consider the options of either transitioning the full 15% allocation to the Paris Aligned Benchmark for the developed markets, or the full 15% to the Climate Transition Benchmark for the developed markets. A potential compromise suggested was to allocate 5% to the Paris Aligned Benchmark reflecting the current allocation to the more aggressive low carbon portfolio, with the remaining 10% allocated to the Climate Transition Benchmark. Others suggested that a more even split or a 10% allocation to the Paris Aligned Benchmark were equally valid alternatives, but it was accepted that any allocation below 5% was not meaningful. It would be important though to provide a clear rationale for any split allocation to ensure there was no confusion in the message to be conveyed in making the new allocations.

24. The Committee are therefore invited to consider how it wishes to re-allocate the 15% allocation to passive equity portfolios to the new climate related benchmarks. A decision made today will enable the funds to transition as part of the launch to the new Brunel portfolios currently scheduled to take place before the December meeting of the Committee.

25. Following consideration of the detailed supporting information presented by Brunel on the two new benchmarks, the Officers do not see any significant financial or investment performance issues which impact on the decision. The current Investment Strategy Statement states that where there are two investment options that broadly aim to deliver the same investment objective the Pension Fund will prioritise the option that delivers the best fit to its climate change commitment. The Committee therefore need to determine which of the two new benchmarks, or which combination of the two best fits their current climate change commitment, or to any amendments to be agreed to the current commitments as set out in the Investment Strategy Statement.

Lorna Baxter
Director of Finance

Contact Officer: Sean Collins
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August 2021

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Division(s): n/a

PENSION FUND COMMITTEE – 10 SEPTEMBER 2021

CLIMATE CHANGE REPORT

Report by the Director of Finance

RECOMMENDATION

1. **The Committee is RECOMMENDED to note the report.**

Climate Change Report

2. This report fulfils the target from the Pension Fund's Climate Change Policy Implementation Plan to produce a Taskforce on Climate-related Financial Disclosures (TCFD) based report for inclusion in the Fund's 2020/21 Annual Report.

3. The report is being produced two years ahead of the expected introduction of mandatory TCFD reporting for LGPS funds and should put the Pension Fund in a strong position in being able to meet those requirements once finalised by the Ministry of Housing, Communities & Local Government.

4. The report follows the TCFD recommended disclosures which cover four areas: Governance, Strategy, Risk Management, and Metrics & Targets. In addition, the report includes a review of the progress made by the Fund since the Climate Change Policy was agreed by the Committee in June 2020.

5. The Fund has taken a number of key actions since the Policy was agreed and has been working hard to implement the Policy. Below are highlights of some of the progress that has been made to date:

6. The Fund commissioned a Carbon Metrics Report from Brunel that included providing legacy holdings data for 2019 to enable the fund to track progress against its emissions reduction target. **The report showed that the Pension Fund achieved a reduction in Weighted Average Carbon Intensity (WACI) in the year to 31 December 2020 of 17.7% across measurable investments.** This is significantly above the Fund's annual reduction target of 7.6%.

7. The Carbon Metrics Report also showed that the WACI for the Fund was 25.4% below the WACI of the benchmark and that the Fund's exposure to fossil fuel reserves (an indicator of potential stranded asset risk) decreased by 30% over the year.

8. Contributing to the achievement of these reductions the Fund made the decision to move 5% of the overall Fund from a standard passive equity Fund to a low-carbon version and to transition its full legacy UBS global equities portfolio to

the Brunel Sustainable Global Equities portfolio rather than the initial planned destination of Core Global Equities.

9. On passive investments the Fund was clear when it made the allocation to the low-carbon passive fund that it did not believe this fully aligned with the Fund's Climate Policy and would seek a more suitable solution. After working with Brunel and other client funds two new passive fund types are being made available by Brunel and are the subject of a separate report to this Committee.

10. The Fund became a member of The Institutional Investors Group on Climate Change (IIGCC) and Climate Action 100+ to add its voice to groups seeking to support net-zero goals in the investment industry. In February 2021 the Fund was among the first investors to sign the IIGCC's Paris Aligned Investments Initiative: Net Zero Asset Owner Commitment, joining other global investors in committing to investing in support of the goal of global net zero emissions by 2050.

11. In December 2020 it was announced that Faith Ward, Chief Responsible Investment Officer at Brunel, had been appointed as Chair of the IIGCC. This recognises the leading work being undertaken at Brunel on Climate Change investing and puts Brunel and its clients at the forefront of global investor efforts to effect change in the investment industry.

12. The Fund has continued to operate its Climate Change Working Group bringing together a range of different participants to discuss climate issues and actions for the Fund and report back to the Committee.

13. The highlights above and further details in the TCFD report demonstrate the significant progress made by the Fund since the Climate Change Policy was agreed in June 2020 just over a year ago – moving from an informal approach to managing climate change to a more active one with an agreed Policy and Implementation Plan alongside Fund level climate targets and metrics.

14. The Fund can be proud of what it has achieved to date and will continue to work on the significant steps still to be achieved.

Lorna Baxter
Director of Finance

Contact Officer: Gregory Ley

August 2021

Oxfordshire County Council Pension Fund Taskforce on Climate-related Financial Disclosures Report 2020/21

Introduction

This is the Pension Fund's first report under the Taskforce on Climate-related Financial Disclosures (TCFD) framework and fulfils the action from the Fund's Climate Change Policy Implementation Plan to produce a first report in 2020/21.

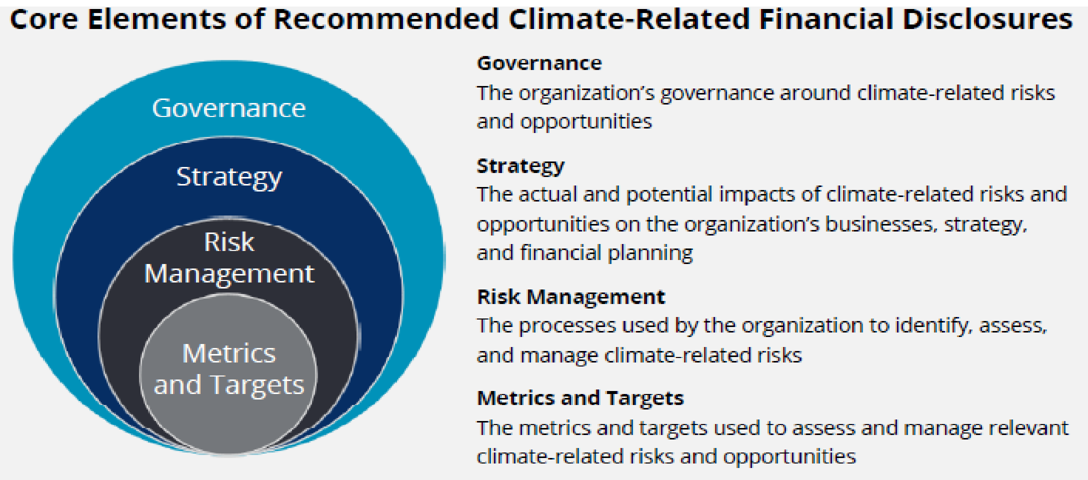
As well as reporting against the TCFD recommendations the report is intended to review the progress made against the Fund's Climate Change Policy and Implementation Plan which were agreed in June 2020.

Background

Mark Carney, when he was Chair of the Financial Stability Board, was instrumental in the launch of TCFD when it was created in 2015. In 2017 the TCFD released its recommendations for improved transparency by companies, asset managers, asset owners, banks, and insurance companies on how climate-related risks and opportunities are being managed. Supporters of the TCFD total over 2,300 organisations across 88 countries. The Task Force consists of 32 members from across the G20, representing both users and preparers of financial disclosures, and is currently chaired by Michael R. Bloomberg founder of Bloomberg L.P..

The TCFD was established to develop recommendations for more effective climate-related disclosures that could promote more informed investment, credit, and insurance underwriting decisions and, in turn, enable stakeholders to understand better the concentrations of carbon-related assets in the financial sector and the financial system's exposures to climate-related risks. The four core elements of the recommended disclosures are detailed in Figure 1 below.

Figure 1



(Recommendations of the Task Force on Climate-related Financial Disclosures, 2017)

The TCFD recommendations on climate-related financial disclosures are intended to be widely adoptable and applicable to organisations across sectors and jurisdictions.

In November 2020, the UK Government announced its 'TCFD road-map' with a commitment to roll out across the finance sector by 2025. This is underway with regulators having made, or being in the process of making, TCFD based reporting mandatory and have published guidance on the implementation of the recommendations relevant to the sector in question. Figure 2 below shows the announced TCFD implementation plans in the UK.

Figure 2

Financial Conduct Authority	Implementation Date
UK Listed Companies	2021
Asset Managers and Workplace Personal Pensions	2022
Large UK-Registered Private Companies	2023
Department for Work & Pensions (DWP)	
Occupational Pension Schemes	2021

At present there is no requirement for LGPS funds to report under TCFD or consultation on the implementation in the LGPS. However, the Ministry of Housing, Communities & Local Government has stated that it intends for TCFD reporting in the LGPS to become mandatory in 2023. The Pension Fund determined in its Climate Change Policy Implementation Plan that a TCFD report would be included in its 2020/21 Annual Report.

Below are details for the Fund under each of the TCFD's recommended disclosures.

Governance

TCFD Recommended Disclosure – a. Describe the board's oversight of climate-related risks and opportunities.

The Fund's governance arrangements are set out in its Governance Policy Statement. All functions relating to the management of the Pension Fund have been delegated by Oxfordshire County Council to the Pension Fund Committee. As such, the Committee are responsible for the Fund's long-term strategy.

The Pension Fund Committee are responsible for setting the Fund's Investment Strategy Statement which includes the approach to responsible investment. The Fund has an Independent Financial Adviser who provides investment advice to the Fund including on investment strategy.
Climate change is considered in the budget setting process in terms of training requirements, any climate related consultancy deemed beneficial, and climate related reporting requirements.

In June 2020 the Pension Fund Committee agreed a Climate Change Policy and Climate Change Policy Implementation Plan. Progress against the Policy and Implementation Plan is to be reported to Committee quarterly with a more detailed annual review. Climate Change is included as one of the four key items on the Pension Fund's Annual Business Plan.

Following agreement of the Policy a Climate Change Working Group was formed which currently comprises of Committee members, a Local Pension Board member, Fund officers, the Fund's Independent Financial Adviser, a scheme member representative, and member of the Fossil Free Oxfordshire campaign group. The Working Group aims to meet quarterly and report back to the Committee at its quarterly meetings.

As required by LGPS regulations The Pension Fund operates a Local Pension Board which meets on a quarterly basis. The Board's role is to ensure the efficient and effective governance and administration of the Fund, including compliance with relevant regulations and legislation that apply to the Fund.

The Fund, along with nine other LGPS funds, is a part of the Brunel Pension Partnership which develops investment portfolios that are made available to client funds to invest in. Under pooling requirements set by the government the Pension Fund is required to make all investments through Brunel while maintaining responsibility for asset allocation decisions. The key bodies where the Fund interacts with Brunel are the Client Group and Brunel Oversight Board where fund representatives and Brunel meet. Climate related risks and opportunities form a key part of the reporting received from Brunel on their portfolios and activities and Brunel has a dedicated responsible investment team.

TCFD Recommended Disclosure – b. Describe management's role in assessing and managing climate-related risks and opportunities.

Day-to-day management of the Fund's Climate Change Policy implementation is delegated to management through the Director of Finance and is required to report progress to the Pension Fund Committee quarterly. Management receive an annual carbon metrics report which informs its reporting to Committee.

Management meets regularly with its Fund managers and has established a cycle for fund manager attendance at Committee meetings. Management engage with Brunel and other Fund Managers on climate issues and receive and consider responsible investment, including climate related, reporting that is included in Fund Managers' quarterly reports. The Fund has an officer representative on the Brunel Responsible Investment Sub-Group and Cross-Pool Responsible Investment Group where developments around climate issues are regularly discussed (e.g. metrics developments, engagement activities and results).

Management are responsible for developing and operating a training plan for Committee members and Officers to ensure appropriate skills and knowledge.

Strategy

TCFD Recommended Disclosure – a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.

The Pension Fund has liabilities that stretch decades into the future and so primarily takes a long-term view to investment decisions. Given the diversity and global nature of the Fund's investments almost all climate related risks and opportunities are relevant to the Fund. While some of the climate-related risks/opportunities apply to the Fund across its investments as a whole, others are specific to certain sectors or geographies and Fund Managers are required to consider the materiality of these.

The most significant long-term risk is the systemic risk across financial markets, including social and other factors, associated with climate change that could arise if actions are not taken to adhere to the Paris Agreement.

In terms of more specific and short/medium-term risks - stranded assets, physical risks (e.g. property), sovereign debt where countries are dependent on fossil fuel linked revenue, policy risk (e.g. carbon pricing), technology risk (obsolescence), changes in consumer behavior are all factors that can affect the Fund's investments. There is also a risk that the Fund develops its investment strategy around achievement of the Paris goals but the goals are not achieved meaning the Fund's investment strategy is misaligned with the reality of the actual climate path.

The Fund has identified climate related opportunities including the ability to reduce portfolio risk by identifying and taking action on assets at risk under Paris aligned scenarios and the potential to identify outperformance opportunities by investing in those companies whose business models/strategies are best aligned with Paris aligned scenarios. Additionally, investment opportunities exist in assets linked to the implementation of the Paris Agreement (e.g. clean energy infrastructure).

TCFD Recommended Disclosure – b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.

Climate Change is considered as part of the development of the Fund's Investment Strategy Statement which includes the Fund's strategic asset allocation. After each funding valuation undertaken by the actuary the Fund completes a fundamental review of its asset allocation which will consider climate related risk and opportunities. The Fund aims to incorporate climate change scenario analysis into the next fundamental review due in 2023. The fund uses diversification to manage investment risks but given the systemic nature of climate risks this limits its effectiveness under more extreme scenarios.

The Fund's Climate Change Policy states that where there are two investment options that broadly aim to deliver the same investment objective the Pension Fund will prioritise the option that delivers the best fit to its climate change commitment. For example, consistent with this principle the Fund moved ~5% of the Fund from regular market-cap index trackers to a low-carbon alternative in 2020.

Climate related risks and opportunities are considered when setting the Pension Fund's Business Plan and also informs discussions with Brunel around portfolio offerings and construction.

The Pension Fund has made a commitment to achieve net-zero emissions on its own operations by 2030.

TCFD Recommended Disclosure – c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

The Fund is committed through its Climate Change Policy to keeping abreast of the latest scientific developments in respect of Climate Change to ensure that the Policy remains appropriate in its aim to align with the Paris Agreement.

Under a scenario where additional cuts in emissions are required to meet the Paris Agreement, and there was a global commitment to achieve this, the Fund would anticipate amending its target for emissions reductions across its investments accordingly and making any necessary changes to its asset allocation targets and/or investment portfolios.

Under a scenario where the Paris Agreement goals were to be overshot the Fund would consider making changes to its investments that align with this reality, this would likely include mitigating physical risks that would be associated with such a scenario. The Fund would also review whether there are changes the Fund could make, for example in engagement activity or policy advocacy, that could help correct the scenario back towards a Paris aligned one.

The Fund has not yet undertaken a scenario analysis exercise and acknowledges that this is a developing area. The Fund recognises the value of scenario analysis based on different climate scenarios and has committed to undertaking an exercise in its Implementation Plan, the results of which are to be incorporated into the Fund's fundamental asset allocation review due in 2023. Any scenario analysis would be intended to consider both the asset and liability implications for the Fund.

Risk Management

TCFD Recommended Disclosure – a. Describe the organization's processes for identifying and assessing climate-related risks.

Climate Change is included on the Fund's risk register which considers impact and likelihood in assigning a score. The risk register is reviewed on a quarterly basis and reported to Committee at each meeting. Officers consider regulatory, scientific and political developments on climate change in particular those from recognised international bodies such as IIGCC, International Energy Agency, and UN Environmental Programme.

The Fund meets regularly with Brunel and discusses climate issues including any identified from the narrative reporting or climate metrics provided by Brunel.

Brunel in turn meet with their appointed fund managers who also have a responsibility to consider climate related risks and opportunities. For example, Brunel have a target for all companies held in their portfolios to achieve a Transition Pathway Initiative score of 4 or higher by 2022. The responsible Investment Sub-Group at Brunel provides an additional forum to discuss climate related risks with Brunel.

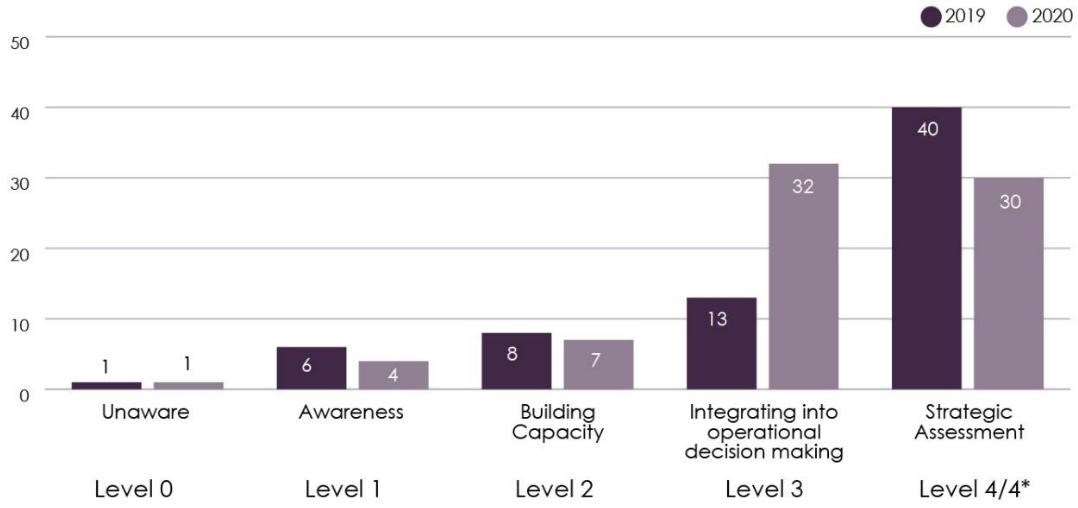
TCFD Recommended Disclosure – b. Describe the organization's processes for managing climate-related risks.

The Fund is responsible for asset allocation decisions and sets its asset allocation targets to be consistent with the Fund's Climate Change Policy. Where the Fund identifies investment needs that are not currently deliverable from Brunel portfolios there is a process for the creation of new portfolios.

Voting and engagement form an important part of the Fund's management of climate-related risks. Engagement on behalf of the Pension Fund primarily takes place through Brunel, their appointed fund managers, and their engagement provider, in accordance with the approach set out in Brunel's Climate Change Policy to which the Fund is able to input. Voting is undertaken on behalf of the Fund by Brunel utilising the expertise of their voting and engagement provider and appointed managers.

Brunel's approach to voting escalation sees an initial vote against the reappointment of a company Chair escalate to other board members where they have not met their climate disclosure expectations. These expectations will increase over time with the aspiration of all their material holdings being on TPI Level 4 by 2022 and having made meaningful progress to alignment with a 2 degree or below pathway. In some sectors, e.g. oil and gas, they will aim to stimulate more rapid change. Figure 3 below shows the available TPI scores for 2019 and 2020 across Brunel's listed equity portfolios.

Figure 3



The Fund, through Brunel and the Fund's membership of IIGCC, is involved in the Development of Paris Aligned Portfolios under the IIGCC's net zero framework. It is intended that this work will lead to all portfolios offered by Brunel being Paris aligned.

The Fund believes that in some areas, particularly around public policy engagement, it is beneficial for the Fund to act with like-minded investors. As such, the Fund is a member of investor groups whose aims are aligned with those of the Fund in respect of Climate Change (Climate Action 100+, Institutional Investors Group on Climate Change, Local Authority Pension Fund Forum).

TCFD Recommended Disclosure – c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.

Climate Change is included on the Fund's risk register which is a standing item at the quarterly Committee meetings. Climate change is a key topic included as part of the training plan to ensure appropriate skills and knowledge for those making decisions.

In appointing third parties, such as the Fund's Independent Financial Adviser, the Fund will set out requirements around responsible investment as appropriate.

Climate Change is also considered by the Fund's actuaries when undertaking their funding valuation.

Metrics and Targets

TCFD Recommended Disclosure – a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.

Metrics reported in this section are from the Fund's 2020 Carbon Metrics Report. The report includes equity and fixed income assets covering ~62% of the Fund's overall investment portfolio. The Fund is working to improve reporting across other asset classes, including private markets, so that the level of coverage can be increased.

The Fund currently uses the following metrics to assess climate related risks and opportunities at both an aggregate and listed portfolio level:

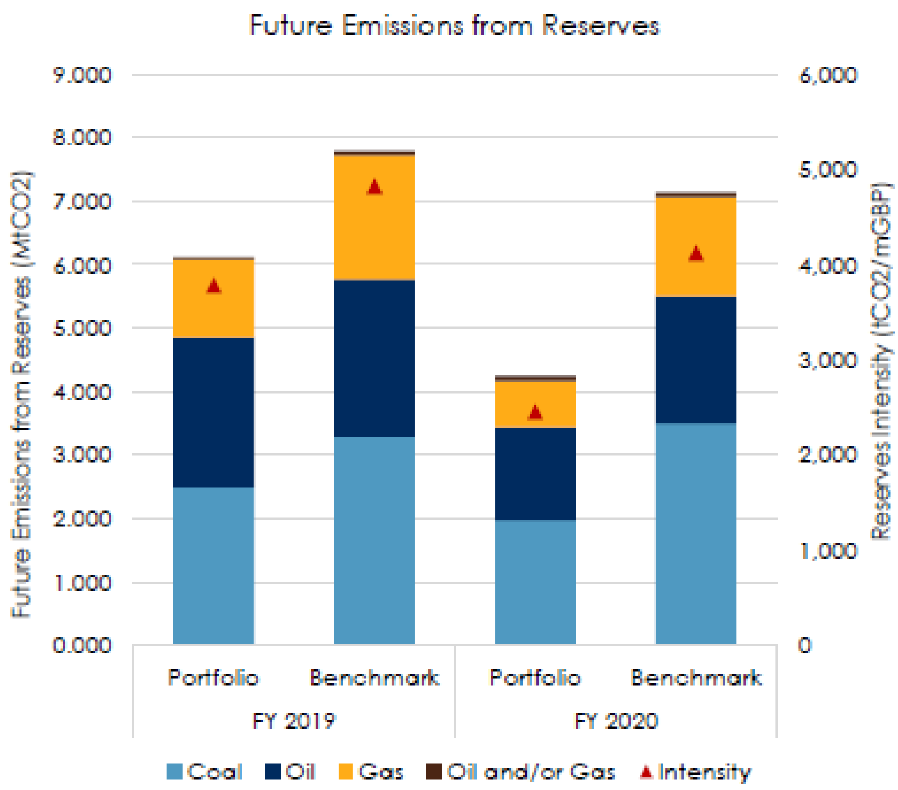
- Weighted Average Carbon Intensity
- Fossil Fuel Revenue Exposure
- Fossil Fuel Reserves Exposure
- Future Emissions from Reserves
- Disclosure Levels (Scope 1 Emissions)

Whilst the Fund does not have a specific fossil fuel reserves exposure reduction target, it does support seeking to reduce exposure over time.

Fossil fuel reserves exposure and future emissions from reserves are useful insights into potential downstream scope 3 emissions and can be used as an indicator of potential stranded asset risks.

Figure 4 below shows fossil fuel reserves exposure for the Fund as at 31 December 2019 and 31 December 2020.

Figure 4



TCFD Recommended Disclosure – b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.

The Pension Fund's Carbon Metrics report discloses scope 1, 2 and upstream first tier scope 3 emissions for all listed equity portfolios.

TCFD Recommended Disclosure – c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

The Fund has an annual reduction target for GHG emissions across its investment portfolios of 7.6%. This target was met for the year ending 31 December 2020 as set out in the section below. Actions taken over the year included moving a proportion of the Fund's assets, representing 5% of the overall fund, held in passive equities to a low-carbon passive fund, and the transition of an active global equities portfolio to a global sustainable equities portfolio, representing approximately 9% of the overall Fund.

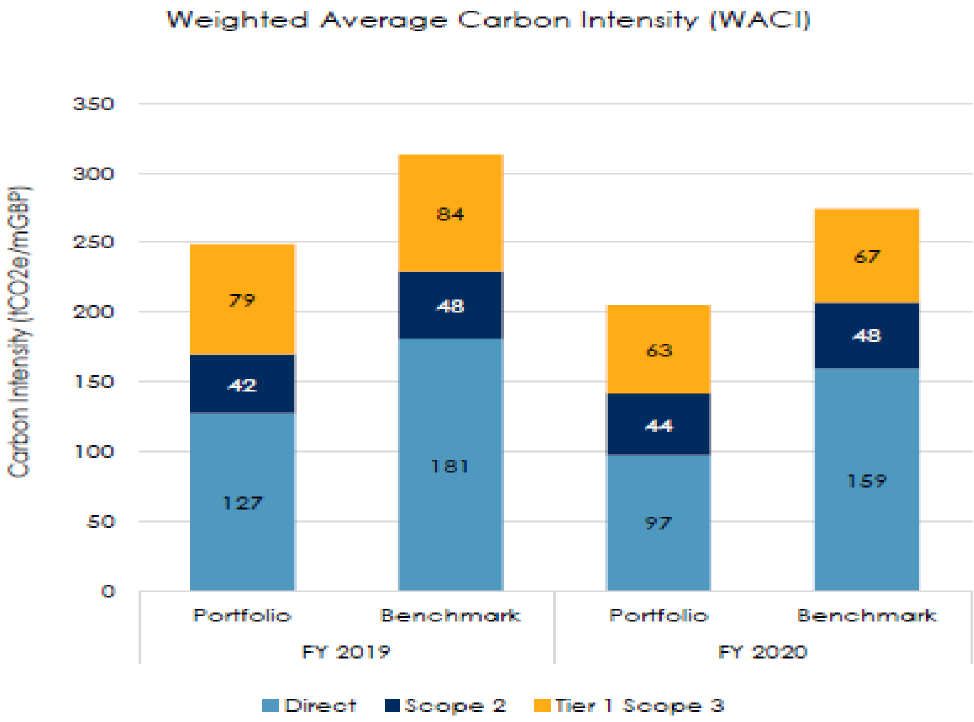
Climate Change Policy Implementation Plan Progress

Emissions Reduction Target

The Fund's Climate Change Policy Implementation Plan set a target to reduce Greenhouse Gas Emissions by 7.6% per annum based on the 2019 UN Environment Programme annual Emissions Gap Report. This was set to be consistent with the Fund's Policy commitment to be aligned to the 1.5°C temperature goal of the Paris Agreement with limited or no overshoot.

Figure 5 below shows the Fund's Weighted Average Carbon Intensity as at 31 December 2019 and 31 December 2020. These were 248 and 204 respectively representing **an annual reduction of 17.7%.**

Figure 5



The Fund recognises that there are a range of different metrics to assess emissions related to investment portfolios all of which have their own merits and drawbacks. At present the Fund is reporting on WACI (as recommended by TCFD) as this can be used across all listed portfolios, irrespective of allocations and therefore can be decision useful in assessing the relative carbon emission efficiency (per million pounds) of portfolios when attributing the impacts of strategic asset allocation decisions.

However, WACI has limitations in being used to assess progress against the Fund's emissions reduction target, principally because it is an efficiency measure and so while efficiency may improve this does not mean actual emissions are necessarily reducing.

An additional issue across all metrics is the use of scope 3 emissions where data quality and double counting, when using full scope 3 emissions, both make its use challenging. At present the Fund's WACI data includes Scope 1, Scope 2, and first tier Scope 3 emissions (upstream emissions).

Since the Fund set its Policy there have been a number of key reports released assessing progress towards delivery of the Paris Agreement and the pathways to net-zero.

The 2020 Emissions Gap report was released in December 2020. The report did not release an update to the required annual reduction in GHG emissions. The report notes an expected reduction in emissions of around 7% in 2020 as a result of the COVID-19 pandemic. However, this reduction is only expected to be temporary unless countries adopt a recovery plan that supports strong decarbonization. In the absence of any evidence-based reason to update the Fund's existing emissions reduction target no change is proposed at the current time.

In 2021 the International Energy Agency issued a report Net Zero by 2050.The report explores pathways to achieve net-zero by 2050 focusing on the Roadmap they believe to be most feasible. The report notes that the gap between rhetoric and action on climate change needs to close and that what is required is a total transformation of the energy systems that underpin our economies. In terms of emissions reductions the roadmap used in the report requires emissions reductions of 4.6% annually between 2020 and 2030.

What is clear from both reports is that despite some progress on the commitments made by governments to cut emissions they are still insufficient if the Paris Agreement goals are to be delivered. The current Climate Action Tracker estimate for the global temperature increase by 2100 based on Paris Agreement pledges and targets is 2.4°C, still significantly above the 1.5°C target. Even including targets announced by countries but not submitted to the United Nations Framework Convention on Climate Change warming is still expected to be at least 2°C by 2100.

Both reports are also clear that there is still time for a technically feasible, cost-effective, and socially acceptable pathway to achieve net zero by 2050. However, the pathways are narrow and extremely challenging and require a step up in the commitments and actions of all stakeholders across the globe. Warming is already estimated at 1.2°C in 2020 and the window for taking action before the Paris Agreement becomes unachievable is closing with every year where insufficient action is taken leading to more challenging requirements for future years.

In November 2021 the UK will host COP26 where it is hoped that momentum on improving climate action can be maintained.

<u>Other Implementation Plan Items</u>

The Fund's Implementation Plan sets out several actions over the near-term that the Fund has determined will enable it to deliver on its Climate Change Policy. Progress against each of these is summarised below.

Work with Brunel to establish whether alternative passive, or similar, equity funds are available that better deliver on the Policy than current options available to the Fund.

Brunel have worked with their client funds to develop a range of index-tracking portfolios that meet the EU criteria to be classified as a Climate Transition Benchmark or Paris Aligned Benchmark. It is intended that a report considering the use of these portfolios by the Fund will be considered by the Pension Fund Committee at its September 2021 meeting.

Brunel are due to make available a Sustainable Global Equities portfolio shortly. The Pension Fund had initially planned to transition the c.£250m global equity mandate currently manged by UBS to the Brunel Global Core Equities portfolio. While all of Brunel's portfolios operate under their Climate

Policy, the Sustainable Global Equity portfolio focuses on identifying companies that are part of the solution to material sustainability challenges.

The Pension Fund Committee determined to move the full global equity mandate managed by UBS to the Brunel Sustainable Global Equities portfolio. The transition was completed in September 2020.

Consider the renewable infrastructure weighting when making future allocations to the Brunel Infrastructure portfolio.

Brunel is currently scoping its forthcoming (cycle 3) private market investment strategies. The strategies include the commitments to pro-actively seek climate and sustainable solutions, including but not limited to renewable infrastructure, as part of broader allocaitons.

Investigate an appropriate metric for measuring the proportion of assets invested in climate mitigation and adaptation.

The Fund continues to work with Brunel in developing an appropriate metric and determining the criteria used to identify investments in climate mitigation and adaptation. This links to wider work being undertaken by various governments including the EU who have developed an EU Taxonomy and the UK which has established a Green Technical Advisory Group to advise the government on the establishment of a UK taxonomy that sets the criteria for an investment to be defined as environmentally sustainable.

Once an appropriate metric has been developed the Fund will also explore setting a target in terms of the % of the Fund invested in climate solutions. The IIGCC is currently undertaking a piece of work looking at enabling the setting of science-based targets for investments in climate solutions with a report expected in October 2021.

The Pension Fund will work with Brunel to set appropriate targets and measures of success in relation to engagement activity undertaken on the Fund's behalf.

Brunel also have a target for all their material holdings to achieve a Transition Pathway Initiative score of at least 4 by 2022 and are targeting engagement and voting action against those companies whose scores are not improving or are falling.

Brunel's voting and engagement provider Hermes EOS have a target outcome that companies' strategies and actions are aligned to the goals of the Paris Agreement. Hermes use four milestones to measure and monitor progress:

Milestone 1 Concern raised with company
Milestone 2 Acknowledgement of the issue
Milestone 3 Development of a credible strategy to address the concern
Milestone 4 Implementation of a strategy or measures to address the concern

The effectiveness of the engagement approach operated by Brunel will be formally reviewed as part of the 2022 stocktake of their Climate Change Policy and the Pension Fund will contribute to this review.

A key component of the engagement approach is to encourage companies to set plans and objectives to align with net-zero.

Progress is being made, for example:
52% of Climate Action 100+ focus companies are now targeting net zero at some level, although we acknowledge more detail on delivery is needed.

Brunel provides updates on the engagements with companies every quarter and more detailed analysis on an annual basis in the Responsible Investment and Stewardship Outcomes Report.

Concluding in Autumn 2022, Brunel and its clients will undertake a climate stocktake against the policy, objectives, and targets.

Work with Brunel to identify, or develop if not available, appropriate metrics, across all investment portfolios, to monitor the successful implementation of the Policy.

Work on metrics is ongoing and is expected to be an evolving process that incorporates developments in available data with the aim of increasing the accuracy and relevance of metrics as well as increasing the level of portfolio coverage.

While metrics are available for listed equities and bonds there is currently a lack of data available for the majority of other assets particularly in a format that allows aggregation at portfolio level. There are some industry developments in this area that could be useful to the Fund, for example the Carbon Risk Real Estate Monitor that has been developed for real estate assets.

Brunel are working with their private market managers to produce climate data that can be used to measure alignment with climate goals.

Consider the merits of joining investor groups whose aims align with those of the Pension Fund as set out in the Policy.

The Fund has become members of The Institutional Investors Group on Climate Change (IIGCC) and Climate Action 100+. In February 2021 the Fund signed the IIGCC's Paris Aligned Investments Initiative: Net Zero Asset Owner Commitment, joining other global investors in committing to investing in support of the goal of global net zero emissions by 2050.

Investigate options for portfolio scenario analysis based on different climate change scenarios so that this can be incorporated in the next fundamental asset allocation review in 2023.

The Fund continues to target production of a report to feed into the 2023 fundamental asset allocation review exercise. This would enable the Fund to include scenario analysis in its 2023 TCFD report at which point it is anticipated to be a mandatory requirement from MHCLG.

The Fund is exploring options for scenario analysis with Brunel and a discussion at the Brunel Client Group on a possible shared solution is planned.

As well as addressing the Pension Fund's investments the Policy also sets a target for the Pension Fund to be carbon neutral on its own operations by 2030.

The Fund continues to work within Oxfordshire County Council's wider goal to achieve net zero emissions by 2030 across the whole organisation of which the Pension Fund is part. The Fund intends to report data on this and actions taken in future updates.

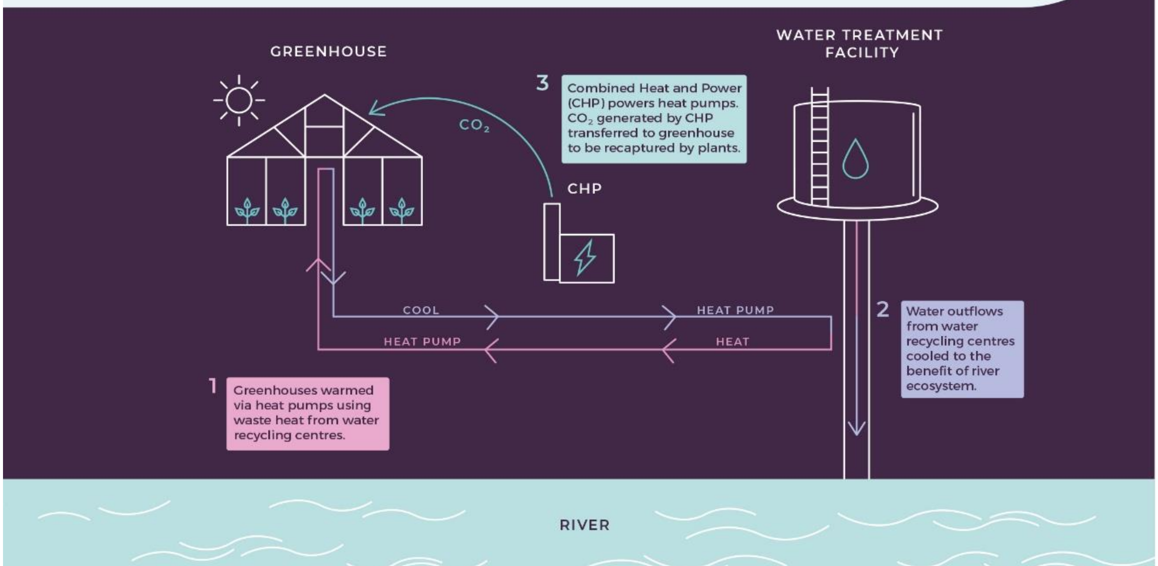
Case studies

Below are two examples of investments with a climate focus within the Brunel portfolios the Pension Fund is invested in.

Case Study: Sustainable agriculture in East Anglia

The Brunel Secured Income Fund is invested in **the world's first ever low-carbon greenhouse via Greencoat Capital**. The two greenhouses totalling over 70 acres (the size of 46 football pitches), are warmed via heat pumps using water from recycling centres and energy will be provided by a Combined Heat and Power (CHP) plant. The waste heat comes from sewage treatment works, which would otherwise flow into and heat up local rivers. The CO^2 generated from the CHP plants is transferred into the greenhouses to be recaptured by the growing plants.

The greenhouses are 7m tall glass structures and allow crops to grow vertically along line wires from hydroponically nutrient-rich water solutions instead of soil. The project uses 1/10th of the water usage of field farming whilst being ten times productive. In addition, rainwater is captured from the building's roof and is recirculated to ensure no wastage. As well as providing the UK with home-grown tomatoes, the technology reduces the carbon footprint by up to 75%. In addition to environmental benefits, the project will create 137 permanent jobs in Norfolk and Suffolk, and an additional 117 seasonal jobs.



Case Study: Capital Dynamics Eagle Shadow Mountain Solar Project

Capital Dynamics has acquired Eagle Shadow Mountain Solar Project. Located near Clark County, Nevada, Eagle Shadow Mountain is the first of two clean energy projects in the region due for completion at the end of 2021.

The site is located on the Moapa River Indian Reservation and is expected to generate up to 400 new jobs during the 18-month construction period. The Moapa River Indian Reservation has a population of less than 250 tribal residents called the Moapa Band of Pauites. Capital Dynamics will work closely with members of the tribe and will rely heavily on their rich talent pool for both building and operating the solar and storage plants.

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Division(s): n/a

PENSION FUND COMMITTEE – 10 SEPTEMBER 2021

GOVERNANCE REVIEW

Report by the Director of Finance

RECOMMENDATION

1. **The Committee is RECOMMENDED to:**
   a. **Adopt the Conflict of Interest Policy as set out in Annex 1;**
   b. **Review the job description for a new Governance Officer role as set out in Annex 2, and agree the establishment of the new position;**
   c. **Comment on the future agendas for the meetings of the committee to be based on the key roles and responsibilities of the Committee as set out in annex 3, and in particular the proposal to focus on a review of investment performance annually, and the need for a separate annual business meeting;**
   d. **Agree the proposals to amend the current Training Policy to include an annual assessment and an escalation procedure to cover cases on non-engagement with the Policy;**
   e. **Ask Officers in conjunction with Hymans Robertson to amend the draft Training Programme as set out in Annex 4 based on the results of the initial knowledge assessment and bring the revised programme back to the December meeting for approval.**

Introduction

2. At their meeting in September 2020, the previous Committee asked Hymans Robertson to undertake an independent review of the Fund's governance arrangements. A key aspect of this work was to ensure the Committee was on the front foot in advance of the Good Governance Review that Hymans Robertson were completing for the Scheme Advisory Board.

3. The final report from Hymans Robertson was presented to the Committee at their meeting in March 2021. Whilst finding that the overall standard of the governance arrangements was good, the Report did highlight 10 proposed areas for further improvement.

4. One of these recommendations was in respect of the constitution of the Committee itself to ensure wider representation of the scheme employers within the Fund, and this was taken forward at the March meeting. The Committee then asked the Officers to continue to work with Hymans Robertson to develop a response to the remaining nine recommendations to be brought to this meeting. This report sets out the latest position on each of the 10 and seeks the Committee's agreement as appropriate.

Governance Recommendations

5. The latest position on each of the 10 recommendations is set out in turn below. These have all been discussed with the Team at Hymans Robertson, who in many cases have produced the initial draft proposal following the discussions, bringing in best practice observed from across the LGPS.

6. Develop 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.

7. The draft Conflicts of Interest Policy included at Annex 1 has been prepared by Hymans Robertson in conjunction with the Fund's Officers and covers the points raised above as well as the general conflicts likely to be experienced in administering the Pension Fund. The Committee are invited to adopt the draft policy.

8. Review the Constitution of the Pension Fund Committee to widen Scheme Employer Representation. This recommendation was accepted at the March Committee meeting and the Constitution amended by the full Council meeting at the end of March. The Committee is now constituted with 5 voting members from the County Council representing the Administering Authority, and 5 non-voting members representing Oxford Brookes University, the City/District Councils, scheme members, and 2 representatives of the academy sector. No further action is required on this recommendation, although the new arrangements will be kept under review.

9. Review the Terms of Reference for the Pension Fund Committee and Pension Board, to clarify roles and improve communication between the two bodies. The roles and responsibilities of the Committee and Board are set out in the relevant legislation, and on review, appropriately reflected in the terms of reference for the 2 bodies. In short, the Pension Fund Committee is responsible for the administration of the Fund, including the investment of all surplus assets, and is responsible for all decisions required to be made under the relevant legislation. The Pension Board is not a decision-making body. It's role is twofold – both to support the work of the Committee and to review that all decisions made by the Committee are consistent with the Regulations. Whilst the Committee can seek the views of the Board in advance of making a decision, the Board does not have a right to be involved in the process, unless they believe the decision has been made in breach of the Regulations.

10. The main areas of concern identified during the independent governance review was in respect of the communication between the 2 bodies. From the initial meeting of the Board, the Committee have received the draft minutes of the Board and a report from the Chairman of the Board presented by one of the

Board members. This has allowed the Committee to understand the reasoning of the Board in respect of all issues raised.

11. In advance of the governance review it had been agreed that the Board would also receive the draft minutes of the most recent Committee meeting to aid their understanding of the decisions made by the Committee. At the June meeting of this Committee, it was further agreed that a representative of the Committee would attend future Board meetings to enable the Board to better understand the decisions of the Committee and how any advice from the Board has been taken into account in arriving at final decisions. This arrangement will be kept under review to ensure communications between the 2 bodies are fully effective. No further actions are deemed necessary at this time.

12. To reduce key person risk and to support the findings of the Good Governance Project, the Committee should consider the establishment of a Governance Officer role. This role would be to support the Service Manager (Pensions) and service delivery of the Fund. This recommendation reflected the view of Hymans Robertson that there was a key risk to the Fund in that responsibility for the majority of strategic work across the Fund as a whole rested with one person – the Service Manager (Pensions). This included responsibility for the annual business plan, the risk register and key policy documents. Hymans Robertson had seen this risk mitigated in a number of Funds by the establishment of a Governance Officer role.

13. Officers have had further conversations with Hymans Robertson in respect of this recommendation and have reviewed example job descriptions of the proposed role as implemented in other Funds. It is accepted that the Fund would benefit from a team supporting the Service Manager (Pensions) looking across the whole service and working with the Administration and Investment leads in managing the key strategic documents of the Fund.

14. To strengthen the robustness of this team it is recommended that this team also picks up responsibility for managing Fund communications, as well as administering the Funds Training programme. Responsibility of these two tasks currently sit in the administration and investment teams respectively. The change would mean a change in reporting lines for the current communication manager. The work involved in administering the training programme would move across to the new team without a transfer of resource as this work forms only a small element of the work of the investment officer.

15. A draft job description for the new Governance and Communications Officer is included at Annex 2. Once agreed, this role will be subject to job evaluation to determine the grade. It will also be necessary to determine whether there is a need for a part time administration role to support the new team. In advance of the job evaluation exercise and on the assumption of a half-time administration assistant, the full year costs of the proposal would be in the range £75,000 - £85,000, although given the timescales involved in any recruitment, it is expected that these costs could be absorbed within the current year's budget, and the full year budget implications then considered as part of the 2022/23

budget for the service. The Committee are invited to review the proposed job description at Annex 2 and agree the establishment of the new post.

16. Review the agenda content for the Pension Fund Committee and Pension Board. Consider and implement an annual business meeting for the Fund. This recommendation followed on from feedback from the members of the previous Committee and Board that they felt there was often insufficient time on agendas to fully discuss the issues being presented. However, they also felt that the number and timing of meetings was appropriate.

17. Officers have been working with Hymans Robertson on this recommendation and Hymans have produced a Governance Matrix and Calendar which has been included as Annex 3 to this report. These documents set out the various responsibilities of the parties involved in the governance of the Fund and the timetable for key decisions over the next couple of years.

18. It is the aim of the Officers to ensure that reports which are presented to future meetings of this Committee are tied into these strategic roles and responsibilities. Within the Governance Matrix included at Annex 3, the role of the Committee is specified as either approve, recommend, oversight, provide specific input or to be notified. The aim is to reduce reports simply for noting – even where reports are provided for oversight or to be notified, the Committee will be asked to determine that the information presented is consistent with their regulatory roles and responsibilities or be required to agree necessary action to address any issues or report breaches of regulations to the Pension Regulator as appropriate.

19. A key decision for the Committee will be the frequency and time allocated to reports monitoring investment performance. Traditionally this item has taken up a significant proportion of the Committee's agenda time each meeting. However it is very unusual for any actions to arise from these items, as short term variations in investment performance are not deemed significant, and the advice has always been to review investment performance over a minimum of a 3 year period. It is suggested that going forward, Brunel are invited to attend the Committee annually to present on investment performance, with the time released used to focus on specific investment issues including the significant challenges associated with managing the risks associated with climate change, and reviewing the overall cash management of the Fund, ensuring the asset allocation remains appropriate to meet the cash requirements to meet all pension payments as they fall due.

20. In respect of the recommendation to hold a separate meeting of the Committee to discuss the annual business plan and budget, Officers have had further discussion with Hymans Robertson to better understand the concern that led to this recommendation. The main concern was about the input of the Committee members themselves in setting the Funds objectives for the year and whether the current process enabled them to be sufficiently engaged in setting the objectives and specific targets. Members are invited to consider this recommendation further and determine whether they wish to add an additional annual business meeting to the calendar, or whether they believe greater

engagement can be achieved through a more informal consultation exercise in advance of the normal March Committee meeting which sets the Annual Business Plan and Budget for the forthcoming year.

21. Review the process for risk review at the Fund. The further discussions with Hymans Robertson on this recommendation identified that the current process was robust and working well. Whilst the majority of risks are identified and scored by Officers, both the Committee and the Board review the Risk Register on a quarterly basis, and both have proposed additions and deletions to the risks included within the register, and variations to the risk scores. No further action is proposed at this stage.

22. There should be a quarterly comparison of the progress on the business plan against the risk register. This issue was first raised by the Pension Board and since that time amendments have been made to the risk register to indicate against each risk whether it is a risk associated with the objectives of the business plan or to the business as usual activities of the Fund. The Committee are invited to comment on whether further information is required to enable them to assess the risks to achieving the business plan, and any further changes to the format of the reports which would facilitate this assessment.

23. Sign off evidence should be provided by the Chair and the Committee to the Funds Annual Business Plan. On reflection it was agreed that as the Annual Business Plan is formally agreed by the Committee each year, an appropriately worded Committee Minute is sufficient evidence. No further action is therefore required.

24. The Fund should set up a single storage site for all key documents related to the Fund easily accessible to members of the Committee and the Board. Initial conversations with the County Council's web team identified difficulties in setting up a secure site on the Council's website that would be accessible to all members of the Committee and the Board. The difficulties related to the fact that many of the Committee and Board members are external to the County Council.

25. Further conversations were therefore held with Hymans Robertson who offered use of their Focal Point site to act as a single storage point for the Pension Fund documents. Officers already use this site to access key documents. Work has therefore been undertaken to set up access arrangements for all members of the Committee and the Board, and to populate the site with all key documents. These key documents will include all the Fund's key policy documents, copies of the monthly governance newsletters as well as other relevant training materials. Additional documents can be added as required by Committee and Board Members. It is expected that the site will be ready to go live by the time of the Committee, and all members will be provided log on details and initial training on using the site. No further action is therefore planned on this recommendation.

26. Develop a mandatory training policy including an escalation process where members of the Committee and/or Board fail to engage appropriately. This was

seen as a key recommendation by members of the Pension Board, reflecting their concern that at present whilst there is a statutory requirement that all Board members must acquire the necessary skills and knowledge to sit on the Board, there is no similar requirement for Committee Members.

27. The Committee have previously agreed a minimum training policy for all committee members. This requires all Committee members to have completed either the 3 days LGA Fundamentals Training programme, or the relevant 9 on-line modules of the Pension Regulators Trustees Toolkit, within a year of taking up their position on the Committee. The Policy then requires a minimum of 2 days continuing professional development in each subsequent year a member serves on the Committee, as well as attendance at al pre-Committee training.

28. In further discussions with Hymans Robertson, it was agreed that the current policy was appropriate, but there needed to be a more robust process around the policy to ensure compliance and assess the overall effectiveness of the training. At present, all training undertaking by Committee Members must be included in the Annual Report and Accounts. The Pension Board have agreed to include a similar record in their own Annual Report. There is though no assessment of the effectiveness of the training undertaken.

29. Following the discussions with Hymans Robertson, it is therefore proposed that we undertake an annual knowledge assessment of all members of the Committee and Board. An initial exercise was undertaken during August which at the time of writing this report all 7 members of the Pension Board and 7 of the 10 members of the Pension Fund Committee had completed. The remaining 3 members of the Committee are strongly encouraged to complete the assessment so the initial benchmark scores for the Committee and Board represent the position of the full Committee and Board. The findings of this assessment will be available shortly.

30. The progress made in terms of developing the overall skills and knowledge of the Committee and the Pension Board can then be assessed on an annual basis on completion of subsequent knowledge assessments. Hymans Robertson intend to run the National Knowledge and Assessment every 2 years and have stated that they are happy to provide an interim assessment in the intervening years. Since the initial discussions with Oxfordshire, Hymans Robertson have had discussions with a number of other Funds who would also like to adopt the model.

31. The results of the assessment exercises will be used to determine key gaps in the skills and knowledge of the Committee and the Board which can then be reflected in the annual training programme. The programme will also be based on the key strategic decisions that the Committee will be required to make during the forthcoming year. A draft programme based on the initial governance calendar has been prepared by Hymans Robertson and is included at Annex 4. This programme will be reviewed in light of the findings from the initial knowledge assessment.

32. The recommendation from Hymans Robertson also included the need for an escalation procedure for where a member of the Committee or Board fails to appropriately engage in the training programme. The recommendation proposed that any case where a member fails to engage with the approved training programme is initially raised with the Chair of the appropriate body and the Service Manager (Pensions). An initial review will need to take account the circumstances of the individual member – an appropriate level of training will differ for a new member of the Committee or Board when compared to a long serving member who has completed significant training opportunities over the course of their membership of the Committee/Board.

33. The Constitution of the Pension Board already contains provision for the termination of an individual's membership of the Board on the grounds that they can no longer demonstrate the capacity to participate in the required training, or a serious failure to comply with the Knowledge and Understanding Policy in the opinion of the Monitoring Officer. It is recommended similar clauses are added to cover termination of an individual's membership of the Committee.

34. The Committee are invited to comment on the above and ask Officers to make the necessary changes to the Training Policy, Terms of Reference of the Committee and Council Constitution as appropriate to reflect the more robust principles set out above. The Committee are also recommended to ask the Officers in consultation with Hymans Robertson to revise the draft training programme as contained in Annex 4 to reflect the results of the latest knowledge assessment and bring it back to the next meeting of the Committee for approval.

Lorna Baxter
Director of Finance

Contact Officer: Sean Collins
Tel: 07554 103465

August 2021

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Oxfordshire Pension Fund Conflicts of Interest Policy

Version	Reason for change	Date
DRAFT V1	First draft	03/08/2021
DRAFT V2	Review	04/08/2021
DRAFT V3	**Review following meeting with Sean**	**10/08/2021**
DRAFT V4	**Update following Sean comments**	**13/08/2021**

1 Background

This policy sets out how Oxfordshire County Council (the “Council”) will identify, manage and mitigate potential conflicts of interest that may arise in carrying out its role as the administering authority for the Oxfordshire Pension Fund (the “Fund”).

The Council recognises that its dual role as both an employer participating in the Fund and the body legally tasked with its management can produce the potential for conflicts of interest. Furthermore, those individuals involved in managing, overseeing or advising the Fund may, from time to time, find that they face competing incentives, financial or otherwise, as a result of their professional or personal circumstances.

It is important, therefore, that these potential conflicts are managed in order to ensure that no actual or perceived conflict of interest arises and that all the Fund’s employers and scheme members are treated fairly and equitably.

2 Objectives

- To ensure that those involved in the operation of the Fund fulfil their duties under public law to act solely in the interests of The Fund’s employers and scheme members.
- To provide confidence to scheme members, employers, regulators or any other interested parties that those responsible for the Fund are fully committed to identifying, managing and monitoring conflicts of interest.
- To minimise the risk to the Fund that conflicts of interest arise that prejudice good decision making or any other aspect of the good management of the Fund.
- To promote openness, transparency and a commitment to the Seven Principles of Public Life in all aspects of the Fund’s business.

3 Application of this policy

This policy applies to all members of the Oxfordshire CC pension committee, local pension board, Section 151 officer, officers who carry out functions on behalf of the Pension Committee and any third parties providing advice or services to the Fund.

Every individual covered by this policy must take individual responsibility for the management of potential conflicts of interest.

The Service Manager (Pensions) will be responsible for ensuring that this policy is adhered to and that any processes for managing conflicts of interest are followed.

In any situation where the Service Manager (Pensions) may have a potential or actual conflict of interest, the responsibility for ensuring that this policy is adhered to and that any relevant processes are followed shall lie with the monitoring officer for Oxfordshire CC.

4 Defining Conflicts of Interest

The Fund has adopted the definition of conflict of interest defined in The Public Service Pensions Act 2013[1];

> *"conflict of interest" , in relation to a person, means a financial or other interest which is likely to prejudice the person's exercise of functions as a member of the board (but does not include a financial or other interest arising merely by virtue of membership of the scheme or any connected scheme).*

In addition to this policy there are other legal requirements which are also relevant to the Fund's management of conflicts of interest, these include;

- Regulation 108 of The LGPS Regulations 2013, which places duties on The Council, as the administering authority to the Fund, to be satisfied that Local Pension Board members do not have conflicts of interest on appointment to, or whilst a member of, the Board.
- The Localism Act 2011[2] requires elected members to comply with their own authority's code of conduct and to declare pecuniary interest and interests other than pecuniary interests.
- The 'Seven Principles of Public Life', also known as the 'Nolan Principles', with which any holder of public office is also expected to comply. These are;

  Selflessness Holders of public office should act solely in terms of the public interest.

  Integrity Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other

[1] Section 5(5)
[2] Chapter 7

material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

Objectivity Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

Accountability Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

Openness Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

Honesty Holders of public office should be truthful.

Leadership Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

5 Managing conflicts of interest

The Council recognises that its dual role as both an employer participating in the Fund and the body legally tasked with its management can produce the potential for conflicts of interest to arise in certain areas. It is important that these potential conflicts are managed in order to ensure that no actual or perceived conflict of interest arises and that all the Fund's employers and scheme members are treated fairly and equitably.

These areas are considered in more detail below.

Contribution setting for employers
The setting of employer contribution rates must be done in a way that is fair and transparent. No employer or individual should be in the position to unduly influence the contribution setting process.

The Fund achieves this in the following ways:

- The Funding Strategy Statement sets out the Fund's approach to all funding related matters including the setting of contribution rates. This policy is set with regard to the advice of the Fund Actuary and is opened to consultation with all Fund employers before being formally adopted by the Pension Committee. The approach to contribution setting is based on specific employer characteristics such as its time horizon, strength of covenant and risk profile. This approach ensures consistency across all employers and removes the possibility of any employer receiving more, or less, favourable treatment.

Delivering the LGPS function for all employers

All employers within the Fund are entitled to receive the same high-quality service and support from the Fund. Equally, the expectation on employers in respect of their obligations under the LGPS are the same for all employers. There should no perception that the Council receives more favourable terms with regards to the service received from, or the obligations expected to, the Fund.

- The Fund's administration strategy sets out the way in which the Fund works with its employers and the mutual service standards expected. The policy details how the Fund will assist employers to ensure that they are best placed to meet their statutory LGPS obligations. On occasions where an employer's failure to comply with required processes and standards has led to the Fund incurring additional cost, the policy also provides for that cost to be recovered from the employer in question. This policy has been opened to consultation with all the Fund's employers and is operated in a consistent fashion across all the employer base.
- The pension fund is run for the benefit of its members and on behalf of all its employers. It is important therefore that the Fund's budget is set and managed separately from the expenditure of the Council. Decisions regarding pension fund resource are approved by the Pension Committee on recommendation from the S151 officer.

Investment decisions

The primary investment objective of the Fund is to ensure that over the long term there will be sufficient assets to meet all pension liabilities as they fall due. Investment decision have an impact on all employers within the Fund and so should reflect the long-term requirements of the Fund.

- The Investment Strategy Statement sets out how the Fund's money will be invested in order to meet future liabilities and contains the Fund's investment objectives and the asset classes in which it will invest. It also contains the Fund's approach to assessing environmental, social and governance risks and how it will act as a responsible asset owner with regard to engagement and voting shares for companies in which it is invested. The Statement also explains the Fund's approach to investments which deliver a social impact as well as a purely financial return.
- The Investment Strategy Statement is a statement of the beliefs, objectives and strategies pertaining to pension fund investments and is separate to and distinct from any policies that apply to the Council. For example, the Council may have particular strategies regarding tobacco investment as a consequence of its public health duties. This should remain distinct from the Fund's investment strategy, as set by the Pension Committee and which is operated on behalf of all Fund employers. A similar situation arises in respect of the Council's policy regarding matters such as investment in local housing or other infrastructure within the county, which remain distinct from the policies and strategies of the Pension Fund.
- From time to time the Council may pursue certain climate related goals, for example a commitment to being carbon neutral by a certain date. Actions taken in pursuit of these goals may impact on members and employees of the Council in certain ways, for example members and staff may be required to pursue low carbon travel options when travelling on Council business. Where this is the case, members and employees carrying out work related to the management of the Fund will be subject to the same polices as all other Council members or staff, insofar as they reflect operational matters. However, decisions in respect of Fund investments are made by the Pension Fund Committee on behalf of all employers in the Fund

and as such will be made independently of any such Oxfordshire County Council policies and strategies, though the Committee could independently reach the same outcomes.

- All investment decisions are taken in accordance with the Investment Strategy Statement, following appropriate professional advice. No person with a conflict of interest relating to a particular investment decision may take part in that decision.

Standards and behaviours

It is important that those managing the Fund adhere to the highest standards of public office.

- The Oxfordshire CC Code of Conduct for Members applies to all members or voting co-opted members of the Council. In addition, the code has been adopted to apply to all members of the Pension Committee and Local Pension Board. The policy sets out the Council's approach to;
    - Standards of behaviour
    - Registration of members' interests
    - Disclosable pecuniary interests
    - Sensitive interests
    - Gifts and hospitality

Pooling

The Council is one of 10 equal shareholders in the Brunel Pension Partnership ("BPP"). The shareholders, as LGPS administering authorities, also purchase investment management services from BPP. The nature of this relationship has the potential to lead to conflicts of interest that must be managed. The following mechanisms are in place.

- The interests of the shareholders of BPP and those of any specific administering authority may not always be aligned. In order to ensure that the interests of the shareholders and of those procuring services from BPP are both protected it is important that there is appropriate separation between the two functions. To achieve this separation of responsibilities, the Section 151 officer for the Council acts in a shareholding capacity while the Service Manager (Pensions) acting for the Pension Committee undertakes the client role.

- BPP has its own conflicts of interest policy, contained within the Service Agreement (specifically Schedule 7 (Manager's Conflicts of Interest Policy)) signed by all 10 client funds. This document is reviewed every 12 to 24 months and contains the key principle that "Brunel should not provide services in a manner that will advance one client's interest over another's". The policy sets out how BPP manages potential conflicts of interest though the various mechanism, which are summarised below;
    - Training staff on the types of conflicts which may arise, including providing examples of such potential conflicts
    - Adopting specific policies on potential conflict situations that may arise through the possession of inside information, such as its Market Abuse & Insider Information Policy, Personal Account Dealing Policy and Gifts & Entertainment Policy
    - Requiring all staff to disclose conflicts immediately upon becoming aware of them

- Setting out clear roles and responsibilities, both in relation to the Policy and the processes described within it
- Maintaining a register of staff external interests to allow potential conflicts to be identified and avoided before they arise
- Maintaining a register of instances of conflicts as they arise
- Carrying out a rigorous assessment of any potential conflicts that are identified and adopting appropriate measures, including escalation where required, to avoid or minimise any actual conflicts, always putting clients' interests first

- It is important that no administering authority has undue influence on decisions made by Brunel. In order ensure this is the case the service agreement requires that BPP must act in the interest of the Pool as a whole and may not favour any individual or group of funds over the rest. The Shareholders Agreement requires that certain key decision must be carried with agreement from eight of the ten constituent funds. Some decisions must be carried unanimously.

- There is a provision within the Service Agreement for individual client funds to contract separately for service from BPP. This might occur where a funds wishes to access an asset class that no other funds require. In reaching such agreements BPP must recognise its obligation to act in the interest of all Pool members and so may not enter into such an arrangement where there may be a conflict of interest with other constituent funds or where doing so may lead to a detrimental service being provided to the Pool as a whole.

- Given the nature of the LGPS the likelihood exists that individuals with particular skills may move from employment with an administering authority to BPP or the other way around. This is perfectly appropriate, and the transfer of knowledge can be beneficial to all parties. However, it is important that there is no suggestion that any individual is in a position to influence unduly the recruitment or remuneration setting processes. This is managed by ensuring that all recruitment to BPP and to the constituent funds is carried out through a robust, open, competitive recruitment process involving HR professionals. Furthermore, key shareholder decisions such as those relating to remuneration policy must be carried unanimously by the ten funds. This ensures that no one individual has the ability to influence policy in those areas unduly.

Third parties

- The Fund requires its professional advisors, suppliers and any other third-party providing advice or services to have in place conflict management plans which set out how those firms will;
    - declare any potential conflict of interest that exists on appointment;
    - communicate with the Administering Authority on any conflicts of interest that arise during the course of the contract;
    - put in place processes that will manage those conflicts;

6 How conflicts of interest will be managed

In addition to the framework of polices set out in section 5, Oxfordshire CC will manage conflicts of interest in the following way;

Declarations of interest on appointment

On appointment to the pension committee, local pension board or to a role on the Pension Management Team, or at the date of commencement of this policy if later, all individuals will be provided with a copy of this policy and be required to complete a declaration of interest form. This information will be collated in the Fund's' register of interests.

Advisers and service providers will be provided with a copy of this policy on appointment, or at the date of commencement of this policy if later. Advisers and service providers must declare any commercial or personal relationships which may result in conflicts of interest arising or which may give the perception that a conflict of interest exists or may do so in future.

Continued monitoring of potential conflicts of interest

Any individual covered by this policy must declare, at the earliest opportunity, if their circumstances change in such a way that a new potential or actual conflict of interest arises, or if a former conflict ceases to apply. The register of interests will be updated accordingly.

If any individual covered by this policy becomes aware that a pension committee meeting, local pension board meeting or any other meeting concerning matters relating to the Oxfordshire Pension Fund will contain an item that places them in a conflicted position they must advise the Chair of the meeting and Service Manager (Pensions). The Service Manager (Pensions), taking such advice as they consider appropriate will be responsible for determining the action to be taken.

From time to time a conflict of interest may arise during a meeting which was not anticipated prior to the meeting. In such cases the individual to whom the conflict pertains should advise the clerk and make an immediate declaration. Any other person may make the clerk aware if they believe an individual participating in the meeting has a conflict of interest. The clerk of the meeting and the chair, taking such advice as they consider appropriate will be responsible for determining the action to be taken.

Managing conflicts of interest

The options for managing a conflict are as follows;

- The individual is excluded from the meeting for the period during which the item pertaining to the potential or actual conflict of interest is discussed. If the item is one in which papers are not made public under Part I of Schedule 12A of the Local Government Act 1972 then the member will not have access to those papers, or minutes relating to that item.

- If the item is one at which members of the public are allowed to speak, the individual may also speak having first declared their interest. The individual must not take any further part in that agenda item including the decision-making process.

- If the Service Manager (Pensions), having taken advice that they consider appropriate, believes that an individual has a significant or persistent conflict of interest, such that it is impossible or impractical to manage and undermines their ability to carry out their role, the individual may be removed from their position.

OXFORDSHIRE COUNTY COUNCIL

Job Description

This form is used to provide a complete description of the specific job and defines the required skills, knowledge, behaviours, qualifications and experience.

Section A: Job Profile

The job profile provides key information relating to the salary and working conditions e.g. location of a job, along with the current focus of the role and a brief description of the main duties.

Job Details

Job Title:	Governance and Communications Team Leader
Salary:	tba
Grade:	tba
Hours:	37 We are open to discussions about flexible working.
Team:	Pensions
Service Area:	Pensions
Primary Location:	Due to the Covid19 pandemic this role will be performed remotely for the foreseeable future. The primary location is usually Kingsgate and you will be required to work from this location and in an agile manner when government guidelines permit this.
Budget responsibility:	tba
Responsible to:	Service Manager (Pensions)
Responsible for:	Communications and Governance Officers (2)
Political Restricted Post:	Yes

Job Purpose

This is a brief overview of the key objectives of the job including the context within the team/department.

The Team Leader will be responsible for maintaining the governance arrangements for the Pension Fund including managing the future agendas of the Pension Fund Committee and Board, maintaining the Fund's risk register, supporting the development of the annual business plan and budget and the annual review of all key Fund Policies, and overseeing the training and development programme for members of the Committee and Pension Board. They will also support the regular performance reporting to Committee. They will also be responsible for overseeing the Communication Policy for the Fund and ensuring the Fund's website pages are kept up to date for both administration and investment information.

In delivering the role, the Team Leader will work closely with the Service Manager (Pensions), the Pension Adminsitration Services Manager, the Financial Manager – Pension Fund Investments, and members of the Pension Fund Committee and Pensions Board.

Job Responsibilities

This is a bullet point list of the main duties or tasks that the post holder will be expected to undertake.

- Produce draft agenda's for the Pension Fund Committee and Pension Board ensuring all strategic and regulatory responsibilities including statutory policies are covered on a timely basis
- Maintain the Governance and Training Library for members of the Pension Fund Committee and Pension Board
- Maintain the Risk Register for the Pension Fund
- Co-ordinate the production of the Annual Business Plan and Budget for the Pension Fund
- Manage the Fund's Breaches of Regulation Policy and ensure any breaches are properly recorded and reported to the Pension Regulator as appropriate.
- Oversee all changes to the LGPS Regulations and report changes to the Pension Fund Committee as appropriate.
- Manage the Training Programme for members of the Pension Fund Committee and Pension Board, circulating all relevant training opportunities and ensuring all training attended is formally recorded.
- Oversee all Fund communications and the development and maintenance of the Fund's website pages.
- Review the Fund's Governance Policy/Compliance Statement, and Scheme of Delegation and report annual to the Committee on the outcomes.
- Ensure the appropriate performance indicators are in place and regularly updated and reported to the Pension Fund Committee and Pension Board

Section B: Selection Criteria

This section provides a list of essential and desirable criteria that detail the skills, knowledge, behaviours, qualifications and experience that a candidate should have in order to perform the job. The selection criteria provide a list of essential (no more than 8-10) and desirable criteria (no more than 4).

Each of the criteria listed below will be measured through the application form (A) and optionally - a test / exercise (T), an interview (I), a presentation (P) or documentation (D). You must provide a supporting statement as part of your application which includes examples and evidence of when you have demonstrated the criteria listed below. You will be expected to address each point separately and in the order listed. If you do not complete a full supporting statement in the requested format your application may be rejected.

Essential Criteria	**Assessed By:**
Education – Minimum 2 A-Levels or Equivalent, plus GCSE passes in both Maths and English	Certificates
Knowledge and Experience – Full knowledge of the LGPS Regulations	Interview
Knowledge and Experience – Minimum 3 years experience in working within an LGPS Fund	Interview/References
Personal Skills – Excellent Verbal and Written Skills	Application/Interview
Personal Skills – Ability to explain complex pension issues to non-specialists	Interview

Personal Skills – Excellent time management and ability to work to tight deadlines	Application/Interview
Personal Skills - Good IT Skills	Application/Interview
Personal Skills – Excellent Planning and Forward Thinking Skills	Application/Interview
Desirable Criteria	**Assessed By:**
Knowledge and Experience – Working in a Governance role including risk management	Application/Reference
Knowledge and Experience – Previous production of LGPS Governance Documents	Application/Interview
Personal Skills – Website Management/Development	Application/Interview

Section C: Pre-employment Checks

All appointments are subject to standard pre-employment screening. This will include identity, references, proof of right to work in the UK, medical clearance and verification of certificates. Further information can be found here [Pre-employment checks]

Additional pre employment checks specific to this role include:

☐	Enhanced Disclosure and Barring Service check with Children's and Adults Barred List	☐	Enhanced Disclosure and Barring Service check without an Adult/Children's barred list check
☐	Enhanced Disclosure and Barring Service check with Children's Barred List	☐	Enhanced Disclosure and Barring Service check with Adults Barred List
☐	Standard Disclosure and Barring Service check	☐	Basic Disclosure
☐	Disqualification for Caring for Children (Education)	☐	Overseas Criminal Record Checks
☐	Prohibition from Teaching	☐	Professional Registration
☐	Non police personnel vetting	☐	Disqualification from Caring
☐	Other (please specify):		

Section D: Working Conditions

This is a guide to the working conditions and the potential hazards and risks that may be faced by the post-holder.

Health and Safety at Work

You are responsible for your own health, safety and wellbeing, and undertaking health and safety duties and responsibilities for your role as specified within Oxfordshire County Councils Health and Safety Policy.

The potential significant hazard(s) and risk(s) for this job are identified below (those ticked).

☐	Provision of personal care on a regular basis	☐	Driving HGV or LGV for work
☐	Regular manual handling (which includes assisting, manoeuvring, pushing and pulling) of people (including pupils) or objects	☐	Any other frequent driving or prolonged driving at work activities (e.g. long journeys driving own private vehicle or a council vehicle for work purposes)
☐	Working at height/ using ladders on a regular/ repetitive basis	☐	Restricted postural change – prolonged sitting
☐	Lone working on a regular basis	☐	Restricted postural change – prolonged standing
☐	Night work	☐	Regular/repetitive bending/ squatting/ kneeling/crouching
☐	Rotating shift work	☐	Manual cleaning/ domestic duties
☐	Working on/ or near a road	☐	Regular work outdoors
☐	Significant use of computers (display screen equipment)	☐	Work with vulnerable children or vulnerable adults
☐	Undertaking repetitive tasks	☐	Working with challenging behaviours
☐	Continual telephone use (call centres)	☐	Regular work with skin irritants/ allergens
☐	Work requiring hearing protection (exposure to noise above action levels)	☐	Regular work with respiratory irritants/ allergens (exposure to dust, fumes, chemicals, fibres)
☐	Work requiring respirators or masks	☐	Work with vibrating tools/ machinery
☐	Work involving food handling	☐	Work with waste, refuse
☐	Potential exposure to blood or bodily fluids	☐	Face-to-face contact with members of the public
☐	Other (please specify):		

Agile Working

All staff may be required to work from a different base or in a different location at some point in the future in line with any Council or school needs. Such changes will be made after proper consultation and shall be deemed to be reasonable after taking into account any personal requirements.

DRAFT FORM

Decision Making : LGPS Governance matrix

Incorporating "Good Governance" recommendations

Area	Task	Pension Committee	Pension Board	Investment Pool	S151 Officer	Senior LGPS Officer	Fund Officers	Advisors
Fund mission, objectives and beliefs	Develop Fund Mission Statement	Oversight	Specific Input	N/A	Specific Input	Specific Input	Specific Input	Advise
	Agree Fund Mission Statement	Approve	Notified	N/A	Agree	Recommend	Notified	Notified
	Develop structure of the pension function	Oversight	Specific Input	N/A	Specific Input	Specific Input	Specific Input	Advise
	Sign off structure	Approve	Notified	N/A	Agree	Recommend	Notified	Notified
	Develop Fund policy on representation	Oversight	Specific Input	N/A	Specific Input	Specific Input	Specific Input	Advise
	Recommend to Full Council representation policy	Recommend	Notified	N/A	Agree	Agree	Notified	Notified
	Develop Fund objectives for Governance, Funding, Investment and Delivery	Oversight	Specific Input	N/A	Specific Input	Specific Input	Specific Input	Advise
	Agree Fund objectives for Governance, Funding, Investment and Delivery	Approve	Notified	N/A	Agree	Recommend	Notified	Notified
	Agree Fund investment beliefs	Approve	Notified	N/A	Notified	Recommend	Specific Input	Advise
Governance functions	Develop and oversee risk management framework	Approve	Oversight	Specific Input	Agree	Recommend	Specific Input	Advise
	Monitor and oversee the Valuation process	Oversight	Notified	N/A	Oversight	Specific Input	Specific Input	Advise
	Review of Fund covenant arrangements	Oversight	Notified	N/A	Notified	Specific Input	Specific Input	Advise
	Agree assumptions to be used in valuation exercise	Approve	Notified	N/A	Notified	Agree	Specific Input	Recommend
	Agree Funding Strategy Statement	Approve	Notified	N/A	Notified	Agree	Specific Input	Recommend
	Sign off contribution rates	Oversight	Notified	N/A	Notified	Agree	Notified	Approve
	Sign off valuation results	Approve	Notified	N/A	Oversight	Agree	Notified	Recommend
	Approve adequate systems of internal controls	Approve	Oversight	N/A	Agree	Recommend	Specific Input	Advise
	Produce governance compliance statement	Approve	Oversight	N/A	Specific Input	Recommend	Specific Input	Advise
	Develop business plan (inc. budget)	Specific Input	Specific Input	N/A	Specific Input	Oversight	Specific Input	Advise
	Agree and sign off business plan	Approve	Oversight	N/A	Agree	Recommend	Specific Input	Notified
	Agree and sign off conflicts of interest policy	Approve	Oversight	N/A	Notified	Recommend	Specific Input	Advise
	Agree and sign off administration strategy	Approve	Oversight	N/A	Notified	Recommend	Specific Input	Advise
	Agree Administration Authority discretionary policies	Approve	Oversight	N/A	Notified	Recommend	Specific Input	Advise
	Agree and sign off communications policy	Approve	Oversight	N/A	Notified	Recommend	Specific Input	Advise
	Agree and sign off training strategy	Approve	Oversight	N/A	Notified	Recommend	Specific Input	Advise
	Agree cyber security policy and associated documents (i.e incident response plan)	Approve	Oversight	N/A	Notified	Recommend	Specific Input	Advise
	Agree recommendations from Independent Governance Review	Approve	Notified	N/A	Notified	Notified	Notified	Recommend
	Report breaches of the law	Specific Input	Specific Input	Specific Input	Specific Input	Specific Input	Specific Input	Specific Input
Fund Delivery	Completion of Year-end exercise/monthly data process	Notified	Notified	N/A	Notified	Oversight	Specific Input	N/A
	Annual benefit statement process	Notified	Oversight	N/A	Notified	Oversight	Specific Input	N/A
	Issue annual allowance pension savings statements	Notified	Notified	N/A	Notified	Oversight	Specific Input	Advise
	Develop appropriate key performance indicators (KPIs) - Governance compliance statement	Specific Input	Specific Input	N/A	Specific Input	Oversight	Specific Input	Advise
	Sign off KPIs	Approve	Notified	N/A	Notified	Recommend	Notified	N/A
	Manage administrator performance against KPIs (inc. outsourced)	Oversight	Specific Input	N/A	Notified	Specific Input	Specific Input	N/A
	Agree business continuity plans	Approve	Specific Input	N/A	Specific Input	Recommend	Specific Input	N/A
	Compile and publish Fund Annual report	Approve	Specific Input	N/A	Oversight	Recommend	Specific Input	Specific Input
	Recommend approval of fund accounts to relevant committee	Recommend	Notified	N/A	Oversight	Agree	Specific Input	N/A
	Agree anti-pension scam (anti-fraud) policy	Approve	Specific Input	N/A	Oversight	Recommend	Specific Input	N/A
	Agree data improvement plan	Approve	Oversight	N/A	Notified	Recommend	Specific Input	N/A
LGPS Investment	Agree asset allocation	Approve	Notified	Specific Input	Notified	Recommend	Specific Input	Advise
	Agree allocations to new asset classes	Approve	Notified	Specific Input	Notified	Recommend	Specific Input	Advise
	Agree Investment strategy statement (including RI)	Approve	Notified	Specific Input	Notified	Recommend	Specific Input	Advise
	Recommend LGPS Investment pool for Fund to Full Council	Recommend	Notified	Specific Input	Oversight	Specific Input	Specific Input	Advise
Monitoring and Oversight	Monitor the Fund's Investment performance	Oversight	Notified	Specific Input	Notified	Specific Input	Specific Input	Advise
	Monitor fund managers ESG and sustainability policies	Oversight	Notified	Specific Input	Notified	Specific Input	Specific Input	Advise
	Cashflow management	Oversight	Notified	Specific Input	Oversight	Specific Input	Specific Input	Advise

Approve	Final approval to be given to a decision, usually following formal recommendation
Recommend	Recommendation of formal decision, having sought necessary advice and input from others
Advise	Professional advice
Oversight	Scrutiny of decisions or recommendations
Specific Input	Providing specific input or expertise in relation to recommendations or decisions to be taken
Agree	Agree decisions
Notified	Notified of decisions as part of overall responsibilities, where the decisions may be of interest
N/A	Specific group or individual is not impacted by the recommendations or decisions taken

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DRAFT FORM

Decision Making : LGPS Governance matrix

Incorporating "Good Governance" recommendations

Area	Task	Pension Committee	Pension Board	Investment Pool	S151 Officer	Senior LGPS Officer	Fund Officers	Advisors
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	Develop structure of the pension function	Oversight	Specific Input	N/A	Specific Input	Specific Input	Specific Input	Advise
	Sign off structure	Approve	Notified	N/A	Agree	Recommend	Notified	Notified
	Develop Fund policy on representation	Oversight	Specific Input	N/A	Specific Input	Specific Input	Specific Input	Advise
	Recommend to Full Council representation policy	Recommend	Notified	N/A	Agree	Agree	Notified	Notified
	Develop Fund objectives for Governance, Funding, Investment and Delivery	Oversight	Specific Input	N/A	Specific Input	Specific Input	Specific Input	Advise
	Agree Fund objectives for Governance, Funding, Investment and Delivery	Approve	Notified	N/A	Agree	Recommend	Notified	Notified
	Agree Fund investment beliefs	Approve	Notified	N/A	Notified	Recommend	Specific Input	Advise
Governance functions	Develop and oversee risk management framework	Approve	Oversight	Specific Input	Agree	Recommend	Specific Input	Advise
	Monitor and oversee the Valuation process	Oversight	Notified	N/A	Oversight	Specific Input	Specific Input	Advise
	Review of Fund covenant arrangements	Oversight	Notified	N/A	Notified	Specific Input	Specific Input	Advise
	Agree assumptions to be used in valuation exercise	Approve	Notified	N/A	Notified	Agree	Specific Input	Recommend
	Agree Funding Strategy Statement	Approve	Notified	N/A	Notified	Agree	Specific Input	Recommend
	Sign off contribution rates	Oversight	Notified	N/A	Notified	Agree	Notified	Approve
	Sign off valuation results	Approve	Notified	N/A	Oversight	Agree	Notified	Recommend
	Approve adequate systems of internal controls	Approve	Oversight	N/A	Agree	Recommend	Specific Input	Advise
	Produce governance compliance statement	Approve	Oversight	N/A	Specific Input	Recommend	Specific Input	Advise
	Develop business plan (inc. budget)	Specific Input	Specific Input	N/A	Specific Input	Oversight	Specific Input	Advise
	Agree and sign off business plan	Approve	Oversight	N/A	Agree	Recommend	Specific Input	Notified
	Agree and sign off conflicts of interest policy	Approve	Oversight	N/A	Notified	Recommend	Specific Input	Advise
	Agree and sign off administration strategy	Approve	Oversight	N/A	Notified	Recommend	Specific Input	Advise
	Agree Administration Authority discretionary policies	Approve	Oversight	N/A	Notified	Recommend	Specific Input	Advise
	Agree and sign off communications policy	Approve	Oversight	N/A	Notified	Recommend	Specific Input	Advise
	Agree and sign off training strategy	Approve	Oversight	N/A	Notified	Recommend	Specific Input	Advise
	Agree cyber security policy and associated documents (i.e incident response plan)	Approve	Oversight	N/A	Notified	Recommend	Specific Input	Advise
	Agree recommendations from Independent Governance Review	Approve	Notified	N/A	Notified	Notified	Notified	Recommend
	Report breaches of the law	Specific Input	Specific Input	Specific Input	Specific Input	Specific Input	Specific Input	Specific Input
Fund Delivery	Completion of Year-end exercise/monthly data process	Notified	Notified	N/A	Notified	Oversight	Specific Input	N/A
	Annual benefit statement process	Notified	Oversight	N/A	Notified	Oversight	Specific Input	N/A
	Issue annual allowance pension savings statements	Notified	Notified	N/A	Notified	Oversight	Specific Input	Advise
	Develop appropriate key performance indicators (KPIs) - Governance compliance statement	Specific Input	Specific Input	N/A	Specific Input	Oversight	Specific Input	Advise
	Sign off KPIs	Approve	Notified	N/A	Notified	Recommend	Notified	N/A
	Manage administrator performance against KPIs (inc. outsourced)	Oversight	Specific Input	N/A	Notified	Specific Input	Specific Input	N/A
	Agree business continuity plans	Approve	Specific Input	N/A	Specific Input	Recommend	Specific Input	N/A
	Compile and publish Fund Annual report	Approve	Specific Input	N/A	Oversight	Recommend	Specific Input	Specific Input
	Recommend approval of fund accounts to relevant committee	Recommend	Notified	N/A	Oversight	Agree	Specific Input	N/A
	Agree anti-pension scam (anti-fraud) policy	Approve	Specific Input	N/A	Oversight	Recommend	Specific Input	N/A
	Agree data improvement plan	Approve	Oversight	N/A	Notified	Recommend	Specific Input	N/A
LGPS Investment	Agree asset allocation	Approve	Notified	Specific Input	Notified	Recommend	Specific Input	Advise
	Agree allocations to new asset classes	Approve	Notified	Specific Input	Notified	Recommend	Specific Input	Advise
	Agree Investment strategy statement (including RI)	Approve	Notified	Specific Input	Notified	Recommend	Specific Input	Advise
	Recommend LGPS Investment pool for Fund to Full Council	Recommend	Notified	Specific Input	Oversight	Specific Input	Specific Input	Advise
Monitoring and Oversight	Monitor the Fund's Investment performance	Oversight	Notified	Specific Input	Notified	Specific Input	Specific Input	Advise
	Monitor fund managers ESG and sustainability policies	Oversight	Notified	Specific Input	Notified	Specific Input	Specific Input	Advise
	Cashflow management	Oversight	Notified	Specific Input	Oversight	Specific Input	Specific Input	Advise

Approve	Final approval to be given to a decision, usually following formal recommendation
Recommend	Recommendation of formal decision, having sought necessary advice and input from others
Advise	Professional advice
Oversight	Scrutiny of decisions or recommendations
Specific Input	Providing specific input or expertise in relation to recommendations or decisions to be taken
Agree	Agree decisions
Notified	Notified of decisions as part of overall responsibilities, where the decisions may be of interest
N/A	Specific group or individual is not impacted by the recommendations or decisions taken

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

	Q1 2021/2022		**Q2 2021/2022**		**Q3 2021/2022**	
	1 April 2021 - 30 June 2021		**1 July 2021 - 30 September 2021**		**1 October 2021 - 31 December 2021**	
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)**
Outline of content	Providing a general understanding of the legislative fromework 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 requirementa 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
Scheduled delivery date	tbc	24-May-21	tbc	tbc	tbc	tbc
Method of delivery	video conference/face to face - **Member induction day**		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
Board	Yes		Yes	Yes	Yes	Yes
	[redacted]					
2 Business plan relevant	**McCloud update**	**Confirm with Sean/Sally and update plan**	**Cyber Security**	**Confirm with Sean/Sally and update plan**	**Confirm with Sean/Sally and update plan**	**Valuation update**
Outline of content	Ensuring members are up to date in understanding of the Fund's response to the McCloud judgement		Ensure the Committee and Pension Board are advised of this threat and what it means for the Fund			Provide initial preparation for the 2022 formal Fund valuation exercise
Scheduled delivery date	tbc	tbc	tbc	tbc	tbc	tbc
Method of delivery	video conference/face to face		Training video		meeting papers	meeting papers
Delivered by			Webinar			
Committee						
Board						
3 Current issues and ongoing training	**Good Governance recommendations**	**PLSA Conference**		**ESG & RI compliance**	**Annual Brunel Pool meeting**	
Outline of content	Ensuring members understand the likely recommendations from the SAB Good Governance review and the implications for the Fund	Trustee conference hosted by the PLSA		Ensure members have an understanding of what ESG & RI means, specifically in relationship to their stewardship of the Fund	Ensure members are abreast of the latest developments within the Brunel Pool	
Scheduled delivery date	tbc	?	tbc	tbc	tbc	tbc
Method of delivery	Briefing notes/ webinars	video conference/face to face	Briefing notes/ webinars		video conference/face to face	
	video conference/face to face					
	reading material					
	training videos					
Delivered by		PLSA				
Committee		Yes				
Board		Yes				
4 Current issues and ongoing training	**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	
Method of delivery	As appropriate		As appropriate		As appropriate	
Delivered by	tbc		tbc		tbc	
Committee	Yes		Yes		Yes	
Board	Yes		Yes		Yes	

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DRAFT FORM

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

	Q4 2021/2022		Q1 2022/2023	
	1 January 2022 - 31 March 2022		1 April 2022 - 30 June 2022	
1 Core CIPFA requirement	**Financial Markets & Product Knowledge (module 7)**	**Actuarial Methods, Standards & Practices (module 8)**	**Pension Legislation (module 1)**	**Pension Governance (module 2)**
Outline of content	Providing a general understanding of the risk and return characteristics of the main asset classes, the workings of the financial markets and available investment vehichles 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	Providing a general understanding of the legislative fromework 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
Scheduled delivery date	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
Delivered by				
Committee	Yes	Yes	Yes	Yes
Board	Yes	Yes	Yes	Yes
2 Business plan relevant	**Confirm with Sean/Sally and update plan**	**Confirm with Sean/Sally and update plan**	**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	tbc	tbc	tbc
Method of delivery				
Delivered by				
Committee				
Board				
3 Current issues and ongoing training	**Good Governance recommendations**	**ESG & RI update**	**Valuation update**	
Outline of content	Follow on from the initial Good Governance training, ensuring members are fully aware of implications for the Fund and any subsequent actions that require to be undertaken	Revisit topic to ensure members remain clear of the importance of ESG & RI matters and how they relate to their stewardship role	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	tbc	tbc	tbc
Method of delivery	Meeting papers		tbc	
Delivered by				
Committee				
Board				
4 Current issues and ongoing training	**TPR toolkit Training videos Webinars Conferences**		**TPR toolkit Training videos Webinars Conferences**	
Outline of content				
Scheduled delivery date	Throughout the year		Throughout the year	
Method of delivery	As appropriate		As appropriate	
Delivered by	tbc		tbc	
Committee	Yes		Yes	
Board	Yes		Yes	

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Division(s): n/a

PENSION FUND COMMITTEE – 10 SEPTEMBER 2021

REVIEW OF THE BUSINESS PLAN 2021/22

Report by the Director of Finance

RECOMMENDATION

The Committee is RECOMMENDED to note progress against each of the key service priorities as set out in the report.

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 Pensons 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.
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 - RED	No action to date – Focus has been on the development of the climate related passive benchmarks and investing in climate solutions.	Review of current engagement and voting reports to assess quality of existing target outcomes set for engagement, and how success is measured. Review voting and escalation processes and assess whether timescales for achieving desired change are realistic.

6. There have been 2 key developments in the implementation of our Climate Change Policy over the last quarter, both of which are reflected in separate reports on today's agenda. The first is the development of the new climate related benchmarks by Brunel in conjunction with FTSE Russell, and the subsequent development of new Brunel passive portfolios in conjunction with Legal and General Investment Management. As noted in the separate report,

these are significant developments in the investment industry, allowing us to address a key concern around passive investments as well as providing a secondary benchmark against which to assess the performance of the active equity portfolios.

7. The second key development is the production of our first report in line with the requirements of the Taskforce on Climate-related Financial Disclosures (TCFD). As noted in the separate report on the agenda, this TCFD report has been produced 2 years in advance of the expected statutory requirement. The report also covers the progress made in the first year since the introduction of our Climate Change Policy, which includes a 17.7% reduction in the carbon emissions of the listed equity and corporate bond portfolios, in excess of the 7.6% target annual reduction.

8. What is clear from the work on the TCFD report is that the additional requirements of delivering the full reporting associated with the implementation of our climate change policy and the impending statutory reporting is going to place an increasing burden on the Fund's Officers. A report will be brought to a future meeting of this Committee setting out the proposed additional resources required for approval.

9. <u>Deliver further improvements to the governance arrangements of the Fund.</u> There were 3 specific measures of success set out in the 2021/22 Business Plan in respect of this priority. The progress against these in set out in the table below.

Measure of Success	Key Progress Achieved	Outstanding Actions
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	Report on all 9 outstanding recommendations on today's agenda, including proposed way forward on each.	Recommendations to be implemented.
Full Training Programme in place, with levels of	Initial skills and knowledge assessment completed	

engagement and skills and knowledge scores increasing - GREEN	for 70% of Committee Members and 100% of Board Members. Training programme and review process included in today's agenda.	

10. A full report on the Governance review is included elsewhere on today's agenda. The report which has been produced with the support of Hymans Robertson includes an action plan to deliver against the 9 outstanding actions of the independent governance review carried out by Hymans. Agreement and implementation of the action plan will deliver the objectives included within this priority.

11. <u>Further improve the data management arrangements between the Fund and both scheme employers and scheme members.</u> 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.

12. There has been limited progress in this quarter in respect of this priority, although this is as expected as the focus has been on completing the work

necessary to produce the annual benefit statements for all active and deferred members in line with the statutory deadline of the end of August 2021 (see Administration report for further details). It should be noted that this annual exercise should itself lead to improvements to the data quality which will be reflected in the reports we now need to produce for the Pension Regulator. It is also expected that the publication of annual benefit statements to the Members Self Service portal will again lead to an increase in the numbers of members who activate their account.

13. In respect of the work associated with the McCloud judgement, 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.

14. 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.

15. We have now completed the transition of all listed asset classes to Brunel with 80% of the Fund's assets now invested in Brunel portfolios. The majority of the remaining 20% will transition to Brunel as money is distributed back to the Fund from the legacy private market investments, and Brunel call down the commitments already made against the new private market portfolios. Final decisions for this Committee in relation to the Diversified Growth Fund and the listed private equity investments will be taken later this financial year.

16. As reported last quarter, a number of changes have been agreed to the standard quarterly performance reports and Brunel are currently taking this forward. There has been a short delay in the project but revised reports should still be available for the Committee later this year.

17. 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. The assurance process undertaken by the Client Funds has been enhanced during the last quarter with representatives of the Client Group sitting in as observers on the meeting of the Brunel Investment Team as they carried out their latest review of the listed portfolios.

18. 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	291	22%	1,210	-125
Support Services Including ICT	812	437	54%	812	0
Printing & Stationary	82	11	14%	82	0
Advisory & Consultancy Fees	165	0	0%	165	0
Other	59	0	0%	59	0
Total Administrative Expenses	**2,453**	**739**	**30%**	**2,328**	**-125**
Investment Management Expenses					
Management Fees	11,316	3,007	27%	11,500	184
Custody Fees	25	10	42%	30	5
Brunel Contract Costs	1,065	268	25%	1,065	0
Total Investment Management Expenses	**12,406**	**3,286**	**26%**	**12,595**	**189**
Oversight & Governance					
Investment Employee Costs	263	64	24%	263	0
Support Services Including ICT	12	7	60%	15	3
Actuarial Fees	190	97	51%	190	0
External Audit Fees	40	5	12%	40	0

Internal Audit Fees	16	0	0%	16	0
Advisory & Consultancy Fees	89	9	10%	80	-9
Committee and Board Costs	61	1	2%	50	-11
Subscriptions and Memberships	58	10	17%	50	-8
Total Oversight & Governance Expenses	**729**	**193**	**26%**	**704**	**-25**
Total Pension Fund Budget	**15,588**	**4,218**	**27%**	**15,627**	**39**

19. At this time it is forecast that the expenditure for 2021/22 will total £15.827m which represents an overspend of £39,000 or 0.25%. 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.

20. 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.

21. 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
Sean Collins
Tel: 07554 103465

August 2021

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Division(s): n/a

PENSION FUND COMMITTEE – 10 SEPTEMBER 2021

RISK REGISTER

Report by the Director of Finance

RECOMMENDATION

1. The Committee is RECOMMENDED to note the changes to the risk register and offer any further comments.

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 9 July 2021, the Pension Board considered the risk register and report as presented to the June meeting of this Committee and offered no further comments.

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. The likelihood for two risks have been reduced so moving the overall assessment of these risks to Green indicating that they are now at their target risk score. Three risks remain as Amber and one risk remains as Red. No new risks have been added to the Register.

7. The likelihood of risk 6 which is an under-performance of the portfolios due to a lack of consideration of the long term ESG risks associated with the investments has been reduced from 2 to 1. This means that the risk whilst still possible is

now deemed unlikely. The basis of this decision is the stronger reporting on this area as reflected in the TCFD report elsewhere on this agenda, which better enables the Committee to monitor and mitigate this risk, and the progress made with Brunel in developing new climate related passive benchmarks which enable the significant financial risks of climate change to be better managed within a passive environment.

8. The second risk where the risk score has been reduced down to target is risk 14, which relates to the risk of regulatory breach due to a lack of skills and knowledge amongst the Fund's officers. The risk score has previously been raised due to the high turnover in the team, and the numbers of vacancies being carried. As vacancies have been filled and the new staff gain in experience the risk of significant errors have lessened, and there is no evidence to date of any significant increase in the level of errors and complaints. The risk of any significant statutory breach is now deemed unlikely.

9. There are three risks where the overall rating has remained Amber this quarter. The first of these relates to the skills and knowledge of the Committee itself. Given the number of new members on the Committee it has not been felt to be appropriate to reduce the risk score at this time. Two key actions to mitigate this risk though have progressed during this quarter. The first is the completion of the Knowledge Assessment tool run by Hymans. At the time of writing this report, the results from this work are unknown, and the risks scores will be reviewed once an initial analysis of the scores has been completed. The second mitigating action is the development of the comprehensive training programme which is included elsewhere on today's agenda for approval. Acceptance and compliance with this programme will help to mitigate this risk down to its target score.

10. The retention of the amber score for risk 20 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. The position is similar on risk 21 which relates to the same issue in respect of the fire-fighters pension scheme, although here the risk is scored Red overall due to the increased legal action being taken by the Fire Brigades Union in support of their case.

11. The third and final risk retaining its Amber score is risk 22 which relates to the key person risk identified in the independent governance review carried out by Hymans Robertson. The recommendation elsewhere on this agenda to appoint a new Governance Officer to manage the increased workload associated with governance issues will if approved act to mitigate this risk, and enable the score to be reduced down to target following a successful appointment.

12. The only other point noted on this quarter's risk register relates to risk 18, which was the risk that the pooling arrangements imposed by the Government would

lead to an inability for the Oxfordshire Fund to deliver against its own priorities. The early evidence had allowed this risk to be scored at target. This position has been further endorsed this quarter with the development of the climate related passive portfolios which addressed one of the key priority shortfalls identified following the approval of our Climate Change Policy. This suggests that rather than pooling increasing the risk of a failure to deliver on our local agenda, pooling has in fact strengthened our position and mitigated the risk, through Brunel having a stronger position in the industry to encourage the market to develop appropriate investment offerings.

Lorna Baxter
Director of Finance

Contact Officer: Sean Collins
Tel: 07554 103465 August 2021

Risk Register

Identification of Risks:

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

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

Key to Scoring

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

Likelihood

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

RAG Status/Direction of Travel

Red	Risk requires urgent attention
Amber	Risks needs to be kept under regular review
Green	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	August 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	August 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	August 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	August 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	August 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	August 2021	Now at target. First TCFD report highlights that Brunel and the underlying Fund Managers are investing in line with our Policy, with carbon emissions significantly below benchmark and reducing without detrimental impact on performance. Further proposals to re-allocate passive allocations to new climate related benchmarks.

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	August 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	August 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	August 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	August 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	August 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	August 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.	September 2021	4	1	4	August 2021	Risk score retained above target whilst new members of the Committee are appointed and initial skills and knowledge assessment completed.
14	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	August 2021	Returned to target as experience of new staff group grows and no evidence of marked increase in the number of errors or complaints.

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		
15	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	August 2021	At Target
16	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	August 2021	At Target
17	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	August 2021	At Target
18	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	August 2021	At Target – New passive portfolios now available in line with Climate Change Policy requirements.
19	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	August 2021	At Target
20	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	August 2021	Awaiting Government response to consultation exercise on new Regulations to assess full impact.
21	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	3	12	↔	Legal Advice to be received, National Framework to be published by Scheme Advisory Board. Local Policy determined.	September 2021	4	1	4	August 2021	Still awaiting central guidance.

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	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	August 2021	Recommendation to appoint a new Governance Officer included in September Committee papers.

PENSION FUND COMMITTEE – 10 SEPTEMBER 2021

ADMINISTRATION REPORT

Report by the Director of Finance

RECOMMENDATION

The Committee is RECOMMENDED to

i) Agree to a further extension of the reduction is SLA target, to be reviewed at the December meeting;
ii) Agree to the proposed changes to communication policy;
iii) Note the amounts written off by the Pension Services Manager; and
iv) Decide whether the fund should undertake an annual benchmarking exercise.

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. Previous reports have split the overall workload reporting along lines of the sections within the team. Given the interdependencies this report aims for a more holistic view of the workload.

3. Members will be aware that i-connect has now been implemented for all scheme employers with the exception of OBU and OCC, who are due to go live in September and October respectively. This has been delayed so that the annual benefit statement exercise can be finalised first.

4. Once a scheme employer has processed their monthly payroll, they can now upload their data, via i-connect, directly to the pension software. Certain checks are built into the software which will prevent erroneous data being uploaded to pension records. These checks, however, are still limited and as a result various other reports are run so that manual checks can be made, and any anomalies queried with the scheme employer. This vetting process is a key procedure to ensure not only that data is being received on a regular basis but that it meets the criteria set out in regulation for the administration of pensions.

5. The latest statistics show that the team is not keeping up with the vetting of incoming data by the 18th of the month following receipt. As at July 2021:

40.74% of returns have been vetted in the correct time frame
45.06% of returns are still to be vetted
9.25% of returns have not yet been received
4.95% of returns are queries or related to new admission agreements.

6. 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. This will then improve the flow of work to the benefit administration section who are responsible for processing the payments, answering queries, and updating member records.

7. Work also comes into the benefit administration team directly from scheme members; enquiries from scheme employers; information requests from other funds and third-party providers.

8. Over the past six months the team has been working to a reduced SLA standard, as agreed by this committee, because of new administrator training and the lack of experienced staff. At the same time there has been an increase in the volume of new cases coming into the team. Below are the headline figures – full information can be found attached at Annex 1

	SLA Overall %	Statutory Overall %	New Cases
April	57.14	54.22	1365
May	67.83	64.01	1085
June	69.37	65.12	1536
July	74.88	62.91	2047

9. Staff training continues to be a priority but as members will note from information in Annex 1 there is still a lack of experience in the more complex subjects.

10. During the last quarter the team has been working on processing end of year returns, which overall has been easier with the majority of scheme employers having transferred to i-connect. Unfortunately, this improvement did not carry over to the production of the annual benefit statements which has flagged issues particularly around post changes and aggregation resulting in records needing to be updated before producing statements.

11. Members will be aware that we are required to issue 100% of annual benefit statements by 31 August each year. The number of active and deferred statements issued will be reported at the committee meeting.

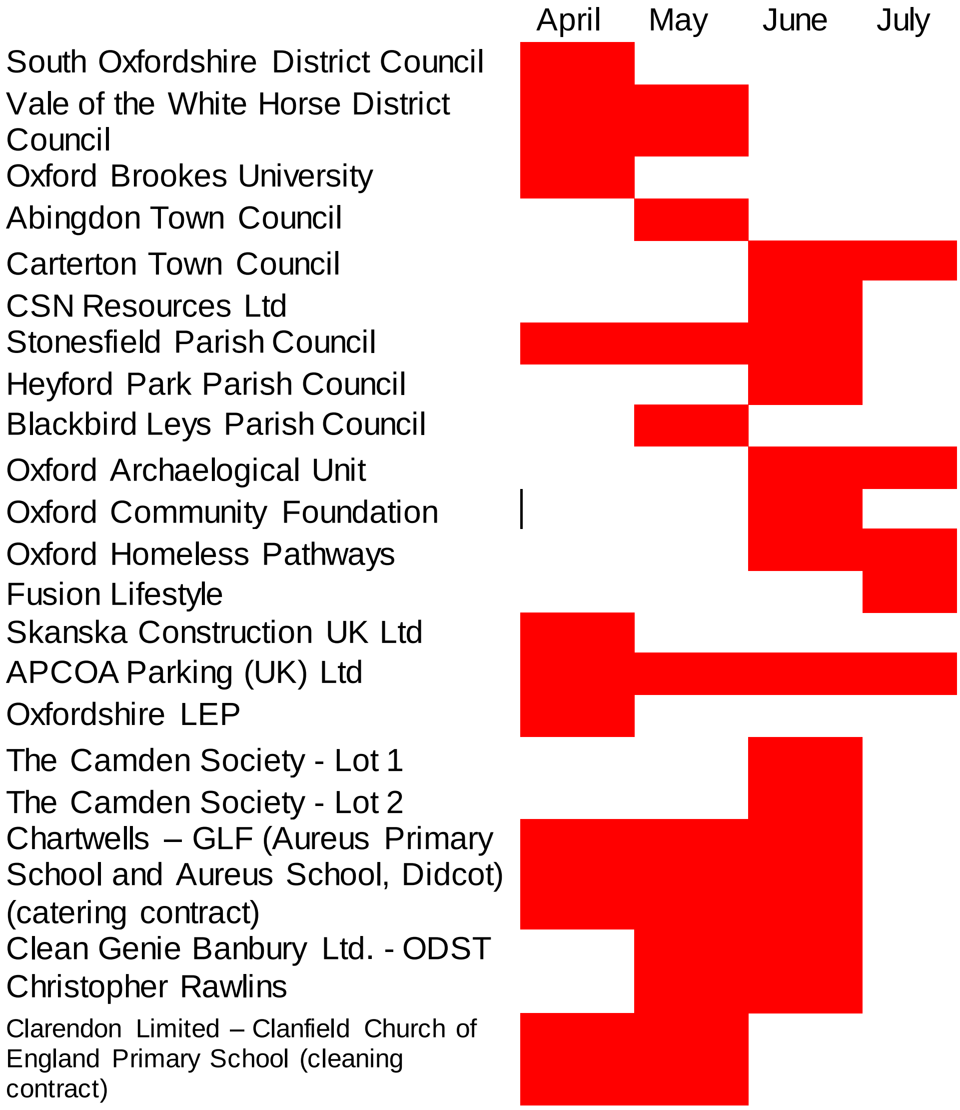
12. Fire Service – good progress has been made in clearing backlog of leaver files. At time of reporting there were 13 records to be finalised. All other statistics at 100%.

Contribution monitoring

13. This process sits within the Investment team. The chart below shows which scheme employers have been late in making payments to the fund, which are due by 19th month following payroll.

14. The only concern at present is with APCOA who are consistently late in making payment. The Investment Manager has been in contact with this employer regarding the late payments.

Missing contributions



Projects

15. In the coming quarter the projects to note are as follows.

16. GMP Reconciliation – the changes were made to the April payroll for scheme members where under or over payments had been identified. GMP remains on the project list as checks and any corrections need to be applied to both active and deferred records.

17. 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. For OCC this will link up with end of year to ensure that all data is matched, and files being uploaded are monitored. Once complete process will be fully handed

back to OCC payroll for October (this has moved from July). For OBU a similar process has been followed as for OCC – the process will be handed over in September (this has moved from May)

18. 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.

19. The next major project for the team will be the "McCloud" project which is included as part of the annual business plan.

20. All other projects are on target.

Staffing

21. In looking at current workloads and project work the next major work pressure will come out of the McCloud project. This arises from the Court case which ruled that the underpin protections applied to scheme members, in 2014 with the introduction of the CARE scheme, was unlawful because it discriminated on ground of age.

22. As a result, all scheme members as at 1st April 2012, regardless of age, are now eligible for the underpin. Whilst this does not come into play until benefits are crystallised a check must be carried out on all active, deferred and pensioner

records to determine which benefit calculation is the more generous. Initial estimates suggest this will affect in excess of 13,000 member records.

23. Whilst hour change information was requested from scheme employers post April 2014 this was not uploaded to our system. Therefore, the first task is to identify any gaps in member records, liaise with scheme employers for any missing information and then to upload this to our system. By which time it is anticipated that regulations will have been issued and software changes implemented so that new benefit calculations can be run, and adjustments made.

24. It is not feasible to consider that this work can be undertaken with current staffing structure. At the moment there are vacancies within the team equalling 4.63 FTE out of total FTE of 34.75.

25. Choosing to recruit to 4 of these vacant posts is an easy decision in one respect. However, to be effective that training needs to be undertaken in the benefit administration team which has already been under pressure due to the loss of experienced staff and training of 4 new administrators since autumn last year.

26. To avoid further pressures on the benefit administration team my proposal is:

- Recruit 4 new administrators – costs to be met within current budget provision
- Team Leader return from maternity in early October, albeit on part time hours. Job role to be reviewed to see what changes could be made to accommodate part time – as would need to advertise internally to cover gap to FTE which would then impact on proposal for senior administrators below.
- Senior administrator covering this maternity will return to substantive post
- There are 9 senior administrators over whole team, 5 of these are based in the benefit administration team. Keep 4 of these posts in current role to maintain checking and dealing with specific work areas. Then use 5th senior as a trainer.
- The trainer would work exclusively with new recruits to speed up training process.

27. It is proposed that this should be an interim step whilst a fuller and more detailed analysis of the team structure is undertaken identify the best possible structure to deal with workloads, deliver a robust, efficient service to scheme members and scheme employers and to include succession planning.

Communications

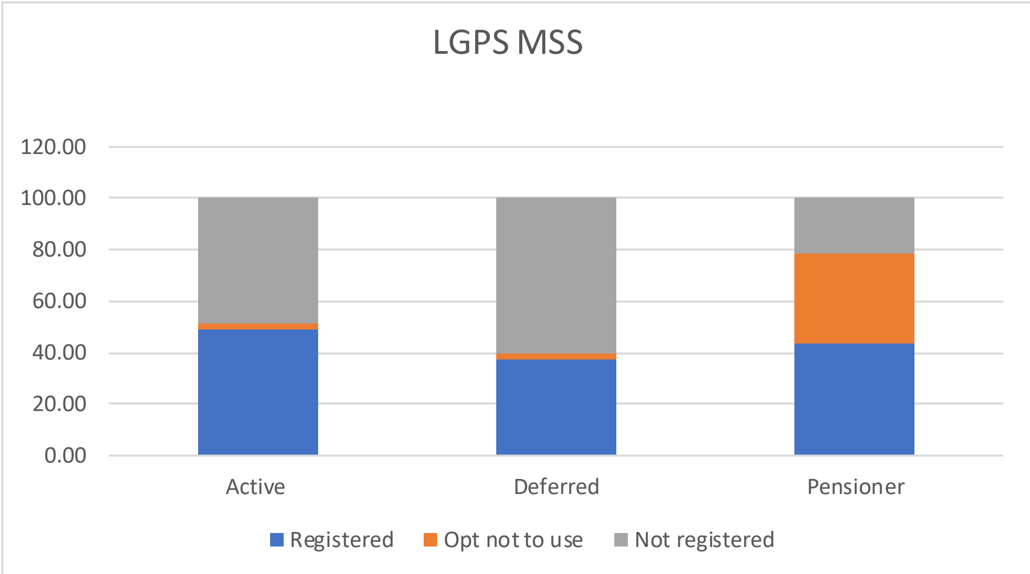
28. The fund's communication policy was last updated in 2019. A copy is at Annex 2. Member's opinion is now sought on proposed changes ahead of the employer consultation:

- change the number of employer meetings from 4 to 2 each year to encourage better attendance and look at topics in more detail

- to consider whether the annual employer forum should be changed to triennial to coincide with valuation outcomes
- to reflect the greater use of MSS including enabling members to run personalised calculations.
- reflect the introduction of customer surveys
- Changes to member website have been completed and the next stage is to update employer web pages.

Member Self Service

29. Chart below has not changed since last quarter. The annual exercise of sending activation codes out to members who have not yet registered will take place in autumn.



Employers

30. Thame Partnership Academy Trust - despite various communications this employer has not answered questions relating to end of year, which will impact on the production of annual benefit statements. Team leaders have come up with a “work around” to enable annual benefit statements to be published. Charges for this work will be made in line with the administration strategy.

31. Ecocleen – again despite various communications, we are awaiting information to be provided by the employer. We have already issued fines in accordance with the Administration Strategy, and at the time of writing this report we were writing a final letter to the Chief Executive of the company before completing a formal referral to the Pension Regulator.

Customer Surveys – Feedback and Complaints

32. Customer surveys are sent out once a case has been completed. In June this yielded 2 responses, with an average of 3 stars and in July 15 responses with

an average of 4 stars. Overall comments were good except that responses in July generated 2 complaints.

33. Two of the three formal complaints reported last quarter are still in progress with no further updates to report.

34. Two further cases have been completed in this quarter. In one case the member had been given incorrect information which was corrected before benefits were paid and in the second regulations did not allow the member to commute benefits.

35. There are three new cases in progress which have been made to:

- Challenge an ill health decision
- Complain about information provided / response times
- Revisit a transfer out some years ago.

Write Off

36. There have been four deaths in the quarter where payroll adjustments cannot be recovered amount to a write off £27.96

Prudential

37. This note is to make members aware of the current situation with Prudential, the fund AVC provider, who over a year ago implemented a change of software which has caused numerous issues that have not yet been resolved.

38. At the end of 2020 members were reporting back to the fund to say that AVCs had been deducted from their pay but not credited to their AVC account. There have also been issues of getting AVC fund values for members due to retire, getting information about AVCs and the lengthy waits for any response from the Prudential.

39. The annual benefit statement giving members information about the AVC investment are normally issued in May each year. As yet not annual benefit statements have been issued and Prudential are reluctant to confirm when this will happen.

40. Prudential has reported these issues directly to both the Pension Regulator and the Financial Conduct Authority given the impact on many LGPS funds across the UK. The Local Government Association are also aware of these issues, monitoring what is happening and representing LGPS funds. Pension managers are updating each other through their officer group meetings.

41. Since the first issue was raised monthly meetings have been held with the Oxfordshire fund client manager. This has enabled us to identify and progress the most urgent cases. However, we have little influence over the level of service and resolution of outstanding issues which is painfully slow.

42. Prudential are making sure that where there are delays in investments to individual accounts the member does not suffer any financial detriment. I have also been advised that compensation payments are being made as appropriate in cases of complaint.

Audit Report / Benchmarking

43. Two issues raised in recent audit reports need to be referred to this committee.

44. The first is that of debt chasing. Unfortunately, I do not have a record of why the pension fund decided, at the time of implementation, not to subscribe to the IBC debt chasing services, but to do this internally. Staff changes have meant that this has not been consistently followed up. The new office administrator, appointed in June, has now sent out letters requesting payment of all overdue invoices. As yet, there is little information on the success of this exercise.

45. For both administration and investments, the value of invoices issued is £157,030.71, of which £133,729.04 is overdue for payment.

46. In line with the audit recommendation to give oversight and monitoring of these monies, a report will be submitted to this committee each quarter.

47. The second audit recommendation is to seek committee's view on whether the fund should be benchmarking administration services against other LGPS funds.

48. Previously the fund participated in the annual CIPFA benchmarking exercise until 2016. The timing of the annual exercise and gathering of all information clashed with end of year reconciliations and production of annual benefit statements. Coupled with declining number of funds signing up it was felt that time could be better spent on processing end of year.

49. Information on the number of participants and costs has been requested and will be circulated as soon as this is available.

50. Recently, another company CEM has approached the fund with their benchmarking product. The information about the LGPS clients shows that it is the much larger funds (with over 100,000 members) who have joined which is not surprising given there is a significant cost of £8,000 per annum to participate.

51. Previous participation in the benchmarking club was interesting but did not impact on the way in which administration was organised or have any other major impacts on systems. Generally, it has been found that the informal arrangements via pension manager contacts and more formally with our actuaries has proven to be more beneficial.

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August 2021

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Benefit Adminisation Monthly SLA Statistics

Subject	Standard SLA Target	Temporary SLA Target From March 2021	April 2021						May 2021				
			Total Number Completed	Total Completed Within Target	Total Completed Over Target	% Achieved in SLA deadline	% Achieved in Legal deadline	Number of Open Cases	Total Number Completed	Total Completed Within Target	Total Completed Over Target	% Achieved in SLA deadline	% Achieved in Legal deadline
Annual Allowance	**90%**	**75%**	0	0	0				5	3	2	60.00	
APC	**90%**	**75%**	1	0	1	0.00		20	10	6	4	60.00	
Assistants* **	**90%**	**75%**	14	12	2	85.71		164	32	18	14	56.25	
Deaths	**95%**	**75%**	29	24	5	82.76		289	46	31	15	67.39	
Divorce	**95%**	**75%**	10	9	1	90.00		12	13	13	0	100.00	
Enquiries	**90%**	**75%**	522	332	190	63.60		202	284	137	147	48.24	
HR Estimate	**90%**	**75%**	20	10	10	50.00		10	9	7	2	77.78	
Interfund In	**90%**	**75%**	12	3	9	25.00		89	50	18	32	36.00	
Interfund Out	**95%**	**75%**	33	3	30	9.09		107	29	9	20	31.03	
Leavers*	**90%**	**75%**	293	256	37	87.37	83.41	234	220	170	50	77.27	77.27
Member Estimate	**90%**	**75%**	52	26	26	50.00	50.00	15	67	45	22	67.16	67.16
Re-employments**	**90%**	**75%**	172	147	25	85.47		70	70	65	5	92.86	
Refunds	**95%**	**75%**	11	4	7	36.36		28	2	0	2	0.00	
Retirements	**95%**	**75%**	133	63	70	47.37	50.51	106	200	107	50	53.50	53.50
Transfer In	**90%**	**75%**	24	16	8	66.67	66.67	36	37	25	12	67.57	67.57
Transfer Out	**95%**	**75%**	39	8	31	20.51	20.51	89	11	6	5	54.55	54.55
Totals / Average Overall			1,365	913	452	57.14	54.22	1,471	1,085	660	382	67.83	64.01
% Split			100.00	66.89	33.11				100.00	60.83	35.21		

* Frozen, Deferred, Concurrent

** Elect to Separate, Re-emp quote, Re-emp Actual,

*** Address, Name, Nomination, IFA Requests, Transfer pack

SLA not met

Temp SLA met

Standard SLA met

	June 2021						July 2021						Trained:	
Number of Open Cases	Total Number Completed	Total Completed Within Target	Total Completed Over Target	% Achieved in SLA deadline	% Achieved in Legal deadline	Number of Open Cases	Total Number Completed	Total Completed Within Target	Total Completed Over Target	% Achieved in SLA deadline	% Achieved in Legal deadline	Number of Open Cases	Admin	Senior
	2	0	2	0.00			2	0	2	0.00		2	0	3
10	5	4	1	80.00		9	4	4	0	100.00		3	1	4
223	35	17	18	48.57		97	367	287	5	78.20		210	2	4
292	67	36	31	53.73		271	45	39	6	86.67		276	1	4
12	21	21	0	100.00		9	12	12	0	100.00		13	1	3
172	572	335	237	58.57		177	550	379	171	68.91		125		
12	12	7	5	58.33		16	15	3	12	20.00		6	2	4
86	74	47	27	63.51		60	38	23	15	60.53		70	4	4
123	73	7	66	9.59		82	85	43	30	50.59		62	3	4
293	349	313	36	89.68	89.68	242	434	374	60	86.18	86.18	276	7	4
26	43	26	17	60.47	60.47	41	77	47	30	61.04	61.04	24	3	4
39	50	39	11	78.00		23	33	30	3	90.91		110	7	4
26	21	20	1	95.24		19	41	32	9	78.05		17	5	4
188	168	98	70	58.33	58.33	186	255	131	124	51.37	51.37	158	3	4
28	18	10	8	55.56	55.56	28	23	19	4	82.61	82.61	31	2	4
76	26	16	10	61.54	61.54	81	66	22	44	33.33	33.33	33	3	4
1,606	1,536	996	540	69.37	65.12	1,341	2,047	1,445	515	74.88	62.91	1,416		
	100.00	64.84	35.16				100.00	70.59	25.16					

Oxfordshire Pension Fund
www.oxfordshire.gov.uk/pensions

Oxfordshire Pension Fund

Communication Policy Statement

Version: May 2019

Introduction

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

Purpose

2. This policy sets out the Oxfordshire Pension Fund's strategy for its communications with members and Scheme Employers.

3. The policy applies, in the context of LGPS administration, to members as defined in Schedule 1 of the principal regulations and, in turn, by section 124(1) of the Pensions Act 1995 to include:

   - Active members
   - Deferred members, and
   - Pensioner members
   - Pensioner credit members

4. Scheme Employers, as defined within the regulations, including Teckal companies:

   - Statutory Scheduled Bodies such as the County and District Councils, Colleges of Further Education and Oxford Brookes University; Academies
   - Designating Bodies, including the Town and Parish Councils
   - Admission Bodies, where the Pension Fund Committee have granted scheme admission within the terms of Part 3 Schedule 2 of the Regulations

5. The regulations require the policy statement is prepared, written and published, and for these purposes publish means being accessible on the publically available pensions website.

Aim

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

7. To ensure that members have access to scheme information, notice about proposed and actual changes and are aware of the process to lodge questions and appeals.

8. To enable the Scheme Manager / Administering Authority to discharge their respective responsibilities in accordance with the Local Government Pension Scheme Regulations 2013 (as amended); The Occupational and Personal Pension Schemes (Disclosure of Information Regulations 2013 (as amended) and The Pension Regulator Guidance.

Communication Policy

9. The development and introduction of the 2013 scheme was supported nationally by websites and guidance for both employers and scheme members. Our Fund communications will continue to reference these national resources as well as material provided by the Fund's advisors.

10. Local communications, intended audience, publication media and frequency are explained in the annex to this policy, which should be read in conjunction with the Administration Strategy.

11. The continuing encouragement to use the national resources will avoid duplication. Oxfordshire Pension Fund supports those national developments financially and by active engagement with the working group, which concentrates on member communications. The Fund will continue to support collaboration and development of communication media with other administering authorities.

12. The Fund maintains a website which provides access to member guides, forms and information. The Fund requests that employers provide a copy of the member Brief Guide or the link to the website to all new employees on commencing employment, helping to ensure that scheme information is available within disclosure timetable to members and those eligible to join.

13. The Fund maintains a dedicated area of the website to provide resources and information for employers.

14. Member Self Service (My Oxfordshire Pension) using a secure online web portal hosted by Aquila Heywood, is available for the whole membership. Registered members can a) look at generic scheme information b) view personal correspondence such as letters and annual benefit statements and c) keep their personal details up to date.

15. The team focus is now integrating My Oxfordshire Pension with standard work processes. Increasing take up across all membership groups is a continuous project

16. The Fund has not created a profile on any social media such as Twitter or Facebook; no requests for such access have been received and there is currently no perceived benefit for these to be created.

Review of the Policy

17. We will undertake annual reviews of the Communications Policy considering feedback invited at meetings, training and monthly newsletters.

Oxfordshire Pension Fund
www.oxfordshire.gov.uk/pensions

Annex A

Fund Publications

	Available to:	Media	Frequency
Pension Fund Report & Accounts	Scheme employers Pension Fund Committee MHCLG Scheme members	Website Paper on request Email 'My Oxfordshire Pension'	Annual
Annual Benefit Statement	Scheme members	Paper on request 'My Oxfordshire Pension'	Annual
Newsletter – Members	Active Scheme members,	Website Paper on request Email (assisted by employers) 'My Oxfordshire Pension'	Quarterly
	Deferred	Website Paper on request 'My Oxfordshire Pension'	Annual
	Pensioner members	Website Paper on request 'My Oxfordshire Pension'	Annual to tie in with pensions increase notification
Newsletter - Employers	Scheme employers	Website Email	Monthly
P60	Pensioner members	Paper on request 'My Oxfordshire Pension'	'My Oxfordshire Pension' available to view on demand
Payslip	Pensioner members	Paper on request 'My Oxfordshire Pension'	Posted where variance is >£1 'My Oxfordshire Pension' available to view on demand

	Available to:	Media	Frequency
Guides for New Employers	Scheme employers	On line employer toolkit, includes essential guidance for new employers Paper on request Email	As required

Meetings and forums

Meeting Type	Available to:	Purpose of meeting	Frequency
Employer Forum	Scheme employers	Review of topical issues in fund investment and scheme administration affecting fund employers and members benefits	Annual
Employer User Group	Scheme employers	Review administration, regulation changes, share experience with peer group	Quarterly
Intro to LGPS Training	Scheme employers	Brief course to cover the statutory employer role and regular returns	4 per year or as required
Ad hoc training	Scheme employers	Cover specific subjects for either single employer or a group of employers	By appointment
Presentations	Scheme members Scheme employers		By appointment
Attendance at employer pre-retirement seminars or new member/ employee inductions	Scheme members		By appointment
One to one meeting	Scheme members		By appointment

Oxfordshire Pension Fund
www.oxfordshire.gov.uk/pensions

Other Services

Telephone helpline to Pension Services (Low call rate) Pensioner payroll enquiry help line Employer helpline
Dedicated email addresses to Pension Services Member and employer enquiries Dedicated email address for employer monthly returns
'My Oxfordshire Pension' web portal dedicated telephone help line
Oxfordshire Pension Fund website (promoted in our publications above)
National websites (promoted in our publications above)

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

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OXFORDSHIRE PENSION FUND
REPORT AND ACCOUNTS 2020/21

Registered Number: PS049/20

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FOREWORD TO THE 2020/21 PENSION FUND REPORT AND ACCOUNTS BY THE DIRECTOR OF FINANCE

Introduction

2020/21 was the final year of the Pension Fund Committee chaired by Cllr Kevin Bulmer before the County Council elections in May 2021. The Committee started work in 2017 with the dual challenges of the responsibility to implement the Government's pooling requirements and the demands from the Pension Regulator to improve the quality of the Fund's scheme member data following a failure to issue significant numbers of the statutory annual benefit statements to scheme members. Having successfully delivered on both fronts, any hope of the Committee of a quiet final year were quickly dispelled as the Country went into lockdown as the Coronavirus pandemic hit, impacting directly on the working arrangements of the Committee, scheme employers and the staff of the administering authority, as well as indirectly on the performance of the investment assets.

The production of this year's Annual Report and Accounts is itself a measure of the success of all those involved in the management of the Fund in dealing with the challenges from the pandemic as remote working became the new norm, all meetings became virtual and "You're on Mute" fast became one of the most used phrases of the year. This report though covers a number of further success stories delivered over 2020/21, and the work undertaken on reviewing the governance arrangements of the Fund, to provide the best possible for the new committee to take forward the work into 2021/22

Key Activities of 2020/21

A key focus for the Fund during 2020/21 was the development and implementation of the Climate Change Policy. The first virtual Committee meeting in June 2020 approved the Climate Change Policy following the statutory consultation exercise, and immediately agreed an amendment to the transition programme for moving the Fund's investments assets to Brunel, switching the allocation from a standard active global equity portfolio to the new sustainable Equities portfolio.

The Committee established a Working Group comprising the Chairman, Deputy Chairman and Opposition Spokesperson of the Committee, the Independent Financial Adviser and representatives of Fossil Free Oxfordshire and Scheme Members. The Working Group met throughout the year with Officers from the Fund and from Brunel's Responsible Investment Team with a focus on developing suitable metrics and processes for developing portfolios aligned with the Paris Agreement and limiting temperature increases to 1.5°C. The Committee agreed to join both Climate Action 100+ and the Institutional Investors Group on Climate Change (IIGCC) to work collaboratively with other investors to develop policy and deliver real world change. In particular, the Committee agreed to use the IIGCC's Net Zero Framework as the basis for assessing future portfolios in terms of alignment to the Paris Agreement.
Alongside the work on climate change, the Fund continued to transition funds across to Brunel. New allocations were made towards the private market portfolios managed by Brunel including a first allocation to Private Debt. By the ed of 2020/21, 60% of the Fund's assets were with Brunel with the figure due to rise shortly to 80% on the completion of the transition of the fixed income assets.

On the administration side, key challenges arose from new Government Regulations. Fortunately, the change which was likely to have presented the greatest challenge in respect of a cap on the payments a scheme employer could make to an individual on leaving their employment, including the costs associated with the early payment of their pension on redundancy, was revoked by the Government before our first case got to the point where our decision would have faced legal challenge. The Funding Strategy Statement was changed following full consultation to reflect new Government legislation in respect of exit credits when employers leave the Fund in surplus, as well as the introduction of greater flexibilities on the payment of exit debts where there is a deficit on leaving. Work also started during 2020/21 on dealing with the significant challenges to come on retrospectively implementing the changes to scheme regulations to remedy the age discrimination identified by the courts in the cases brought by McCloud and Sargeant.

Other key areas of work on the administration side included the transition of the majority of scheme employers to iConnect to allow the electronic transfer of scheme member data from scheme employers to the administering authority, and the improvements to the performance information presented to the Committee. The latter was very much driven by the work of the Local Pension Board.

The second half of the year saw a significant amount of work on reviewing the governance arrangements for the Fund. Both the Committee and Board members completed the National Knowledge Assessment run by Hymans Robertson which identified gaps in skills and knowledge, particularly amongst Committee Members. The Committee then agreed to an independent governance review, also carried out by Hymans Robertson which whilst finding that the overall arrangements were sound, identified 10 recommendations for improvement. One of these was to change to constitution of the Committee to widen scheme employer representation, and this was agreed to be implemented immediately following the election results. The other 9 proposals have been carried forward to be implemented during 2021/22 to provide the new Committee with a solid base to move forward.

The Fund

The Fund again saw a further significant change in the employer base, with 10 new scheme employers and 28 leaving the Fund, resulting in a total of 178 active employers as at 31 March 2021. The majority of these changes were in the school's sector reflecting movement between academy trusts and outsourcing contracts for school meals and cleaning. The Fund had a total of 66,407 members as at 31 March 2021, an increase of 2.5% since last year.

In terms of cash-flow, whilst the trend is downwards, the Fund remains cash positive, collecting £1m on average each month more than it pays out by way of benefits. This allows the Fund to retain an investment strategy which maximises the long term returns to the Fund, without the restriction of maintaining high levels of cash or liquid assets to meet pension payments.

Investment Performance

The Fund increased in value by around £0.5billon over the course of the year, largely as a result of a recovery of the financial markets from the significant falls experienced at the beginning of the pandemic. The total value of the investment assets was just below £3billion as at 31 March 2021.

The Future

The Pension Fund Committee has agreed a number of priorities within its Business Plan for 2021/22. These build on those from 2020/21 and the areas of growing national focus.

For the Brunel Pension Partnership with the majority of assets now transitioned across, the focus switches to the processes for ensuring that Brunel are managing the portfolios in accordance with their specifications and therefore delivering against the objectives set in the Funds Investment Strategy. Key within this will be to ensure Brunel develops the full range of portfolios aligned with the Paris Agreement to enable the Fund to deliver its new Climate Change Policy.

The Implementation of the Climate Change Policy will remain a major piece of work during 2021/22, including the publication of our first report consistent with the Taskforce for Climate Related Financial Disclosures (TCFD) template, and the establishment of initial benchmark figures and short term targets consistent with the long-term objectives set in the overall Policy.

A key piece of work will be taking forward the 9 outstanding proposals from the independent governance review and bedding down the new constitution of the Committee. This work will put the new Committee on the front foot when, as expected, the Government implements the findings of the Good Governance Review carried out by Hymans Robertson on behalf of the Scheme Advisory Board.

The final objective for the year is the further improvement in the Fund's data management arrangements and in particular implementing the changes required to remedy the age discrimination identified under the McCloud/Sargeant judgements. Ensuring the quality of the Fund's data will be key leading up to the 2022 Valuation and the setting on the employer contributions for the following 3 years.

Lorna Baxter
Director of Finance July 2021

THE OXFORDSHIRE PENSION FUND LOCAL PENSION BOARD

All Public Sector Pension schemes were required under the Public Service Pensions Act 2013 to set up a Pension Board with effect from 2015/16 to assist the administering authorities of their Pension Scheme in ensuring compliance with LGPS and other pension regulations.

The Oxfordshire Pension Fund Committee, acting as administering authority of the Oxfordshire LGPS, agreed the terms of reference of the Pension Board in March 2015. These terms of reference are available on the Board's website at https://www.oxfordshire.gov.uk/cms/content/lgps-local-pension-board .

Under the constitution of the Board, an annual report on the work of the Board should be produced by the Board for inclusion in the Fund's own annual report; and it should be presented to the Pension Fund Committee within 6 months following the end of the municipal year. This report meets that requirement for the 2020/21 financial year, covering the work from the July 2020 Board meeting to their meeting on 23 April 2021.

Board Membership

The Board started the year with an Interim Independent Chairman, Paul Blacker, who held the position of Director of Finance at Gloucestershire County Council. He chaired the first two meetings of the year, until a permanent appointment was made to the position of Head of Pensions at Gloucestershire. Matthew Trebilcock then chaired the final two Board meetings of the year. Lisa Hughes, one of the Scheme Employer representatives resigned her position on the Board for personal reasons immediately before the April meeting. Attendance at Board meetings was as follows:

	Attended 17 July 2020 Meeting	Attended 23 October 2020 Meeting	Attended 22 January 2021 Meeting	Attended 23 April 2021 Meeting
Scheme Employer Representatives				
Cllr Bob Johnston (Oxfordshire County Council)	Yes	Yes	Yes	Yes
Angela Priestley-Gibbins (The Thera Trust)	Yes	Yes	Yes	Yes
Lisa Hughes (River Learning Trust)	No	Yes	Yes	n/a
Scheme Member Representatives				
Stephen Davis (Oxford City Council & Unite)	Yes	Yes	Yes	Yes
Alistair Bastin (Oxfordshire County Council & Unison)	Yes	Yes	Yes	Yes
Sarah Pritchard (Brookes University)	Yes	Yes	Yes	Yes

Cllr Bob Johnston, Angela Priestley-Gibbins, Alistair Bastin and Stephen Davis regularly attended the Pension Fund Committee as observers, with one of them presenting the report of the Board to the Committee. Board Members were also regular attenders at the training events run through the year, to which all Committee and Board members were invited.

Following the County Council elections in May 2021, Cllr Bob Johnston was appointed to Chair the new Pension Fund Committee. He has therefore resigned from his position on the Board as required under the Constitution. Two new scheme employer representatives are therefore being sought to sit on the Board for the 2021/22 year.

Work Programme

The July 2020 meeting of the Board was the first virtual meeting of the Board during the lock-down arrangements imposed due to the spread of the coronavirus. As a consequence, the agenda was lighter than normal, and focussed on the Investment Strategy including the Climate Change Implementation Plan and the standard Administration Report. Alistair Bastin has sat on the Climate Change Working Group as a representative of the Board and scheme members in looking to develop proposals for implementing the Climate Change Policy.

The Board made a request to ensure that whatever the circumstances, they should always have an item on the Risk Register on their agenda, even where it had not been considered by the proceeding meeting of the Pension Fund Committee. The Board also asked for the draft minutes of the preceding Committee meeting to come to their meetings to ensure they were able to consider all matters on a timely basis. Both requests were subsequently agreed by the Pension Fund Committee.

At the October, January and April meetings, the Board considered the reports presented to the Pension Fund Committee on future Governance arrangements, the review of the Annual Business Plan, the Risk Register and the Administration Report. The Board took a very keen interest in the Governance review, which started with the completion of the National Knowledge Assessment tool run by Hymans Robertson. All members of the Board completed the assessment, and their combined score of 72, out-ranked the average score of the Committee (56) and placed them 3rd out of the 18 Boards that completed the assessment.

The Board were then very keen to engage with the subsequent independent governance review of the Fund conducted by Hymans Robertson, with Bob Johnston, Alistair Bastin and Lisa Hughes all volunteering for individual interviews with members of the review team. The Board were keen for the review to clarify what they saw as a lack of clarity around the terms of reference of the Board and Committee and in particular the relationship and communication between the 2 bodies. They also supported a more robust training regime including annual assessment of the effectiveness of the training undertaken for both Committee and Board members. At their October meeting they considered whether introducing payment of a stipend would lead to improvements in the relationship between the Committee and Board, but ultimately rejected the proposal.

In reviewing the reports on the Annual Business Plan and the performance of Administration Services, the Board focussed on the format of the reports received by the Committee and their usefulness in allowing effective strategic oversight of the delivery of the Committee's objectives. The Board made a number of suggested improvements to the reports to include a more visual presentation of the key issues through RAG ratings with direction of travel indicators, supported by shorter summary statements, and a focus on those performance issues outside expected outcomes. These proposals were subsequently accepted by the Committee.

Two other proposals made by the Board subsequently accepted by the Committee were to strengthen the relationship between the review of the Annual Business Plan and the Risk Register, and for a representative of the Committee to attend future Board meetings to provide clarification in respect of Committee decisions and hear directly from the Board members on issues of concern.

Finally, at their January 2021 meeting, the Board received a report on the annual fees paid to investment managers alongside the investment performance achieved by these managers. The Board made no firm proposals as a result of their review but have asked for a further report covering a 3-year period to be brought to their meeting in July 2021.

Future Work Programme

Many issues covered by the Board in 2020/21 will continue to be a focus for attention in the next year. In particular, the Board will continue to review the proposed changes to the governance arrangements to ensure the effective delivery of the statutory responsibilities of the Committee and to build an improved relationship between the Committee and the Board.

The Board will play a key role in supporting the Committee in delivering its responsibilities following the McCloud judgement and the need to retrospectively collect and review data for the scheme members in scope of the proposed remedy arrangements. There will be a number of challenges in terms of the collection of data for scheme employers, and the presentation of outcomes to scheme members where the Board's input will be important in determining the Committee's final approach.

Another key area for the Board to consider during 2021/22 will be the preparation for the next tri-ennial valuation of the Fund due at 31 March 2022. The Board will be invited to feed in comments into the review of the Funding Strategy Statement which will determine the principles to be followed in the valuation.

The Board will also maintain its focus on the standard administration report, review of the annual business plan and the risk register to ensure that the Committee is able to meet its statutory duties.

Board Members Training 2020/21 — Appendix

Alistair Bastin	Pre-Committee – Good Governance	11th September 2020
Alistair Bastin	LGPS Autumn Seminar	28th September 2020
Alistair Bastin	Brunel Investor Day – Public Markets	18th November 2020
Alistair Bastin	Brunel Investor Day – Private Markets	19th November 2020
Alistair Bastin	Pre-Committee – Governance Review	4th December 2020
Alistair Bastin	LGA Webinar	26th January 2021
Alistair Bastin	Pre-Committee – TCFD reporting	5th March 2021
Angela Priestley-Gibbins	LGPS Autumn Seminar	28th September 2020
Angela Priestley-Gibbins	LGA Fundamentals Webinar - day 1	6th October 2020
Angela Priestley-Gibbins	LGA Fundamentals Webinar - day 2	7th October 2020
Angela Priestley-Gibbins	LGA Fundamentals Webinar - day 3	8th October 2020
Angela Priestley-Gibbins	Brunel Investor Day – Public Markets	18th November 2020
Angela Priestley-Gibbins	Brunel Investor Day – Private Markets	19th November 2020
Angela Priestley-Gibbins	Pre-Committee – Governance Review	4th December 2020
Angela Priestley-Gibbins	LGA Webinar	26th January 2021
Angela Priestley-Gibbins	Pre-Committee – TCFD reporting	5th March 2021
Bob Johnston	Pre-Committee – Good Governance	11th September 2020
Bob Johnston	LGA Fundamentals Webinar - day 2	7th October 2020
Bob Johnston	LGA Fundamentals Webinar - day 3	8th October 2020
Bob Johnston	Pre-Committee – Governance Review	4th December 2020
Bob Johnston	LGA Webinar	26th January 2021
Bob Johnston	Pre-Committee – TCFD reporting	5th March 2021
Lisa Hughes	Brunel Investor Day – Public Markets	18th November 2020
Lisa Hughes	Brunel Investor Day – Private Markets	19th November 2020
Stephen Davis	Brunel Investor Day – Public Markets	18th November 2020
Stephen Davis	Brunel Investor Day – Private Markets	19th November 2020
Stephen Davis	Pre-Committee – TCFD reporting	5th March 2021

Statement of Responsibilities for the Pension Fund

The County Council's Responsibilities

The County Council is required to:

- make arrangements for the proper administration of the financial affairs of the Pension Fund and to ensure that one of its officers has the responsibility for the administration of those affairs. For the County Council, that officer is the Director of Finance;

- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

The Pension Fund Committee has examined the Pension Fund accounts and authorised the Chairman to approve them on its behalf.

The Responsibilities of the Director of Finance

The Chief Finance Officer is responsible for the preparation of the Pension Fund's accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 ('the Code of Practice').

In preparing this Statement of Accounts, the Director of Finance has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice.

The Director of Finance has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

LORNA BAXTER
Director of Finance

INDEPENDENT AUDITOR'S STATEMENT TO THE MEMBERS OF OXFORDSHIRE PENSION FUND ON THE PENSION FUND FINANCIAL STATEMENTS

SCHEME MANAGEMENT & ADVISORS

Administering Authority	Oxfordshire County Council County Hall Oxford OX1 1ND
Administrator	Director of Finance
Pension Fund Committee County Council Members 2020/21 Membership	Cllr Kevin Bulmer (Chairman) Cllr Nicholas Field-Johnson (Deputy Chair-man) Cllr Ian Corkin Cllr Roz Smith Cllr Mark Lygo Cllr Charles Mathew Cllr John Sanders Cllr Lawrie Stratford Cllr Alan Thompson
Representatives of District Councils	Cllr Alaa Al-Yousuf (WODC) Cllr Jo Robb (SODC)
Beneficiary Observer	Steve Moran
Independent Investment Adviser	Peter Davies MJ Hudson
Fund Managers	Adams Street Partners Brunel Pension Partnership Legal & General Investment Management Partners Group UBS Global Asset Management Insight Investment Management
Internally Managed Funds	Listed Private Equity
Actuary	Hymans Robertson
Auditor	Ernst & Young LLP
AVC Provider	Prudential Assurance Company Ltd
Custodian	State Street Bank and Trust Company
Legal Advisers	Oxfordshire County Council Legal Services
Bankers	Lloyds Bank Plc

HOW THE SCHEME OPERATES

♦ Legal Framework

The Local Government Pension Scheme is a statutory, funded defined benefit pension scheme. The operation of the Oxfordshire County Council Pension Fund is principally governed by the Local Government Pension Scheme Regulations 2013 [as amended] (effective from April 2014).[1] The scheme covers eligible employees and employees of other bodies eligible to be employers in the Scheme. A list of all those bodies with employees currently participating in the Scheme is shown on pages 14 to 18.

This career average revalued earnings (CARE), defined benefit scheme provides benefits related to actual salary for its members and the benefits are unaffected by the investment return achieved on the Scheme's assets. 'CARE' benefits build up each year with annual revaluation while pensions paid to retired employees, their dependents, and deferred benefits are subject to mandatory increases in accordance with annual pension increase legislation. Since 2011 the amount is based the Consumer Price Index (CPI).

All active LGPS members at 31 March 2014 were transferred to the new LGPS for 1 April 2014. Their final salary benefits linked to the final pay definitions of the previous regulations continue while accrual of membership stopped at 31 March 2014.
Pension Investment and Administration is governed by Her Majesty's Customs and Revenue Office (HMRC) setting out personal maximum values of benefit and reporting structures for schemes.

♦ Contributions

The Oxfordshire County Council Pension Fund is financed by contributions from employees and employers, together with income earned from investments. The surplus of contributions and investment income over benefits being paid is invested.

The contribution from employees is prescribed by statute at rates between 5.5% and 12.5% of pay.

Employers' contribution rates are set following the actuarial valuation, which takes place every three years. The contribution rate reflects an employer experience, the fund deficit or surplus and is the rate at which employers need to contribute to achieve a 100% funding level projected over 22 years.

Contribution rates for 2020 - 2021 were based on the completed valuation of the Scheme's financial position as at 31 March 2019 and are shown on pages 14 to 18.

♦ Benefits

The benefits payable under the Scheme are laid down by the 2013 Regulations. Pension payments are guaranteed and any shortfall is met through the Pension Fund linked to employer contribution rates set by the fund valuation. The Scheme is a 'defined benefit scheme and provides a pension based on 1/49th of pensionable pay each year of membership with annual revaluation, adjusted in line with CPI. A Summary of Benefits is shown on pages 96 to 98.

Overriding legislation

The LGPS exists within rules laid down by HMRC. These provide time limits for benefit payments and also on the member limits to the amount of pension built up within a year and within a lifetime. At retirement a member has to declare any other benefits, not just from the LGPS but all pension provision, to ensure all benefits are within this limit. A tax charge is imposed if this limit is exceeded or if the member fails to make the declaration. Members can convert a portion of their annual pension to provide a larger tax free lump sum at retirement.

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[1] From 01 April 2014 new LGPS have introduced a new scheme. This is still a defined benefit scheme which is now based on Career Average Revalued Earnings (CARE)

The limits an individual can build up in a year and a lifetime are set by HMRC with additional reporting timetables for fund administration.

♦ Adjudication of Disagreements Procedure

The first stage of a dispute is, generally, looked at by the claimants' employer. The second stage referral is to the County Council and the Appointed Person. For information please contact the Pension Services Manager.

PARTICIPATING EMPLOYERS

Scheduled Bodies	Contribution Rate: Payroll % 2020/21	Contribution Rate: Additional Monetary Amount 2020/21
Abingdon & Witney College	17.0%	-
Abingdon Learning Trust	21.9%	-
Abingdon Town Council	21.7%	-
AcerTrust MAT	21.1%	-
Activate Learning Education Trust	20.5%	-
Activate Learning	19.9%	-
Adderbury Parish Council	21.7%	-
Ambrosden Parish Council	21.7%	-
Anthem School Trust	21.1%	-
Aspirations Academy Trust	23.7%	-
Banbury Town Council	21.7%	-
Benson Parish Council	21.7%	-
Berinsfield Parish Council	21.7%	-
Bernwode School Trust	21.4%	-
Bicester Town Council	21.7%	-
Bloxham Parish Council	21.7%	-
Burford School	23.3%	-
Carterton Town Council	21.7%	-
Chalgrove Parish Council	21.7%	-
Cherwell District Council	15.9%	5,110,000
Chinnor Parish Council	21.7%	-
Chipping Norton Town Council	21.7%	-
Cholsey Primary School (OPEN)	18.0%	-

Scheduled Bodies (cont)	Contribution Rate: Payroll % 2020/21	Contribution Rate: Additional Monetary Amount 2020/21
Community Schools Alliance Trust	17.6%	-
CSN Resources Ltd	15.9%	-
Cumnor Parish Council	21.7%	-
Didcot Town Council	21.7%	-
Drayton Parish Council	21.7%	-
Europa School	18.0%	-
Eynsham Parish Council	21.7%	-
Eynsham Partnership	21.8%	-
Faringdon Academy	21.2%	-
Faringdon Town Council	21.7%	-
GEMS Didcot Primary Academy	18.0%	-
Gillots Academy	18.0%	-
GLF- William Morris	18.1%	-
Gosford & Water Eaton Parish Council	21.7%	-
Henley College	21.4%	-
Henley on Thames Town Council	21.7%	-
Heyford Park Parish Council	21.7%	-
Kennington Parish Council	21.7%	-
Kidlington Parish Council	21.7%	-
Kingston Bagpuize with Southmoor Parish Council	21.7%	-
Ladygrove Park Primary School	18.0%	-
Langtree Academy	18.0%	-

List of Participating Employers continues on next page...

PARTICIPATING EMPLOYERS

Scheduled Bodies (cont)	Contribution Rate: Payroll % 2020/21	Contribution Rate: Additional Monetary Amount 2020/21
Leafield Parish Council	21.7%	-
Littlemore Parish Council	21.7%	-
Long Hanborough Parish Council	21.7%	-
MacIntyre Academy Trust	14.9%	-
Maiden Erlegh Trust	18.0%	-
Marcham Parish Council	21.7%	-
Milton Parish Council	21.7%	-
Old Marston Parish Council	21.7%	-
Oxford Brookes University	14.7%	-
Oxford City Council	16.2%	5,000,000
Oxford Diocesan Trust	20.5%	-
Oxford Direct Services	16.2%	-
Oxfordshire County Council	19.9%	-
Propeller Academy Trust	19.8%	-
Radcliffe Academy Trust	17.2%	-
Radley Parish Council	21.7%	-
Ramsden Parish Council	21.7%	-
Ridgeway Education Trust	21.5%	-
Risinghurst & Sandhills Parish Council	21.7%	-
River Learning Trust	19.9%	-
Sonning Common Parish Council	21.7%	-
South Oxfordshire District Council	16.3%	411,000

Scheduled Bodies (cont)	Contribution Rate: Payroll % 2020/21	Contribution Rate: Additional Monetary Amount 2020/21
St Johns Academy Trust	21.7%	-
Stonesfield Parish Council	21.7%	-
Sutton Courtenay Parish Council	21.7%	-
Thame Partnership Academy Trust	21.3%	-
Thame Town Council	21.7%	-
The Gallery Trust	17.7%	-
The Merchant Taylors Oxfordshire Academy School Trust	19.4%	-
The Mill Academy Trust	22.2%	-
The Pope Francis MAC	23.5%	-
United Learning Trust	16.0%	-
Vale Academy Trust	21.1%	-
Vale of the White Horse District Council	16.3%	767,000
Wallingford Town Council	21.7%	-
Warriner MAT	21.9%	-
West Oxfordshire District Council	17.6%	4,490,000
Willowcroft Academy Trust	17.4%	-
Witney Town Council	21.7%	-
Woodstock Town Council	21.7%	-

List of Participating Employers continues on next page...

PARTICIPATING EMPLOYERS

Admitted Bodies	Contribution Rate Payroll % 2020/21	Contribution Rate Additional Monetary Amount 2020/21
1st Homecare (Oxford) Ltd	19.9%	-
A2 Dominion	16.3%	-
Alliance in Partnership Limited	22.2%	-
Alliance in Partnership Limited – The Cooper School (Bicester Learning Academy) catering	21.4%	-
APCOA Parking (UK) Ltd	28.3%	12,000
Aspens Services Ltd-The Oxford Academy, Oxford	15.4%	-
Aspens Services Ltd (02)-The Oxford Academy, Oxford	15.4%	-
Banbury Museum Trust	16.3%	-
Barnardos	32.8%	-
Busy Bee Cleaning Services	21.5%	-
Capita	-	-
Cara Services Limited	23.7%	-
Cater Link – River Learning Trust (Chipping Norton) (catering contract)	19.9%	-
Cater Link Limited – Dominic Barberi Multi Academy Company (catering contract)	21.9%	-
Caterlink Ltd – Oxford Diocesan Schools Trust (St Frideswide CofE Primary School) (catering contract)	20.5%	-

Admitted Bodies (cont)	Contribution Rate Payroll % 2020/21	Contribution Rate Additional Monetary Amount 2020/21
Cater Link Limited – River Learning Trust (Garsington C of E Primary School) (catering contract)	19.9%	-
Cater Link Limited – River Learning Trust (New Marston Primary School (catering contract)	-	
Cater Link – United Learning Trust (catering contract)	16.0%	-
Charter Community Housing	37.3%	131,000
Chartwells – GLF (Aureus Primary School and Aureus School, Didcot) (catering contract)	19.9%	-
Chartwells (Wheatley Park School)	19.9%	-
Clarendon Limited – Clanfield Church of England Primary School (cleaning contract)	19.9%	-
Clean Genie Banbury Limited – ODST (Christopher Rawlins C of E Primary School, Adderbury)	20.5%	-
Direct Cleaning Services – Abingdon Learning Trust (John Mason School) (cleaning contract)	21.9%	-
Ecocleen Services Limited – Vale Academy Trust (King Alfred’s School, Wantage) (cleaning contract)	21.1%	-
Edwards and Ward (Banbury Dashwood Academy)	23.7%	-
Edwards and Ward (Benson C.E. Primary School)	19.9%	-

List of Participating Employers continues on next page…

PARTICIPATING EMPLOYERS

Admitted Bodies (cont)	Contribution Rate Payroll % 2020/21	 Additional Monetary Amount 2020/21
Edwards and Ward – River Learning Trust (Rose Hill Primary School) (catering contract)	19.9%	-
Edwards and Ward (St Andrews C.E. Primary School)	19.9%	-
Edwards and Ward (Stockham Primary School)	19.9%	-
Edwards & Ward (Sutton Courtenay C of E Primary) catering contract	19.9%	-
Energy Kidz (John Hampden)	19.9%	-
Fresh Start Ltd (Bloxham School contract)	19.9%	-
Fresh Start Ltd (St Mary's Catholic Primary School Bicester)	19.9%	
Fusion Lifestyle	16.2%	
Greenwich Leisure Limited	16.3%	
Groundwork South	19.9%	-
HF Trust Limited (Lot 5)	23.8%	-
HF Trust Limited (Lot 8)	26.1%	-
Hill End Outdoor Education Centre	25.7%	-
Intelligent Workplace Solutions Ltd	21.9%	-
Maid Marions Ltd– Faringdon Academy of Schools	25.9%	9,000
Maid Marions Limited – The Warriner Multi Academy Trust (Warriner School) (cleaning contract)	21.9%	-
NYAS (National Youth Advocacy Service)	19.9%	-

Admitted Bodies (cont)	Contribution Rate Payroll % 2020/21	 Additional Monetary Amount 2020/21
Order of St John's Care Trust (Oxford)	19.9%	
Oxford Archaelogical Unit	16.3%	-
Oxford Community Work Agency	16.3%	-
Oxford Homeless Pathways	16.3%	-
Oxfordshire LEP	19.9%	-
Oxfordshire South & Vale Citizens Advice Bureau	-	-
Oxfordshire Youth Arts Partnership	16.3%	-
PAM Wellbeing Ltd	19.9%	-
Publica	17.6%	-
Rapid Clean - Stockham Primary School	19.9%	-
Rapid Commercial Cleaning Ltd	19.9%	-
Regency Cleaning Services Ltd - Caldecott Primary School, Abingdon	19.9%	-
Regency Cleaning Services Limited – Meadowbrook College (Radcliffe Academy Trust) cleaning contract	21.5%	-
Saba Park Services	26.5%	24,000
School Lunch Company (Bishop Loveday CE Primary School)	21.9%	-
School Lunch Company – Bure Park Primary School (catering contract)	19.9%	-
School Lunch Company (Chesterton CE School)	19.9%	-

List of Participating Employers continues on next page…

PARTICIPATING EMPLOYERS

Admitted Bodies (cont)	Contribution Rate Payroll % 2020/21	Additional Monetary Amount 2020/21
School Lunch Company (Great Milton CofE Primary School)	19.9%	-
School Lunch Company (Hook Norton CE Primary School)	19.9%	-
School Lunch Company (Nettlebed Community School)	19.9%	-
School Lunch Company (North Hinksey CE Primary School)	20.5%	-
School Lunch Company (Orchard Fields)	19.9%	-
School Lunch Company (Standlake CE Primary School)	21.8%	-
School Lunch Company (The Batt CE Primary School, Witney)	20.5%	-
School Lunch Company – The Blake CofE Primary School, Cogges	20.5%	-
School Lunch Company (The Hendreds Primary School)	20.5%	-
School Lunch Company (St Kenelm's C of E Primary School	19.9%	-
School Lunch Company (St Mary's CofE Infant School, Witney (Cleaning) ODST	20.5%	-
School Lunch Company (St Michael's CofE Primary School, Oxford)	19.9%	-
School Lunch Company (St Nicolas CofE Primary School, Abingdon)	19.9%	-

Admitted Bodies (cont)	Payroll % 2020/21	Additional Monetary Amount 2020/21
School Lunch Company (Tackley C of E Primary School)	20.5%	-
School Lunch Company (RAF Benson)	19.9%	-
School Lunch Company (Windmill Primary School, Oxford) catering contract	19.9%	-
School Lunch Company (Witney Community Primary School)	19.9%	-
School Lunch Company (Wroxton CofE Primary School)-ODST	20.5%	-
School Lunch Company (Wychwood CE Primary School)	19.9%	-
School Space Limited – Heyford Park Free School (facilities letting contract)	18.0%	-
Skanska Construction UK Ltd	19.9%	-
Swalcliffe Park School Trust	16.3%	-
Thames Valley Partnership	16.3%	-
The Camden Society - Lot 1	19.9%	-
The Camden Society - Lot 2	19.9%	-
The Camden Society - Lot 3	19.9%	-
The Camden Society - Lot 6	19.9%	-
UBICO Limited	17.6%	-
Vale Capita	-	-
West Oxon Citizens Advice Bureau	16.3%	-

List of Participating Employers continues on next page...

Governance

Conflicts of Interest

All councillors and co-opted members are required to register any disclosable pecuniary interests. In preparing the year-end statement of accounts checks are made for any potential related party transactions using the interests declared by Councillors on the Pension Fund Committee.

The Governance Compliance Statement which details the degree of compliance with best practice is available on the Council's public website.

Pension Fund Committee

Committee Membership and Attendance 2020/21

Councillor	07-May-20	05-Jun-20	11-Sep-20	04-Dec-20	05-Mar-21
County Councillors;					
Councillor K Bulmer (on committee since May 2017)	✓	✓	✓	✓	✓
Councillor I Corkin (on committee since May 2017)	✓	✓	✗	✓	✓
Councillor N Field-Johnson (on committee since May 2017)	✓	✓	✓	✓	✓
Councillor L Stratford (on committee since June 2018)	✓	✓	✗	✗	✗
Councillor R Smith (on committee since June 2019)	✓	✓	✓	✓	✓
Councillor C Mathew (on committee since May 2017)	✓	✓	✓	✓	✓
Councillor M Lygo (on committee since May 2017)	✓	✓	✓	✓	✓
Councillor J Sanders (on committee since May 2017)	✓	✓	✓	✓	✓
Councillor A Thompson (on committee since May 2017)	✓	✓	✓	✓	✓
District Councillors;					
Councillor A Al-Yousuf (on committee since June 2018)	✗	✓	✓	✓	✓
Councillor J Robb (on committee since September 2019)	✓	✓	✓	✓	✓

Committee Members Training Received 2020/21

Councillor	**Date**	**Training Course**
County Councillors;		
Councillor K Bulmer	05-Mar-21	Financial Manager - Pension Fund Investments - Reporting under the Task Force on Climate-Related Financial Disclosures Template (TCFD)
	04-Dec-20	Hymans Robertson - Scheme Advisory Board's Good Governance Project and the impact on the Pension Fund Committee
	11-Sep-20	Hymans Robertson - Good Governance Project & results of the National Knowledge Assessment
Councillor I Corkin	05-Mar-21	Financial Manager - Pension Fund Investments - Reporting under the Task Force on Climate-Related Financial Disclosures Template (TCFD)
	04-Dec-20	Hymans Robertson - Scheme Advisory Board's Good Governance Project and the impact on the Pension Fund Committee
Councillor N Field-Johnson	05-Mar-21	Financial Manager - Pension Fund Investments - Reporting under the Task Force on Climate-Related Financial Disclosures Template (TCFD)
	04-Dec-20	Hymans Robertson - Scheme Advisory Board's Good Governance Project and the impact on the Pension Fund Committee
	11-Sep-20	Hymans Robertson - Good Governance Project & results of the National Knowledge Assessment
	26-Jan-21	LGA - LGPS Update
Councillor R Smith	05-Mar-21	Financial Manager - Pension Fund Investments - Reporting under the Task Force on Climate-Related Financial Disclosures Template (TCFD)
	04-Dec-20	Hymans Robertson - Scheme Advisory Board's Good Governance Project and the impact on the Pension Fund Committee
	11-Sep-20	Hymans Robertson - Good Governance Project & results of the National Knowledge Assessment
	06-Oct-20	LGA Fundamentals Day 1
	08-Oct-20	LGA Fundamentals Day 3
Councillor C Mathew	05-Mar-21	Financial Manager - Pension Fund Investments - Reporting under the Task Force on Climate-Related Financial Disclosures Template (TCFD)
	04-Dec-20	Hymans Robertson - Scheme Advisory Board's Good Governance Project and the impact on the Pension Fund Committee
	11-Sep-20	Hymans Robertson - Good Governance Project & results of the National Knowledge Assessment
	26-Jan-21	LGA - LGPS Update

Councillor M Lygo	05-Mar-21	Financial Manager - Pension Fund Investments - Reporting under the Task Force on Climate-Related Financial Disclosures Template (TCFD)
	04-Dec-20	Hymans Robertson - Scheme Advisory Board's Good Governance Project and the impact on the Pension Fund Committee
	11-Sep-20	Hymans Robertson - Good Governance Project & results of the National Knowledge Assessment
Councillor J Sanders	05-Mar-21	Financial Manager - Pension Fund Investments - Reporting under the Task Force on Climate-Related Financial Disclosures Template (TCFD)
	04-Dec-20	Hymans Robertson - Scheme Advisory Board's Good Governance Project and the impact on the Pension Fund Committee
	11-Sep-20	Hymans Robertson - Good Governance Project & results of the National Knowledge Assessment
Councillor A Thompson	05-Mar-21	Financial Manager - Pension Fund Investments - Reporting under the Task Force on Climate-Related Financial Disclosures Template (TCFD)
	04-Dec-20	Hymans Robertson - Scheme Advisory Board's Good Governance Project and the impact on the Pension Fund Committee
	11-Sep-20	Hymans Robertson - Good Governance Project & results of the National Knowledge Assessment
District Councillors;		
Councillor A Al-Yousuf	05-Mar-21	Financial Manager - Pension Fund Investments - Reporting under the Task Force on Climate-Related Financial Disclosures Template (TCFD)
	04-Dec-20	Hymans Robertson - Scheme Advisory Board's Good Governance Project and the impact on the Pension Fund Committee
	11-Sep-20	Hymans Robertson - Good Governance Project & results of the National Knowledge Assessment
Councillor J Robb	05-Mar-21	Financial Manager - Pension Fund Investments - Reporting under the Task Force on Climate-Related Financial Disclosures Template (TCFD)
	04-Dec-20	Hymans Robertson - Scheme Advisory Board's Good Governance Project and the impact on the Pension Fund Committee
	11-Sep-20	Hymans Robertson - Good Governance Project & results of the National Knowledge Assessment
	07-Oct-20	LGA Fundamentals Day 2
	08-Oct-20	LGA Fundamentals Day 3
	26-Jan-21	LGA - LGPS Update

Members that have been on the Pension Fund Committee in previous financial years will have attended training events in those years in addition to the training undertaken in the current financial year.

Risk Management

Internal Risk Management

Officers operate within the financial procedures and control environment of the Administering Authority. These are regularly audited by internal and external audit.

The Council's Internal Audit function undertook a review of the Pension Administration operations in 2019/20 with an overall conclusion of 'G' (There is a strong system of internal control in place and risks are being effectively managed. Some minor action may be required to improve controls.). There were four management actions resulting from the audit findings which are being addressed. The Pension Investments function was also subject to an internal audit during 2019/20. The overall conclusion was 'A' (There is generally a good system of internal control in place and the majority of risks are being effectively managed. However, some action is required to improve controls). There were four management actions resulting from the audit findings which are being addressed.

The Pension Fund Committee is responsible for the prudent and effective stewardship of the Oxfordshire County Council Pension Fund. As part of this duty the Committee oversees the monitoring and management of risk. This role includes:

- Determining the risk management policy and reconciling this with wider organisational risk policy
- Setting the risk management strategy in line with the risk policy
- Overseeing the risk management process

The risk management process involves: Risk identification, risk analysis, risk control and monitoring.

A key tool for the management of risk is the risk register. The register incorporates an assessment of the impact and likelihood of identified risks to give a risk score, assigns a target risk score, as well as the actions required to achieve the target score. The risk register is kept under review by the Director of Finance and is presented to the Committee on a quarterly basis. The risk register is also regularly reviewed by the Oxfordshire Local Pension Board.

Risks are identified and assessed using a scoring matrix. The scoring matrix assesses two elements of a risk:

- the chance of it happening
- the impact if it did happen

Risks are analysed between:

- Financial
- Administrative
- Governance

Each element is independently assessed on a scale of 1-5 (5 being the highest risk). These scores are then multiplied to give an overall score. The risk register lists the risks identified, the consequence of each risk occurring, the score assigned to each risk, the target score for each risk and the measures in place to address the risk. This process identifies the risks with the highest scores, and those furthest away from their targets, which are then closely monitored.

The table below details the highest scoring risks from the most recent version of the risk register for the Fund (a copy of the full risk register is available in the Pension Fund Committee papers for September 2021 which is on the Council's public website).

Officers are mindful of risk in carrying out their duties on a day to day basis and any significant risks identified are reviewed and managed through processes and controls accordingly. The Pensions teams have regular team meetings through which any operational risks can be discussed and dealt with appropriately.

Summary of Key Risks identified on the Pension Fund Risk Register

Risk	Cause	Impact	Likeli-hood	Risk Score	Actions Required
Financial					
Underperformance of Pension Investments Due to ESG Factors, Including Climate Change.	Failure to consider long-term financial impact of ESG issues.	4	2	8	Improve performance monitoring information on ESG scores within current investment portfolios, to identify any policy breaches by fund managers.
Governance					
Insufficient Skills and Knowledge on Committee – LGPS and FSPS	Poor training programme	4	2	8	Review of current governance arrangements to be proposed plus development of training plan following NKA results
Administrative					
Insufficient Resource and/or Data to Comply with Consequences of McCloud Judgement	Significant requirement to retrospectively re-calculate member benefits	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.
Legal Challenge on Basis of Age Discrimination in Firefighters Pension Schemes	Pressure from Fire Brigades' Union to Act in Advance of New Regulations	4	3	12	Legal advice to be received, National Framework to be published by Scheme Advisory Board. Local policy determined.

Third Party Risk Management

The Pension Fund Committee receive quarterly investment performance reports and receive regular updates from Fund Managers which provide an opportunity to ensure their strategies are in line with expectations and to discuss any risks the Committee is concerned about. Officers also have regular meetings with the Independent Financial Advisor and Fund Managers through which performance is reviewed and key issues are discussed.

The Fund's investment managers and its custodian issue annual internal control reports prepared by their auditors. For fund managers, auditors typically issue a report based on the Statement on Standards for Attestation Engagements (SSAE 16) in North America, or Audit & Assurance Faculty (AAF 01/06) in the UK. The International Auditing & Assurance Standards Board (IAASB) has also developed the International Standard on Assurance Engagements (ISAE 3402) as a global standard of reporting, for use from 2012. These documents identify internal processes and procedures, and details of the audit testing performed on them during the year. The reports are reviewed annually by the pension investments team and are used to gain assurance that the third parties' internal controls are sufficient and are operating effectively. Any concerns are discussed with the third parties to ensure corrective action is being taken where weaknesses are identified.

The following reports were received and reviewed:

Company	Report Type	Reporting Period End	Auditor
Adams Street Partners	SSAE 16	30 September 2020	KPMG
Partners Group	ISAE 3402	31 December 2020	PricewaterhouseCoopers
State Street Bank & Trust Company (Custodian)	SSAE 16	31 September 2020	KPMG
Insight Investment Management	SSAE 18 / ISAE 3402	30 September 2020	KPMG
Legal & General Investment Management	AAF 01/06 / ISAE 3402	31 December 2020	KPMG

The pension investment team analyse and reconcile valuation information provided by the custodian to that of the investment manager and follow up any significant variations. The custodian also undertakes a monthly reconciliation between its records and those of funds managers and is required to investigate and report the reasons for any significant variances.

The fund's Independent Financial Advisor monitors the market and the activities of investment managers and informs officers if there are any concerns, such as changes in key staff.

Scheme Administration and Administration Performance

The Pension Services team is responsible for all scheme member benefit administration. This involves liaising with all scheme employers to receive monthly and end of year data returns, checking this information prior to loading this on to the pension system.

Once data is loaded the team can then calculate and process queries and benefit payments to scheme members.

Data assurance comes from internal checks; process review; internal and external audit reviews and CIPFA bench marking against other LGPS funds.

Scheme Communications are detailed in the Communication Strategy which details types and methods of communication used to reach all fund's stakeholders. This is underpinned by the Pension Fund pages located on the County Council's website, which contains links for following fund documents:

- Communication Policy Statement
- Annual Report and Accounts
- Triennial Valuation Report
- Investment Strategy Statement
- Funding Strategy Statement
- Governance Policy Statement
- Statements of Policy about Exercise of Discretionary Functions
- Administration Strategy

Complaints are dealt with in line with the Adjudication of Disagreements Procedure which is set out in Regulation. This is a three stage process:

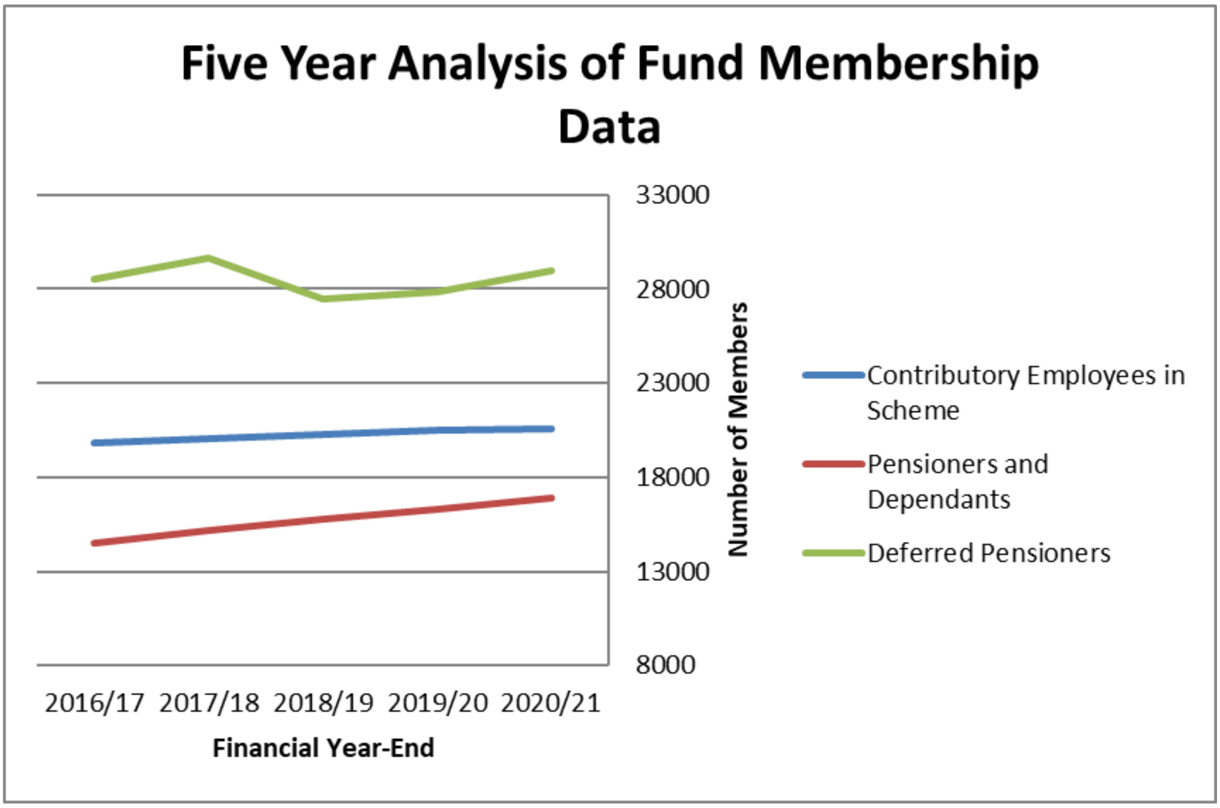
- Stage 1 – depending upon nature of complaint the Appointed Person from either the fund or scheme employer will review and provide a written determination to the points raised.
- Stage 2 – should the member be unhappy with the decision made at age 1 they have the right to ask for the Appointed Person at stage 2 to review their case.
- If, after this second independent review the member remains unhappy with the outcome they can then refer their case to the Pension Ombudsman.

The Regulations – Under the framework of overarching pension regulations The Local Government Pension Scheme is governed by statutory regulations which are the responsibility of the Ministry of Housing, Communities and Local Government.

The LGPS is applicable to staff working in the public sector, although this excludes Fire Officers, Teachers and Police Officers who have their own separate schemes. However, it will include any staff working in those areas but ineligible to join those other public sector schemes.

Members of the scheme will be employed by Oxfordshire County Council; District Councils; Town and Parish Councils; Academies, as well as private sector companies providing services on their behalf.

The fund membership over the past five years is shown below:



Note: from 2016/17 unprocessed leavers have been included as deferred pensioners.

Promotion of Scheme Membership

The fund supplies template letters for employers to incorporate within their starter / new joiner process. This information will point to the centrally provided on-line guides (www.lgps2014.org) concerning costs and benefits of the LGPS for members, and also to the scheme guides. Both the brief guide and the full detailed guide are hosted on the fund website pages (www.oxfordshire.gov.uk/lgpsmembersguide). When requested the fund will comment on employer prepared automatic enrolment notices to members, which would be sent to eligible jobholders where the LGPS is the qualifying pension saving scheme.

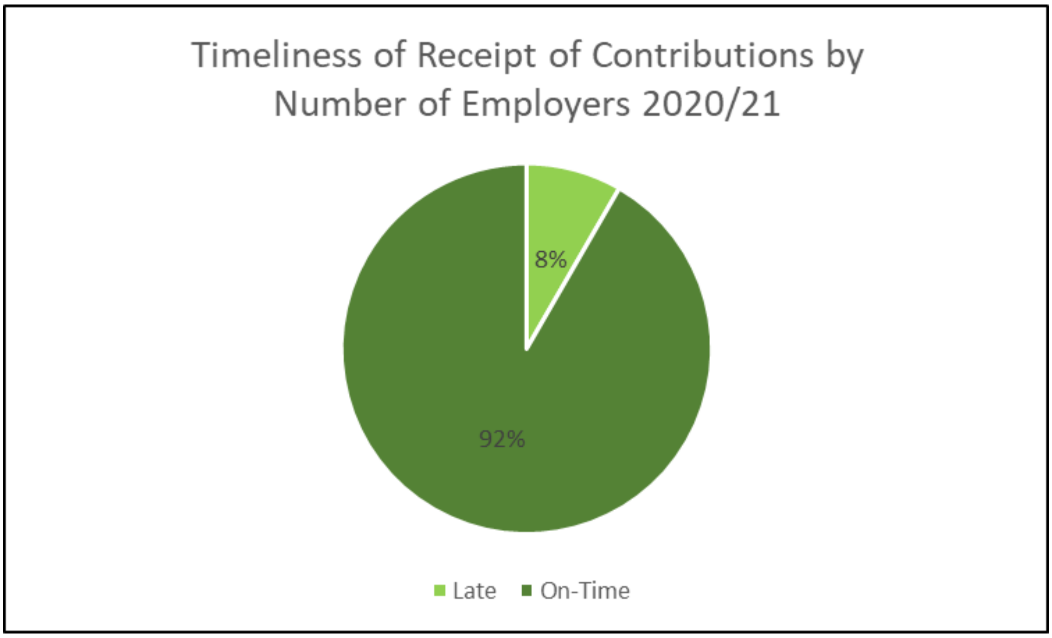
Memberships

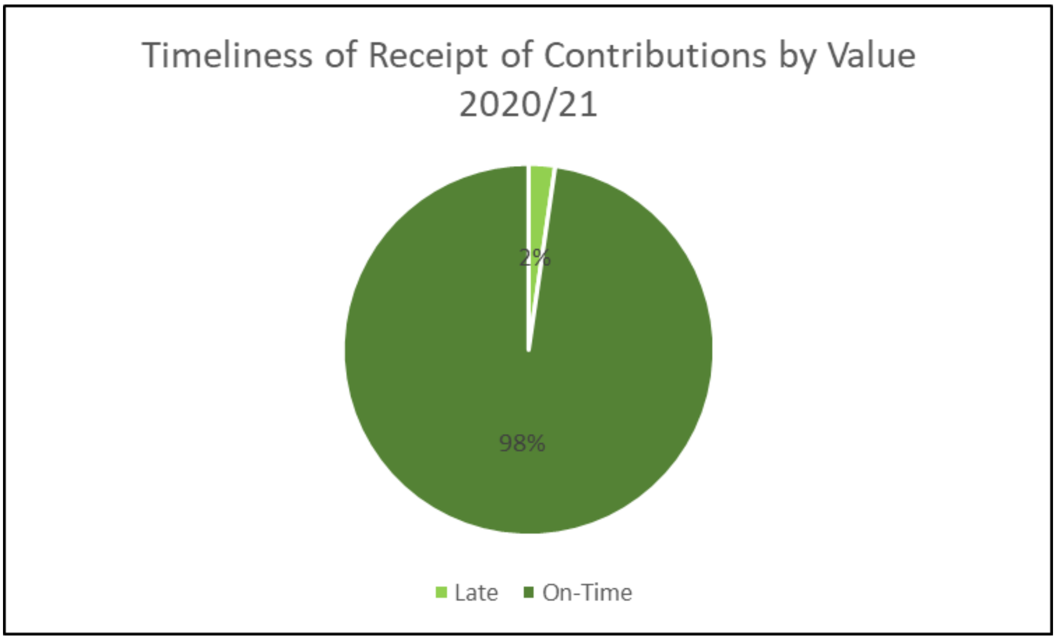
The Fund is a member of the National Association of Pension Funds, Local Authority Pension Fund Forum, Institutional Investors Group on Climate Change, Climate Action 100+, and subscribes to the CIPFA Pensions Network.

Financial Performance

Contributions

Payment of contributions from employers is monitored on a monthly basis as they fall due. Reconciliations are undertaken between contributions received and those expected with any discrepancies followed up with the employer. Late payments are immediately followed up with employers to request payment. If contribution payments are repeatedly late the issue is escalated and a letter is sent to employers. Fines are also issued in accordance with the Administration Strategy. The graphs below illustrate the timeliness of the receipt of contributions from employers during 2020/21.





Budget

The below table shows budget for 2020/21:

	Budget £'000	Actual £'000	Variance £'000
Administrative Expenses			
Administrative Employee Costs	1,391	1,033	-358
Support Services Including ICT	694	609	-85
Printing & Stationary	72	50	-22
Advisory & Consultancy Fees	165	62	-103
Other	59	15	-44
Total Administrative Expenses	**2,381**	**1,769**	**-612**
Investment Management Expenses			
Management Fees	10,374	10,251	-123
Custody Fees	25	92	67
Brunel Contract Costs	1,028	1,093	65
Total Investment Management Expenses	**11,427**	**11,436**	**9**
Oversight & Governance			
Investment Employee Costs	259	251	-8
Support Services Including ICT	11	14	3
Actuarial Fees	160	111	-49
External Audit Fees	35	39	4
Internal Audit Fees	15	15	0
Advisory & Consultancy Fees	106	50	-56
Committee and Board Costs	50	42	-8
Subscriptions and Memberships	50	39	-11
Total Oversight & Governance Expenses	**686**	**561**	**-125**
Total Pension Fund Budget	**14,494**	**13,766**	**-728**

Investment Pooling – Brunel Pension Partnership

In 2015 the Department of Communities and Local Government (as it then was) issued LGPS:
Investment Reform Criteria and Guidance which set out how the government expected funds to establish asset pooling arrangements. The objective was to deliver:

- Benefits of scale.
- Strong governance and decision making.
- Reduced costs and excellent value for money, and
- An improved capacity and capability to invest in infrastructure.

This has led to the creation of eight asset pools which have significantly changed the previous approach to investing, although it should be stressed that the responsibility for determining asset allocations and the investment strategy remain with individual pension funds.

As a result of the investment pooling agenda, the Oxfordshire Pension Fund joined with nine other LGPS administering authorities to set up the Brunel Pension Partnership. Oxfordshire County Council approved the business case for Brunel, based on estimated potential fee savings of £550 million over a 20 year period across the ten funds, of which Oxfordshire's share was £18 million with a breakeven year of 2025. The expected costs and savings for the Oxfordshire Pension Fund, as per the original business case approved, and then submitted to Government, are set out in the following table:

	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020	2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025	2025/ 2026	2026 to 2036	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Set up costs	117	1,041										**1,158**
Ongoing Brunel Costs			430	558	577	595	614	634	655	676	8,093	**12,833**
Clients Savings			(114)	(117)	(120)	(124)	(128)	(132)	(136)	(140)	(1,648)	**(2,658)**
Transition costs			1,231	2,315	12							**3,558**
Fee savings			(191)	(504)	(920)	(1,070)	(1,235)	(1,413)	(1,513)	(1,620)	(24,618)	**(33,084)**
Net costs / (realised savings)	**117**	**1,041**	**1,357**	**2,252**	**(452)**	**(599)**	**(748)**	**(910)**	**(994)**	**(1,084)**	**(18,173)**	**(18,194)**

Following approval of the business case, the Brunel Pension Partnership Ltd was established in July 2017, as a company wholly owned by the Administering Authorities (in equal shares) that participate in the pool. The company is authorised by the Financial Conduct Authority (FCA). It is responsible for implementing the detailed Strategic Asset Allocations of the participating funds by investing Funds' assets within defined investment portfolios. In particular, Brunel researches and selects the external managers or pooled funds needed to meet the investment objective of each portfolio.

Now that Brunel is operational, the financial performance of the pool will be monitored to ensure that Brunel is delivering on the key objectives of investment pooling. This includes reporting of the costs associated with the appointment and management of the pool company including set up costs, investment management expenses and the oversight and monitoring of Brunel by the client funds. The set up and transition costs incurred to date are set out in the following table.

	Direct £000s	**Indirect £000s**	**Total £000s**	**Cumulative £000s**
Set up costs:				
Recruitment	-	-	-	**18**
Legal	-	-	-	**133**
Consulting, Advisory & Procurement	-	-	-	**82**
Other support Costs e.g.IT, accommodation	-	-	-	**0**
Share Purchase / Subscription Costs	-	-	-	**840**
Other Working Capital Provided e.g. loans	-	-	-	-
Staff Costs	-	-	-	-
TOTAL SET UP COSTS	-	-	-	**1,072**
Transition Costs:				
Transition Fee	-	46	46	**46**
Tax	-	311	311	**833**
Other Transition Costs	-	996	996	**2,735**
TOTAL TRANSITION COSTS	-	**1,353**	**1,353**	**3,615**

Investment Review 2020/21

Economic Background

The past year has been dominated by the coronavirus pandemic and its devastating effect on lives throughout the world. Despite the development of vaccines effective against the virus, the slow pace of rollout of vaccinations in many countries, together with the spread of new variants, has meant that widespread restrictions on travel and social activity are still in force in mid-2021.

Once the pandemic had been officially confirmed in March 2020, governments and central banks took major steps to assist the ailing economies. The US and UK central banks cut interest rates to almost zero and, along with the European Central Bank, resumed Quantitative Easing programmes, which remain in place a year later. Governments hastily introduced massive fiscal injections to support companies, furloughed workers, the self-employed and small businesses. As a reflection of the scale of the increased spending, the UK fiscal deficit for the year amounted to 14% of GDP.

In 2020, GDP fell by almost 10% in the UK, by 3.6% in the US, by 7.6% in the Eurozone and by 5.3% in Japan. In China, however, where the pandemic started but was contained early, GDP grew by 1.9%.

Market Returns

The actions of central banks and governments generated a sharp recovery in world equity markets, so that most markets had recouped their sharp first-quarter losses by the end of September. This rally was further boosted by the approval of anti-COVID vaccines in November, so that the All-World Index recorded a total return of 39.6% for the year to March 2021, with the North America, Asia Pacific (ex-Japan) and Emerging Markets regions each gaining more than 40%. UK and Japanese equities were more muted, but each returned over 26% for the year. The strongest sectors globally were Basic Materials, Technology and Industrials.

[Sources of equity market returns: FTSE All-World Total Return series (£); FTSE All-Share Index (total return series)]

Bonds were generally supported by buying from central banks, but Government bond yields began to rise in the autumn as fears grew of incipient US inflation. These were provoked by expectation of growth in the US economy together with the likely impact of substantial spending packages proposed by the new Biden Administration. The US 10-year Treasury yield rose from 0.7% to 1.7% in the six months to March, accompanied by smaller, but significant, rises in UK and Eurozone bond yields.

After the Brexit agreement was signed, the pound stabilised, and in the year to March it gained 11% against the dollar, 4% against the Euro and 14% against the Yen.

UK Commercial Property languished under the effects of the continuing weakness of Retail, and the uncertain outlook for Offices after the pandemic, although Industrials were buoyant.

The Oxfordshire Pension Fund achieved a total return of 23.5% for the year, compared with a 23.4% return on its benchmark.

Outlook

Although the threat of the pandemic appears to be receding in some parts of the world, the dire situation in India and many other countries, shows that there is an urgent need for wider dissemination of vaccines. Against this background, any optimism about the resumption of travel and commerce needs to be tempered with caution.

The scale of the additional spending proposed by the US Administration, taken with the commitment of the Federal Reserve to maintain low interest rates and quantitative easing, has heightened fears of potential inflation, which could necessitate higher interest rates and drive bond yields higher. This has caused nervousness in equity and bond markets, and is likely to remain a concern as economic growth accelerates during the remainder of the year.

Peter Davies
Senior Adviser – MJ Hudson Investment Advisers

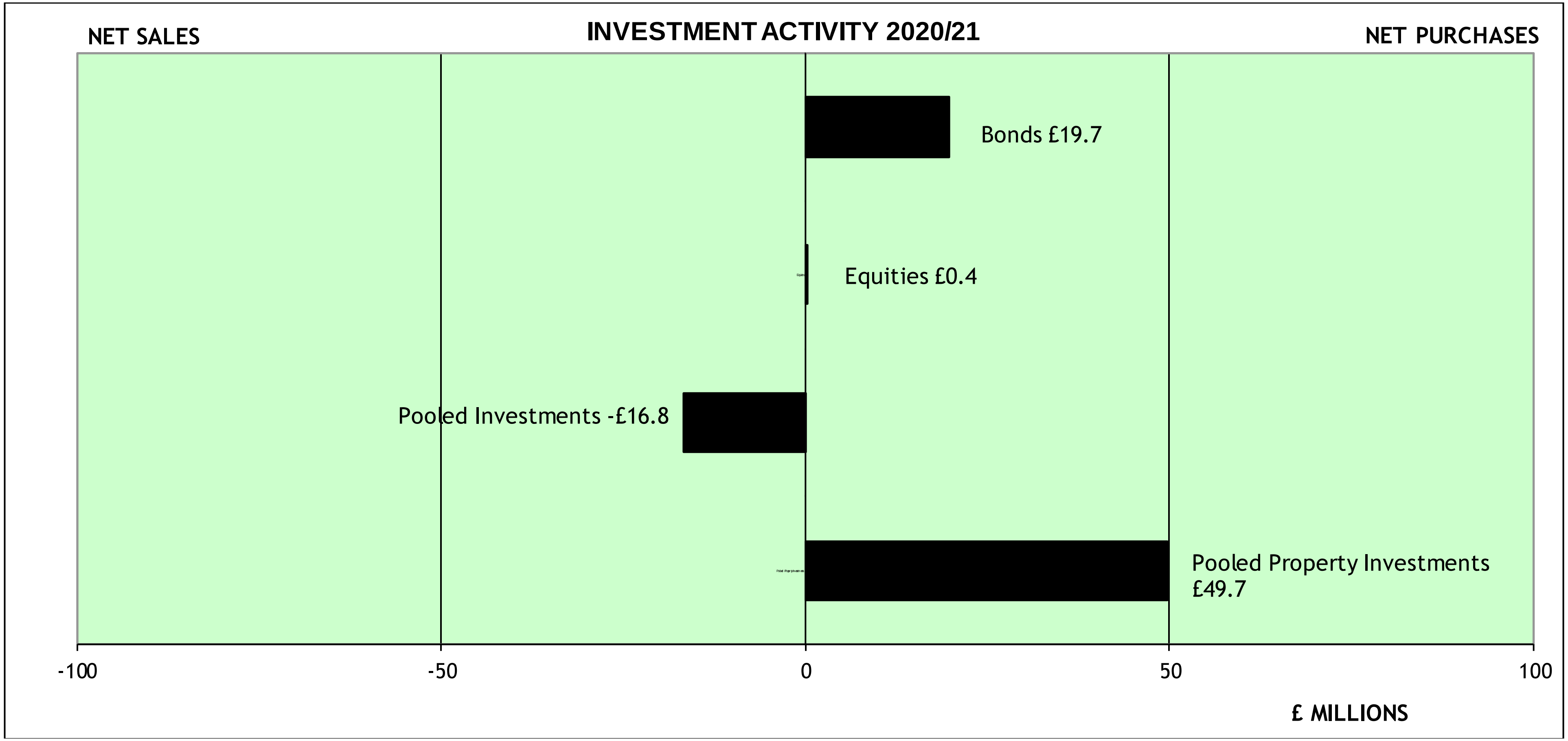
June 2021

Table showing the total returns (capital plus income) in sterling terms calculated on major indices for the year to 31 March 2021.

SECTOR		INDEX	% Total Returns Year to 31.3.21
Equities	Global	FTSE All World	+39.6
	UK	FTSE All Share	+26.7
	North America	FTSE AW – North America	+42.8
	Japan	FTSE AW - Japan	+26.3
	Europe	FTSE AW - Europe (ex UK)	+34.9
	Asia Pacific (ex Japan)	FTSE AW - Asia Pacific (ex Japan)	+44.8
	Emerging Markets	FTSE AW - Emerging	+40.8
Bonds	UK Government	FTSE-A Government	-5.5
	UK Index-Linked	FTSE-A Index- Linked (over 5 years)	+2.6
	UK Corporate Bonds	Markit iBoxx Sterling Non-Gilt All Stocks Index	+7.0
	Overseas	JP Morgan Global Government (ex UK) Traded Bond Index (£)	-2.0
Cash	UK	7 DAY £ LIBID INDEX	0.0
Property	UK Commercial	IPD All Balanced Funds Index	+2.5

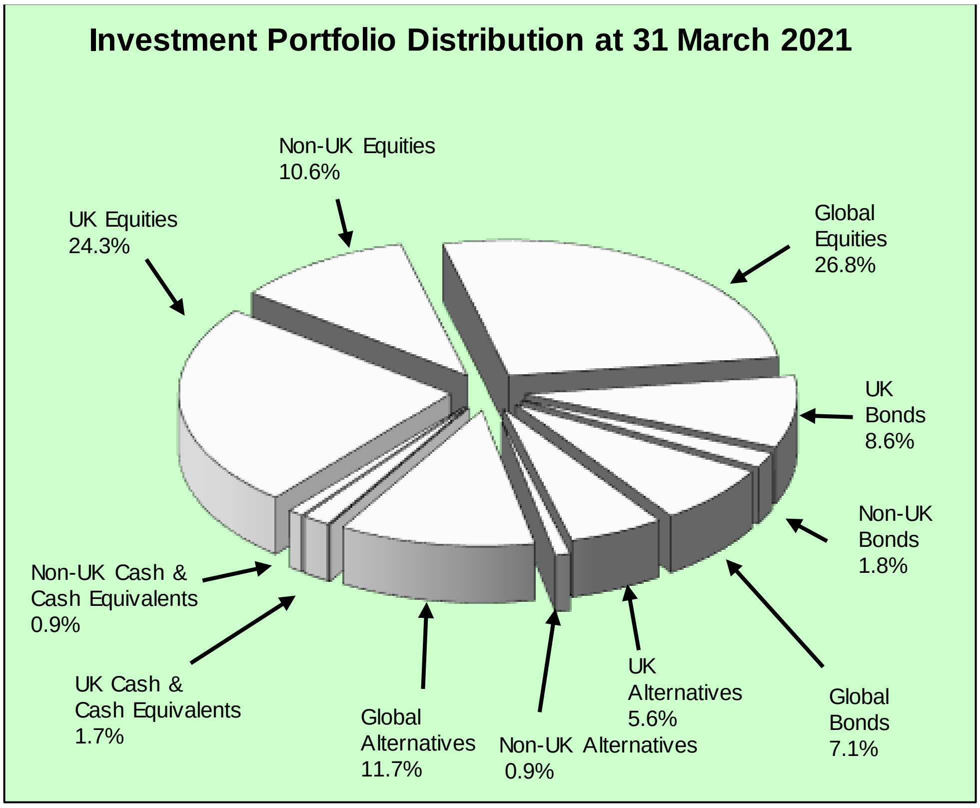
- **Investment Activity**

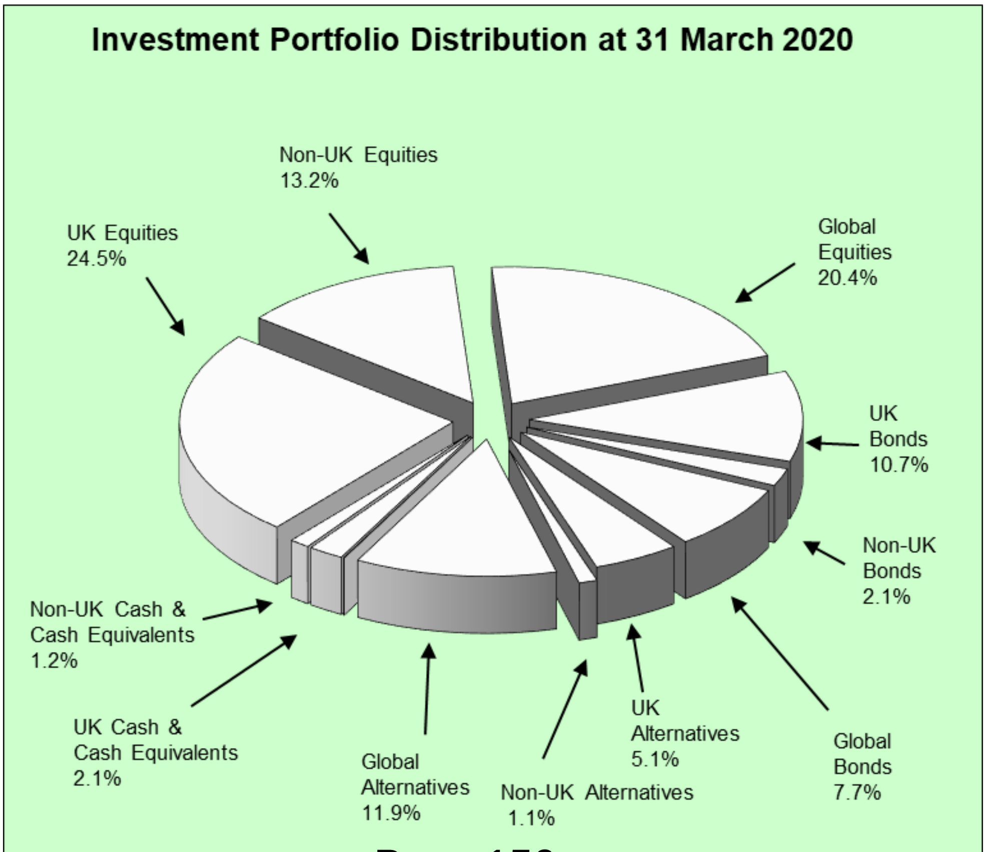
The Pension Fund invested a net £53.0 million during the year ended 31 March 2021. The amounts invested or disinvested in each principal category of asset are shown in the chart below. Derivatives are not included in the chart.



Portfolio Distribution

The distribution of the Pension Fund amongst the principal categories of assets as at 31 March 2021 is shown in the chart below. A comparative chart of the position at 31 March 2020 is also shown. Changes in the asset weightings, from one year to another, are due to investment activity and market movements.

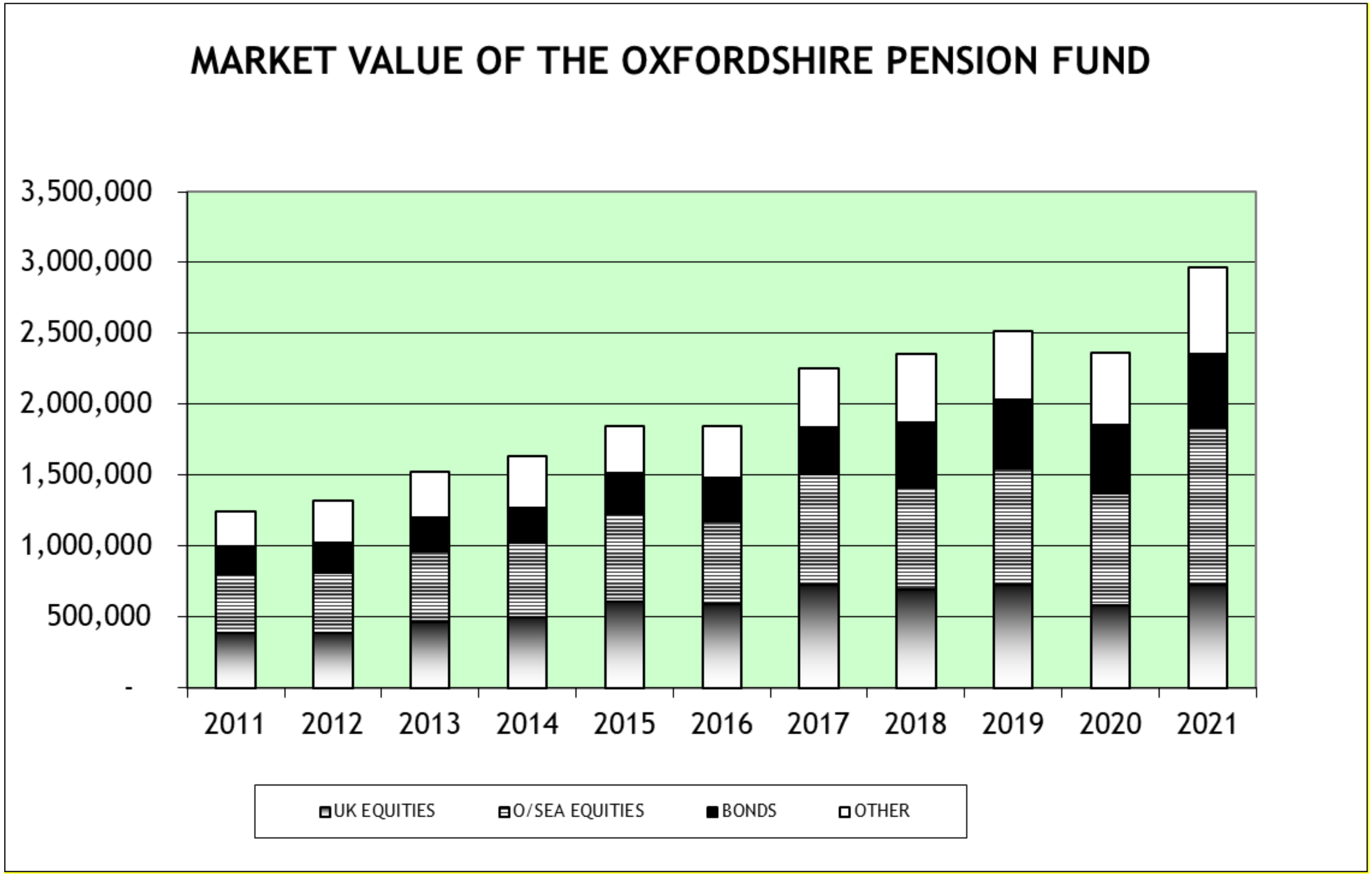




Portfolio Asset Allocation over the Ten Years to March 2021

The total assets (including accruals) of the Pension Fund have grown from £1,245 million at end of March 2011 to £2,970 million at end of March 2021 (see chart below).

Over the period the percentage in UK equities decreased from 31.3% to 24.4% and bonds increased from 15.5% to 17.5%.



Note: In 2008 the basis of valuation changed from mid-price to bid-price

♦ Investment Benchmark and Performance

The performance of the individual Fund Managers against their benchmark is shown in the following table. Each Fund Manager is given a different target to outperform their benchmark over a rolling three-year period. The table shows that performance in 2020/21 at the total fund level was 0.1% above benchmark with an overall return of 23.5%.

Fund Manager	Target %	One Year Ended 31 March 2021		Three Years Ended 31 March 2021		Five Years Ended 31 March 2021	
		Benchmark Return %	Oxfordshire Return %	Benchmark Return %	Oxfordshire Return %	Benchmark Return %	Oxfordshire Return %
Brunel UK Equities	2.0	25.5	27.5	-	-	-	-
Legal & General UK Equities - Passive	n/a	26.7	27.0	-	-	-	-
Legal & General Global Developed Equities - Passive	n/a	39.4	39.4	-	-	-	-
Brunel Global High Alpha Equity	2-3	39.1	50.0				
Brunel Emerging Market Equity	2-3	42.8	46.1				
Legal & General Fixed Income	0.6	1.1	4.8	3.5	4.4	4.5	5.1
Insight Diversified Growth Fund	3-5	4.0	14.3	4.5	3.3	4.1	4.2
In-House Property	Excess	2.5	-5.4	2.4	2.1	4.1	5.9
In-House Private Equity	1.0	63.0	32.6	9.9	15.9	10.2	17.5
Brunel Private Equity - Cycle 1	3.0	39.6	-1.7	-	-	-	-

In-House Infrastructure	4.0	4.0	0.2	4.5	7.1	-	-
Brunel Infrastructure - Cycle 1	4.0	0.7	2.8	-	-	-	-
Brunel Secured Income - Cycle 1	2.0	0.7	4.0	-	-	-	-
Cash	n/a	0.1	0.1	0.6	0.5	0.5	0.4
Total Fund		**23.4**	**23.5**	**7.2**	**7.5**	**8.8**	**9.6**

* - Being phased in. Target was 1% above benchmark until June 2014.
Cash held by Fund Managers is included within total Fund Manager performance.

Further investment performance details comparing the Oxfordshire Pension Fund with other local authority funds and indices are shown in the table below.

% Returns per annum for the financial year ended 31 March 2021				
Actual Returns	1 year	3 years	5 years	10 years
Oxfordshire Total Fund Return	23.5	7.5	9.6	8.4
Average Returns				
PIRC LGPS Universe Median Return	24.5	7.9	9.3	8.2
Oxfordshire Benchmark	23.4	7.2	8.8	8.2

Responsible Investment

Fund managers produce reports outlining their engagement and ESG related activity. All of the Fund's investment managers are signatories to the United Nations Principles for Responsible Investment Initiative. Fund managers and officers monitor ESG related developments and ad-hoc reports are produced for the Committee on topical ESG issues relevant to the Fund. In 2019/20 the Pension Fund adopted a Climate Change Policy recognising this as the single most important factor that could materially impact its long-term investment performance given its systemic nature and the effects it could have on global financial markets. A copy of the Policy is available on the Council's website: (https://mycouncil.oxfordshire.gov.uk/documents/s50129/PF_MAR0620R20%20Appendix%20to%20Annex%201%20OCCPF%20Climate%20Change%20Policy%20Draft.pdf).

The Fund has produced a report based on the Taskforce on Climate-related Financial Disclosures (TCFD) recommendations which is included below on pages 42-56:

Voting

Introduction

The UK Stewardship Code was introduced by the Financial Reporting Council in 2010, and revised in September 2012. The Code, directed at institutional investors in UK companies, aims to protect and enhance the value that accrues to ultimate beneficiaries through the adoption of its seven principles. The code applies to fund managers and also encourages asset owners such as pension funds, to disclose their level of compliance with the code.

Principle 6 of the Code states that Institutional investors should have a clear policy on voting and disclosure of voting activity. They should seek to vote all shares held and should not automatically support the board. If they have been unable to reach a satisfactory outcome through active dialogue then they should register an abstention or vote against the resolution, informing the company in advance of their intention to do so and why.

The Oxfordshire County Council Pension Fund's voting policy is set out in its Investment Strategy Statement which states that in practice the Fund's Investment Managers are delegated authority to exercise voting rights in respect of the Council's holdings. Voting decisions are fully delegated to fund managers, while recognising that the Fund maintains ultimate responsibility for ensuring that voting is undertaken in the best interests of the Fund.

Oxfordshire County Council Pension Fund Taskforce on Climate-related Financial Disclosures Report 2020/21

Introduction

This is the Pension Fund's first report under the Taskforce on Climate-related Financial Disclosures (TCFD) framework and fulfils the action from the Fund's Climate Change Policy Implementation Plan to produce a first report in 2020/21.

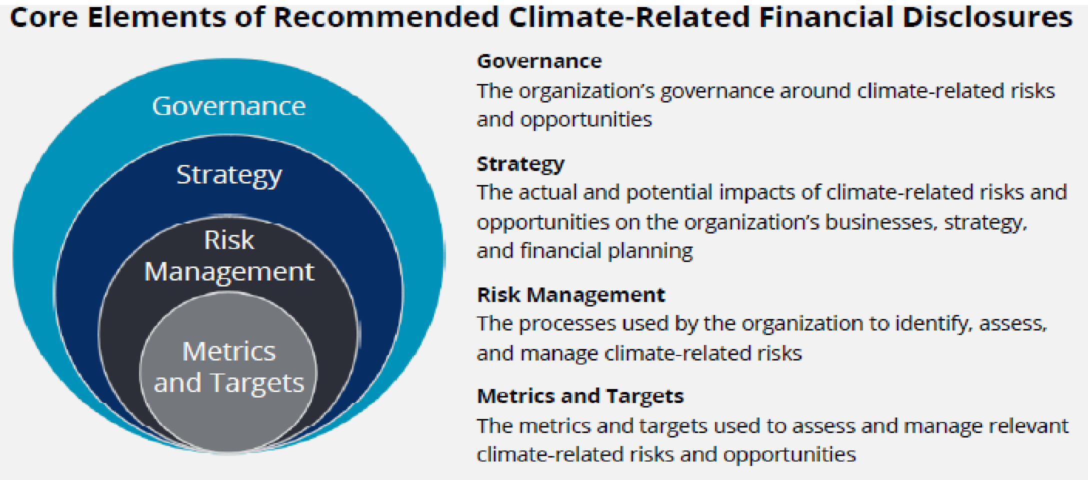
As well as reporting against the TCFD recommendations the report is intended to review the progress made against the Fund's Climate Change Policy and Implementation Plan which were agreed in June 2020.

Background

Mark Carney, when he was Chair of the Financial Stability Board, was instrumental in the launch of TCFD when it was created in 2015. In 2017 the TCFD released its recommendations for improved transparency by companies, asset managers, asset owners, banks, and insurance companies on how climate-related risks and opportunities are being managed. Supporters of the TCFD total over 2,300 organisations across 88 countries. The Task Force consists of 32 members from across the G20, representing both users and preparers of financial disclosures, and is currently chaired by Michael R. Bloomberg founder of Bloomberg L.P..

The TCFD was established to develop recommendations for more effective climate-related disclosures that could promote more informed investment, credit, and insurance underwriting decisions and, in turn, enable stakeholders to understand better the concentrations of carbon-related assets in the financial sector and the financial system's exposures to climate-related risks. The four core elements of the recommended disclosures are detailed in Figure 1 below.

Figure 1



(Recommendations of the Task Force on Climate-related Financial Disclosures, 2017)

The TCFD recommendations on climate-related financial disclosures are intended to be widely adoptable and applicable to organisations across sectors and jurisdictions.

In November 2020, the UK Government announced its 'TCFD road-map' with a commitment to roll out across the finance sector by 2025. This is underway with regulators having made, or being in the process of making, TCFD based reporting mandatory and have published guidance on the implementation of the recommendations relevant to the sector in question. Figure 2 below shows the announced TCFD implementation plans in the UK.

Figure 2

Financial Conduct Authority	Implementation Date
UK Listed Companies	2021
Asset Managers and Workplace Personal Pensions	2022
Large UK-Registered Private Companies	2023
Department for Work & Pensions (DWP)	
Occupational Pension Schemes	2021

At present there is no requirement for LGPS funds to report under TCFD or consultation on the implementation in the LGPS. However, the Ministry of Housing, Communities & Local Government has stated that it intends for TCFD reporting in the LGPS to become mandatory in 2023. The Pension Fund determined in its Climate Change Policy Implementation Plan that a TCFD report would be included in its 2020/21 Annual Report.

Below are details for the Fund under each of the TCFD's recommended disclosures.

Governance

TCFD Recommended Disclosure - a. Describe the board's oversight of climate-related risks and opportunities.

The Fund's governance arrangements are set out in its Governance Policy Statement. All functions relating to the management of the Pension Fund have been delegated by Oxfordshire County Council to the Pension Fund Committee. As such, the Committee are responsible for the Fund's long-term strategy.

The Pension Fund Committee are responsible for setting the Fund's Investment Strategy Statement which includes the approach to responsible investment. The Fund has an Independent Financial Adviser who provides investment advice to the Fund including on investment strategy.
Climate change is considered in the budget setting process in terms of training requirements, any climate related consultancy deemed beneficial, and climate related reporting requirements.

In June 2020 the Pension Fund Committee agreed a Climate Change Policy and Climate Change Policy Implementation Plan. Progress against the Policy and Implementation Plan is to be reported to Committee quarterly with a more detailed annual review. Climate Change is included as one of the four key items on the Pension Fund's Annual Business Plan.

Following agreement of the Policy a Climate Change Working Group was formed which currently comprises of Committee members, a Local Pension Board member, Fund officers, the Fund's Independent Financial Adviser, a scheme member representative, and member of the Fossil Free Oxfordshire campaign group. The Working Group aims to meet quarterly and report back to the Committee at its quarterly meetings.

As required by LGPS regulations The Pension Fund operates a Local Pension Board which meets on a quarterly basis. The Board's role is to ensure the efficient and effective governance and administration of the Fund, including compliance with relevant regulations and legislation that apply to the Fund.

The Fund, along with nine other LGPS funds, is a part of the Brunel Pension Partnership which develops investment portfolios that are made available to client funds to invest in. Under pooling requirements set by the government the Pension Fund is required to make all investments through Brunel while maintaining responsibility for asset allocation decisions. The key bodies where the Fund interacts with Brunel are the Client Group and Brunel Oversight Board where fund representatives and Brunel meet. Climate related risks and opportunities form a key part of the reporting received from Brunel on their portfolios and activities and Brunel has a dedicated responsible investment team.

TCFD Recommended Disclosure – b. Describe management's role in assessing and managing climate-related risks and opportunities.

Day-to-day management of the Fund's Climate Change Policy implementation is delegated to management through the Director of Finance and is required to report progress to the Pension Fund Committee quarterly. Management receive an annual carbon metrics report which informs its reporting to Committee.

Management meets regularly with its Fund managers and has established a cycle for fund manager attendance at Committee meetings. Management engage with Brunel and other Fund Managers on climate issues and receive and consider responsible investment, including climate related, reporting that is included in Fund Managers' quarterly reports. The Fund has an officer representative on the Brunel Responsible Investment Sub-Group and Cross-Pool Responsible Investment Group where developments around climate issues are regularly discussed (e.g. metrics developments, engagement activities and results).

Management are responsible for developing and operating a training plan for Committee members and Officers to ensure appropriate skills and knowledge.

Strategy

TCFD Recommended Disclosure – a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.

The Pension Fund has liabilities that stretch decades into the future and so primarily takes a long-term view to investment decisions. Given the diversity and global nature of the Fund's investments almost all climate related risks and opportunities are relevant to the Fund. While some of the climate-related risks/opportunities apply to the Fund across its investments as a whole, others are specific to certain sectors or geographies and Fund Managers are required to consider the materiality of these.

The most significant long-term risk is the systemic risk across financial markets, including social and other factors, associated with climate change that could arise if actions are not taken to adhere to the Paris Agreement.

In terms of more specific and short/medium-term risks - stranded assets, physical risks (e.g. property), sovereign debt where countries are dependent on fossil fuel linked revenue, policy risk (e.g. carbon pricing), technology risk (obsolescence), changes in consumer behavior are all factors that can affect the Fund's investments. There is also a risk that the Fund develops its investment strategy around achievement of the Paris goals but the goals are not achieved meaning the Fund's investment strategy is misaligned with the reality of the actual climate path.

The Fund has identified climate related opportunities including the ability to reduce portfolio risk by identifying and taking action on assets at risk under Paris aligned scenarios and the potential to identify outperformance opportunities by investing in those companies whose business models/strategies are best aligned with Paris aligned scenarios. Additionally, investment opportunities exist in assets linked to the implementation of the Paris Agreement (e.g. clean energy infrastructure).

TCFD Recommended Disclosure – b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.

Climate Change is considered as part of the development of the Fund's Investment Strategy Statement which includes the Fund's strategic asset allocation. After each funding valuation undertaken by the actuary the Fund completes a fundamental review of its asset allocation which will consider climate related risk and opportunities. The Fund aims to incorporate climate change scenario analysis into the next fundamental review due in 2023. The fund uses diversification to manage investment risks but given the systemic nature of climate risks this limits its effectiveness under more extreme scenarios.

The Fund's Climate Change Policy states that where there are two investment options that broadly aim to deliver the same investment objective the Pension Fund will prioritise the option that delivers the best fit to its climate change commitment. For example, consistent with this principle the Fund moved ~5% of the Fund from regular market-cap index trackers to a low-carbon alternative in 2020.

Climate related risks and opportunities are considered when setting the Pension Fund's Business Plan and also informs discussions with Brunel around portfolio offerings and construction.

The Pension Fund has made a commitment to achieve net-zero emissions on its own operations by 2030.

TCFD Recommended Disclosure – c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

The Fund is committed through its Climate Change Policy to keeping abreast of the latest scientific developments in respect of Climate Change to ensure that the Policy remains appropriate in its aim to align with the Paris Agreement.

Under a scenario where additional cuts in emissions are required to meet the Paris Agreement, and there was a global commitment to achieve this, the Fund would anticipate amending its target for emissions reductions across its investments accordingly and making any necessary changes to its asset allocation targets and/or investment portfolios.

Under a scenario where the Paris Agreement goals were to be overshot the Fund would consider making changes to its investments that align with this reality, this would likely include mitigating physical risks that would be associated with such a scenario. The Fund would also review whether there are changes the Fund could make, for example in engagement activity or policy advocacy, that could help correct the scenario back towards a Paris aligned one.

The Fund has not yet undertaken a scenario analysis exercise and acknowledges that this is a developing area. The Fund recognises the value of scenario analysis based on different climate scenarios and has committed to undertaking an exercise in its Implementation Plan, the results of which are to be incorporated into the Fund's fundamental asset allocation review due in 2023. Any scenario analysis would be intended to consider both the asset and liability implications for the Fund.

Risk Management

TCFD Recommended Disclosure – a. Describe the organization's processes for identifying and assessing climate-related risks.

Climate Change is included on the Fund's risk register which considers impact and likelihood in assigning a score. The risk register is reviewed on a quarterly basis and reported to Committee at each meeting. Officers consider regulatory, scientific and political developments on climate change in particular those from recognised international bodies such as IIGCC, International Energy Agency, and UN Environmental Programme.

The Fund meets regularly with Brunel and discusses climate issues including any identified from the narrative reporting or climate metrics provided by Brunel.

Brunel in turn meet with their appointed fund managers who also have a responsibility to consider climate related risks and opportunities. For example, Brunel have a target for all companies held in their portfolios to achieve a Transition Pathway Initiative score of 4 or higher by 2022. The responsible Investment Sub-Group at Brunel provides an additional forum to discuss climate related risks with Brunel.

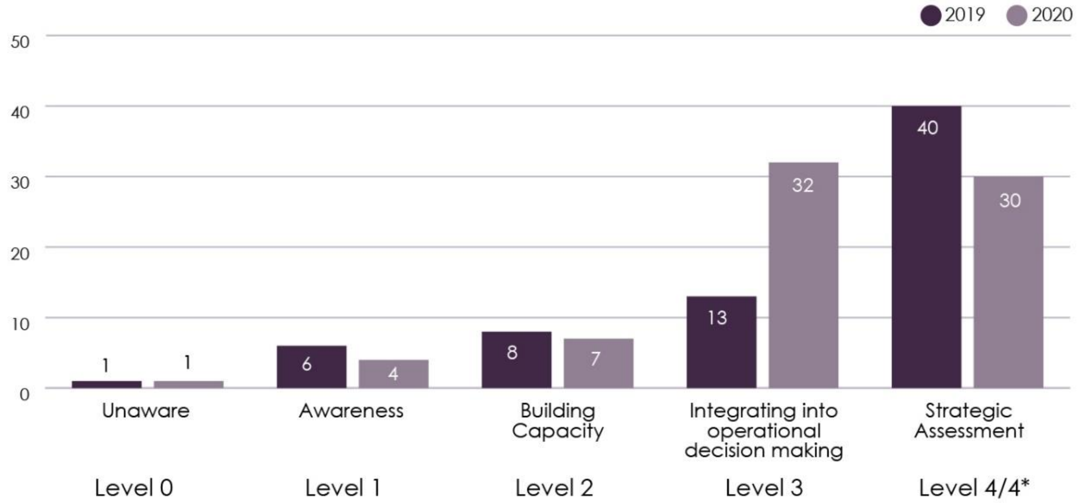
TCFD Recommended Disclosure – b. Describe the organization's processes for managing climate-related risks.

The Fund is responsible for asset allocation decisions and sets its asset allocation targets to be consistent with the Fund's Climate Change Policy. Where the Fund identifies investment needs that are not currently deliverable from Brunel portfolios there is a process for the creation of new portfolios.

Voting and engagement form an important part of the Fund's management of climate-related risks. Engagement on behalf of the Pension Fund primarily takes place through Brunel, their appointed fund managers, and their engagement provider, in accordance with the approach set out in Brunel's Climate Change Policy to which the Fund is able to input. Voting is undertaken on behalf of the Fund by Brunel utilising the expertise of their voting and engagement provider and appointed managers.

Brunel's approach to voting escalation sees an initial vote against the reappointment of a company Chair escalate to other board members where they have not met their climate disclosure expectations. These expectations will increase over time with the aspiration of all their material holdings being on TPI Level 4 by 2022 and having made meaningful progress to alignment with a 2 degree or below pathway. In some sectors, e.g. oil and gas, they will aim to stimulate more rapid change. Figure 3 below shows the available TPI scores for 2019 and 2020 across Brunel's listed equity portfolios.

Figure 3



The Fund, through Brunel and the Fund's membership of IIGCC, is involved in the Development of Paris Aligned Portfolios under the IIGCC's net zero framework. It is intended that this work will lead to all portfolios offered by Brunel being Paris aligned.

The Fund believes that in some areas, particularly around public policy engagement, it is beneficial for the Fund to act with like-minded investors. As such, the Fund is a member of investor groups whose aims are aligned with those of the Fund in respect of Climate Change (Climate Action 100+, Institutional Investors Group on Climate Change, Local Authority Pension Fund Forum).

TCFD Recommended Disclosure – c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.

Climate Change is included on the Fund's risk register which is a standing item at the quarterly Committee meetings. Climate change is a key topic included as part of the training plan to ensure appropriate skills and knowledge for those making decisions.

In appointing third parties, such as the Fund's Independent Financial Adviser, the Fund will set out requirements around responsible investment as appropriate.

Climate Change is also considered by the Fund's actuaries when undertaking their funding valuation.

<u>**Metrics and Targets**</u>

TCFD Recommended Disclosure – a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.

Metrics reported in this section are from the Fund's 2020 Carbon Metrics Report. The report includes equity and fixed income assets covering ~62% of the Fund's overall investment portfolio. The Fund is working to improve reporting across other asset classes, including private markets, so that the level of coverage can be increased.

The Fund currently uses the following metrics to assess climate related risks and opportunities at both an aggregate and listed portfolio level:

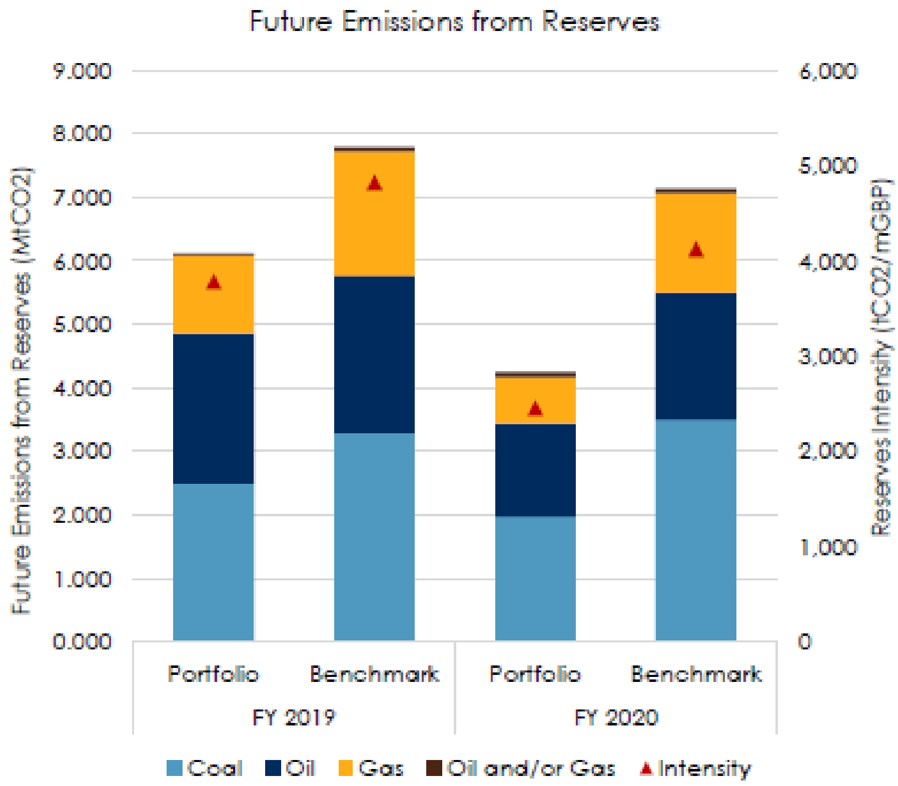
- Weighted Average Carbon Intensity
- Fossil Fuel Revenue Exposure
- Fossil Fuel Reserves Exposure
- Future Emissions from Reserves
- Disclosure Levels (Scope 1 Emissions)

Whilst the Fund does not have a specific fossil fuel reserves exposure reduction target, it does support seeking to reduce exposure over time.

Fossil fuel reserves exposure and future emissions from reserves are useful insights into potential downstream scope 3 emissions and can be used as an indicator of potential stranded asset risks.

Figure 4 below shows fossil fuel reserves exposure for the Fund as at 31 December 2019 and 31 December 2020.

Figure 4



TCFD Recommended Disclosure - b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.

The Pension Fund's Carbon Metrics report discloses scope 1, 2 and upstream first tier scope 3 emissions for all listed equity portfolios.

TCFD Recommended Disclosure - c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

The Fund has an annual reduction target for GHG emissions across its investment portfolios of 7.6%. This target was met for the year ending 31 December 2020 as set out in the section below. Actions taken over the year included moving a proportion of the Fund's assets, representing 5% of the overall fund, held in passive equities to a low-carbon passive fund, and the transition of an active global equities portfolio to a global sustainable equities portfolio, representing approximately 9% of the overall Fund.

Climate Change Policy Implementation Plan Progress

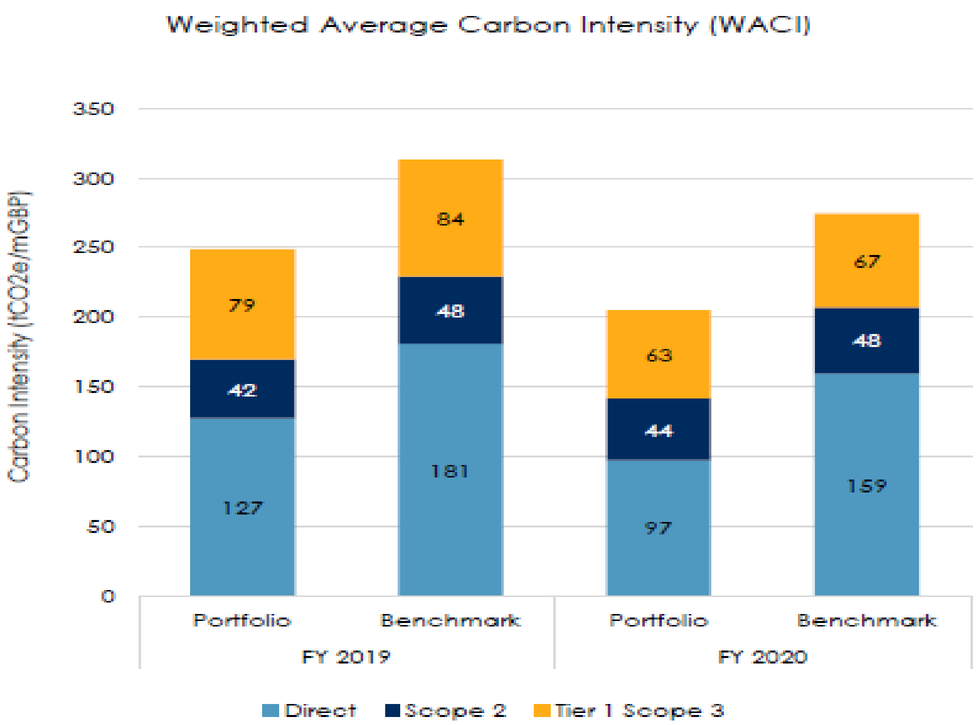
Emissions Reduction Target

The Fund's Climate Change Policy Implementation Plan set a target to reduce Greenhouse Gas Emissions by 7.6% per annum based on the 2019 UN Environment Programme annual Emissions Gap Report. This was set to be consistent with the

Fund's Policy commitment to be aligned to the 1.5°C temperature goal of the Paris Agreement with limited or no overshoot.

Figure 5 below shows the Fund's Weighted Average Carbon Intensity as at 31 December 2019 and 31 December 2020. These were 248 and 204 respectively representing **an annual reduction of 17.7%.**

Figure 5



The Fund recognises that there are a range of different metrics to assess emissions related to investment portfolios all of which have their own merits and drawbacks. At present the Fund is reporting on WACI (as recommended by TCFD) as this can be used across all listed portfolios, irrespective of allocations and therefore can be decision useful in assessing the relative carbon emission efficiency (per million pounds) of portfolios when attributing the impacts of strategic asset allocation decisions.

However, WACI has limitations in being used to assess progress against the Fund's emissions reduction target, principally because it is an efficiency measure and so while efficiency may improve this does not mean actual emissions are necessarily reducing.

An additional issue across all metrics is the use of scope 3 emissions where data quality and double counting, when using full scope 3 emissions, both make its use challenging. At present the Fund's WACI data includes Scope 1, Scope 2, and first tier Scope 3 emissions (upstream emissions).

Since the Fund set its Policy there have been a number of key reports released assessing progress towards delivery of the Paris Agreement and the pathways to net-zero.

The 2020 Emissions Gap report was released in December 2020. The report did not release an update to the required annual reduction in GHG emissions. The report notes an expected reduction in emissions of around 7% in 2020 as a result of the COVID-19 pandemic. However, this reduction is only expected to be temporary unless countries adopt a recovery plan that supports strong decarbonization. In the absence of any evidence-based reason to update the Fund's existing emissions reduction target no change is proposed at the current time.

In 2021 the International Energy Agency issued a report Net Zero by 2050.The report explores pathways to achieve net-zero by 2050 focusing on the Roadmap they believe to be most feasible. The report notes that the gap between rhetoric and action on climate change needs to close and that what is required is a total transformation of the energy systems that underpin our economies. In terms of emissions reductions the roadmap used in the report requires emissions reductions of 4.6% annually between 2020 and 2030.

What is clear from both reports is that despite some progress on the commitments made by governments to cut emissions they are still insufficient if the Paris Agreement goals are to be delivered. The current Climate Action Tracker estimate for the global temperature increase by 2100 based on Paris Agreement pledges and targets is 2.4°C, still significantly above the 1.5°C target. Even including targets announced by countries but not submitted to the United Nations Framework Convention on Climate Change warming is still expected to be at least 2°C by 2100.

Both reports are also clear that there is still time for a technically feasible, cost-effective, and socially acceptable pathway to achieve net zero by 2050. However, the pathways are narrow and extremely challenging and require a step up in the commitments and actions of all stakeholders across the globe. Warming is already estimated at 1.2°C in 2020 and the window for taking action before the Paris Agreement becomes unachievable is closing with every year where insufficient action is taken leading to more challenging requirements for future years.

In November 2021 the UK will host COP26 where it is hoped that momentum on improving climate action can be maintained.

Other Implementation Plan Items

The Fund's Implementation Plan sets out several actions over the near-term that the Fund has determined will enable it to deliver on its Climate Change Policy. Progress against each of these is summarised below.

Work with Brunel to establish whether alternative passive, or similar, equity funds are available that better deliver on the Policy than current options available to the Fund.

Brunel have worked with their client funds to develop a range of index-tracking portfolios that meet the EU criteria to be classified as a Climate Transition Benchmark or Paris Aligned Benchmark. It is intended that a report considering the use of these portfolios by the Fund will be considered by the Pension Fund Committee at its September 2021 meeting.

Brunel are due to make available a Sustainable Global Equities portfolio shortly. The Pension Fund had initially planned to transition the c.£250m global equity mandate currently manged by UBS to the Brunel Global Core Equities portfolio. While all of Brunel's portfolios operate under their Climate Policy, the Sustainable Global Equity portfolio focuses on identifying companies that are part of the solution to material sustainability challenges.

The Pension Fund Committee determined to move the full global equity mandate managed by UBS to the Brunel Sustainable Global Equities portfolio. The transition was completed in September 2020.

Consider the renewable infrastructure weighting when making future allocations to the Brunel Infrastructure portfolio.

Brunel is currently scoping its forthcoming (cycle 3) private market investment strategies. The strategies include the commitments to pro-actively seek climate and sustainable solutions, including but not limited to renewable infrastructure, as part of broader allocaitons.

Investigate an appropriate metric for measuring the proportion of assets invested in climate mitigation and adaptation.

The Fund continues to work with Brunel in developing an appropriate metric and determining the criteria used to identify investments in climate mitigation and adaptation. This links to wider work being undertaken by various governments including the EU who have developed an EU Taxonomy and the UK which has established a Green Technical Advisory Group to advise the government on the establishment of a UK taxonomy that sets the criteria for an investment to be defined as environmentally sustainable.

Once an appropriate metric has been developed the Fund will also explore setting a target in terms of the % of the Fund invested in climate solutions. The IIGCC is currently undertaking a piece of work looking at enabling the setting of science-based targets for investments in climate solutions with a report expected in October 2021.

The Pension Fund will work with Brunel to set appropriate targets and measures of success in relation to engagement activity undertaken on the Fund's behalf.

Brunel also have a target for all their material holdings to achieve a Transition Pathway Initiative score of at least 4 by 2022 and are targeting engagement and voting action against those companies whose scores are not improving or are falling.

Brunel's voting and engagement provider Hermes EOS have a target outcome that companies' strategies and actions are aligned to the goals of the Paris Agreement. Hermes use four milestones to measure and monitor progress:

Milestone 1 Concern raised with company
Milestone 2 Acknowledgement of the issue
Milestone 3 Development of a credible strategy to address the concern
Milestone 4 Implementation of a strategy or measures to address the concern

The effectiveness of the engagement approach operated by Brunel will be formally reviewed as part of the 2022 stocktake of their Climate Change Policy and the Pension Fund will contribute to this review.

A key component of the engagement approach is to encourage companies to set plans and objectives to align with net-zero.

Progress is being made, for example:
52% of Climate Action 100+ focus companies are now targeting net zero at some level, although we acknowledge more detail on delivery is needed.

Brunel provides updates on the engagements with companies every quarter and more detailed analysis on an annual basis in the Responsible Investment and Stewardship Outcomes Report.

Concluding in Autumn 2022, Brunel and its clients will undertake a climate stocktake against the policy, objectives, and targets.

Work with Brunel to identify, or develop if not available, appropriate metrics, across all investment portfolios, to monitor the successful implementation of the Policy.

Work on metrics is ongoing and is expected to be an evolving process that incorporates developments in available data with the aim of increasing the accuracy and relevance of metrics as well as increasing the level of portfolio coverage.

While metrics are available for listed equities and bonds there is currently a lack of data available for the majority of other assets particularly in a format that allows aggregation at portfolio level. There are some industry developments in this area that could be useful to the Fund, for example the Carbon Risk Real Estate Monitor that has been developed for real estate assets.

Brunel are working with their private market managers to produce climate data that can be used to measure alignment with climate goals.

Consider the merits of joining investor groups whose aims align with those of the Pension Fund as set out in the Policy.

The Fund has become members of The Institutional Investors Group on Climate Change (IIGCC) and Climate Action 100+. In February 2021 the Fund signed the IIGCC's Paris Aligned Investments Initiative: Net Zero Asset Owner Commitment, joining other global investors in committing to investing in support of the goal of global net zero emissions by 2050.

Investigate options for portfolio scenario analysis based on different climate change scenarios so that this can be incorporated in the next fundamental asset allocation review in 2023.

The Fund continues to target production of a report to feed into the 2023 fundamental asset allocation review exercise. This would enable the Fund to include scenario analysis in its 2023 TCFD report at which point it is anticipated to be a mandatory requirement from MHCLG.

The Fund is exploring options for scenario analysis with Brunel and a discussion at the Brunel Client Group on a possible shared solution is planned.

As well as addressing the Pension Fund's investments the Policy also sets a target for the Pension Fund to be carbon neutral on its own operations by 2030.

The Fund continues to work within Oxfordshire County Council's wider goal to achieve net zero emissions by 2030 across the whole organisation of which the Pension Fund is part. The Fund intends to report data on this and actions taken in future updates.

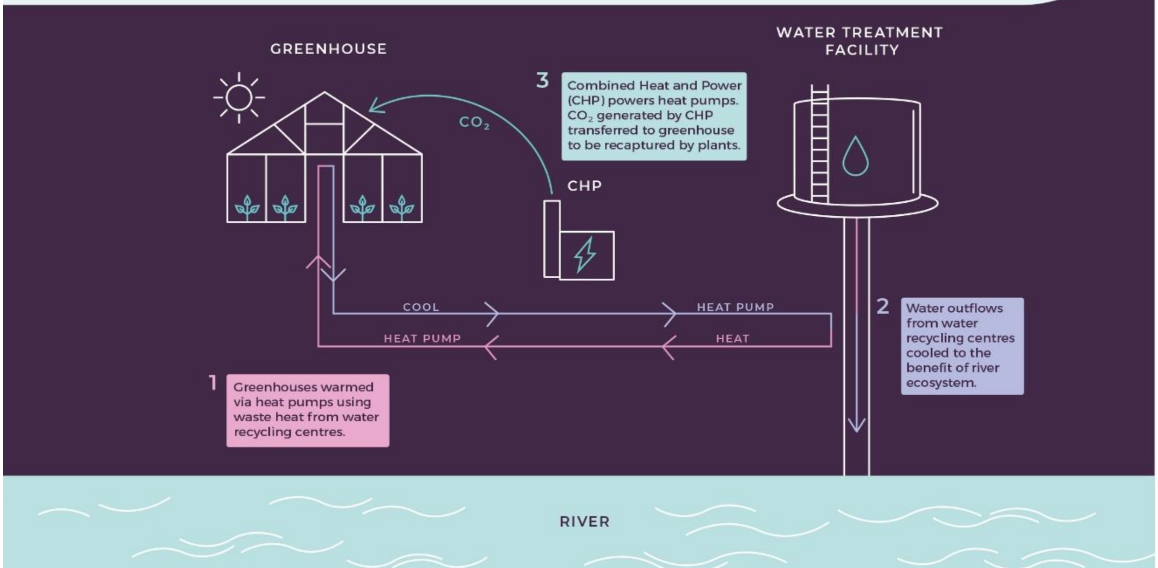
Case studies

Below are two examples of investments with a climate focus within the Brunel portfolios the Pension Fund is invested in.

Case Study: Sustainable agriculture in East Anglia

The Brunel Secured Income Fund is invested in **the world's first ever low-carbon greenhouse via Greencoat Capital**. The two greenhouses totalling over 70 acres (the size of 46 football pitches), are warmed via heat pumps using water from recycling centres and energy will be provided by a Combined Heat and Power (CHP) plant. The waste heat comes from sewage treatment works, which would otherwise flow into and heat up local rivers. The CO² generated from the CHP plants is transferred into the greenhouses to be recaptured by the growing plants.

The greenhouses are 7m tall glass structures and allow crops to grow vertically along line wires from hydroponically nutrient-rich water solutions instead of soil. The project uses 1/10th of the water usage of field farming whilst being ten times productive. In addition, rainwater is captured from the building's roof and is recirculated to ensure no wastage. As well as providing the UK with home-grown tomatoes, the technology reduces the carbon footprint by up to 75%. In addition to environmental benefits, the project will create 137 permanent jobs in Norfolk and Suffolk, and an additional 117 seasonal jobs.



Case Study: Capital Dynamics Eagle Shadow Mountain Solar Project

Capital Dynamics has acquired Eagle Shadow Mountain Solar Project. Located near Clark County, Nevada, Eagle Shadow Mountain is the first of two clean energy projects in the region due for completion at the end of 2021.

The site is located on the Moapa River Indian Reservation and is expected to generate up to 400 new jobs during the 18-month construction period. The Moapa River Indian Reservation has a population of less than 250 tribal residents called the Moapa Band of Pauites. Capital Dynamics will work closely with members of the tribe and will rely heavily on their rich talent pool for both building and operating the solar and storage plants.

Other Material

Employer Discretions

Pension Services can supply employers with related pension costs which would result following an employer's action on a discretionary policy. The employer's written decisions are required before pension services will take action in any circumstance which could incur additional cost, unless it is clear from an employer's current written policy statement that the decision is in accordance with that statement. For example, some employers will allow late transfers without further consideration while others need to make individual decisions.

Fund Account for the Year Ended 31 March 2021			
	Notes	**2021 £'000**	**2020 £'000**
Contributions and Benefits			
Contributions Receivable	6	-113,588	-100,833
Transfers from Other Schemes	7	-20,407	-13,021
Other Income	8	-87	-149
Income Sub Total		**-134,082**	**-114,003**
Benefits Payable	9	91,709	89,257
Payments to and on Account of Leavers	10	10,022	7,330
Expenditure Sub Total		**101,731**	**96,587**
Net (Additions)/Withdrawals From Dealings With Members		**-32,351**	**-17,416**
Management Expenses	11	13,766	12,433
Net (Additions)/Withdrawals From Dealings With Members Including Management Expenses		**-18,585**	**-4,983**
Returns on Investments			
Investment Income	12	-10,503	-18,378
Commission Recapture		0	0
Profits and Losses on Disposal of Investments and Changes in Market Value of Investments	16a	-577,521	174,464
Less Taxes on Income	12	0	195
Net returns on Investments		**-588,024**	**156,281**
Net (Increase)/Decrease in the Net Assets Available for Benefits During the Year		**-606,609**	**151,298**
Opening Net Assets of the Scheme		2,363,352	2,514,650
Closing Net Assets of the Scheme		**2,969,961**	**2,363,352**

Net Assets as at 31 March 2021			
	Notes	2021 £'000	2020 £'000
Investment Assets			
Bonds	16b	310,417	300,087
Equities	16b	128,163	86,211
Pooled Investments	16b	2,249,163	1,729,191
Pooled Property Investments	16b	208,145	161,843
Derivative Contracts	16c	4,136	3,092
Cash Deposits	16d	26,978	28,111
Other Investment Balances	16d	2,561	12,401
Long-Term Investment Assets	16b	840	840
Investment Liabilities			
Derivative Contracts	16c	-279	-6,166
Other Investment Balances	16d	-21,174	-13,785
Total Investments		**2,908,950**	**2,301,825**
Assets and Liabilities			
Current Assets	17	64,287	62,466
Current Liabilities	18	-3,315	-3,189
Net Current Assets		**60,972**	**59,277**
Long-Term Assets	19	39	2,250
Net Assets of the scheme available to fund benefits at year end		**2,969,961**	**2,363,352**

The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end. The actuarial present value of promised retirement benefits is disclosed at Note 26.

Note 1 – Description of the fund

This description of the Fund is a summary only. Further details are available in the Fund's 2020/21 Annual Report and in the underlying statutes.

General

The Oxfordshire County Council Pension Fund is part of the Local Government Pension Scheme which is a statutory, funded, defined benefit pension scheme. Oxfordshire County Council is the administering body for this pension fund. The scheme covers eligible employees and elected members of the County Council, District Councils within the county area and employees of other bodies eligible to join the Scheme.

The scheme is governed by the Public Service Pensions Act 2013 and is administered in accordance with the following secondary legislation:

- The Local Government Pension Scheme Regulations 2013 (as amended)

- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

This defined benefit scheme provides benefits related to salary for its members. Pensions paid to retired employees, their dependants, and deferred benefits are subject to mandatory increases in accordance with annual pension increase legislation. The amount is determined by the Secretary of State.

Membership
The majority of fund employers are required to automatically enrol eligible jobholders into the LGPS under the government's auto-enrolment legislation, employees may then choose to opt-out of the scheme. Some employers will have the option of whether to auto-enrol eligible jobholders into the LGPS or another qualifying scheme.

Members are made up of three main groups. Firstly, the contributors - those who are still working and paying money into the Fund. Secondly, the pensioners - those who are in receipt of a pension and thirdly, by those who have left their employment with an entitlement to a deferred benefit on reaching pensionable age.

Organisations participating in the Oxfordshire County Council Pension Fund include:
- Scheduled Bodies – Local authorities and similar bodies, such as academies, whose staff are automatically entitled to become members of the Fund.
- Admitted Bodies – Organisations that participate in the Fund under an admission agreement between the Fund and the organisation. Admitted bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.
- Admitted Bodies can be split in to two groups:
  - Community Admission Bodies – these are typically employers that provide a public service on a not-for-profit basis and often have links to scheduled bodies already in the Fund. Housing Corporations fall under this category.
  - Transferee Admission Bodies – these are bodies that provide a service or asset in connection with the exercise of a function of a scheme employer. Typically this will be when a service is transferred from a scheme employer and is to allow continuing membership for staff still involved in the delivery of the service transferred.

Full definitions are contained in The Local Government Pension Scheme (Administration) Regulations 2008.

The table below details the composition of the Fund's membership:

	As at 31 March 2021	As at 31 March 2020
Number of Contributory Employees in Scheme		
Oxfordshire County Council	8,062	8,290
Other Scheduled Bodies	12,012	11,675
Admitted Bodies	508	532
	20,582	**20,497**
Number of Pensioners and Dependants		
Oxfordshire County Council	9,622	9,279
Other Scheduled Bodies	6,159	6,008
Admitted Bodies	1,091	1,052
	16,872	**16,339**
Deferred Pensioners		
Oxfordshire County Council	16,081	16,061
Other Scheduled Bodies	11,563	10,568
Admitted Bodies	1,309	1,299
	28,953	**27,928**

Unprocessed leavers are included as Deferred Pensioners.

Four Resolution Bodies and six Admitted Bodies joined the scheme in 2020/21, with a further twenty-two Admitted Bodies having left the scheme. Five Scheduled Bodies joined other multi-academy trusts in 2020/21 with no net impact on membership numbers. In addition, during 2020/21 further members joined the Fund following a group transfer in to OCC and to a Scheduled Body. Overall, the changes did not have a significant impact on the membership of the Fund. The Admitted Body employers that joined and left the Fund were mostly small school service contracts with low membership numbers.

Funding

The Oxfordshire County Council Pension Fund is financed by contributions from employees and employers, together with income earned from investments. The contribution from employees is prescribed by statute, and for the year ending 31 March 2021 rates ranged from 5.5% to 12.5% of pensionable pay.

Employers' contribution rates are set following the actuarial valuation, which takes place every three years. The latest actuarial valuation took place in 2019 and determined the contribution rates to take effect from 01 April 2020. Employer contribution rates currently range from 12.2% to 28.4% of pensionable pay.

Benefits

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service as summarised below.

	Service Pre 1 April 2008	Service Post 31 March 2008
Pension	Each full-time year worked is worth 1/80 × final pensionable salary.	Each full-time year worked is worth 1/60 × final pensionable salary.
Lump Sum	Automatic lump sum of 3 × pension. In addition, part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.	No automatic lump sum. Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.

From 1 April 2014 the scheme became a career average scheme, where members accrue benefits based on their pensionable pay in any given year at an accrual rate of 1/49th. Accrued pension is indexed annually in line with the Consumer Prices Index. The normal retirement age is linked to each individual member's State Pension Age.

There are a range of other benefits provided under the scheme including early retirement, disability pensions and death benefits. Scheme members are now also able to opt to pay 50% of the standard contributions in return for 50% of the pension benefit.

Note 2 – Basis of Preparation

The accounts have been prepared in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

Regulation 5(2)(c) of the Pension Scheme (Management and Investment of Funds) Regulations 1998 (SI 1998 No 1831) prohibits administering authorities from crediting Additional Voluntary Contributions to the Pension Fund. In consequence Additional Voluntary Contributions are excluded from the Net Assets Statement and are disclosed separately in Note 23.

The accounts summarise the transactions of the Pension Fund and detail the net assets of the Fund. The accounts do not take account of the obligation to pay future benefits which fall due after the year-end. The Code gives administering authorities the option to disclose this information in the net assets statement, in the notes to the accounts or by appending an actuarial report prepared for this purpose. The pension fund has opted to disclose this information in Note 26.

The accounts have been prepared on a going concern basis. The Fund does not anticipate a significant impact on the Fund's cashflow or balance sheet position over the next couple of years as a result of the Covid-19 pandemic. The fund has not received any requests from employers for a contribution deferral and continues to receive contributions from all employers in line with the rates set in the 2019 actuarial valuation. The Fund's cashflow monitoring shows that cashflows from dealings with members continue to be positive each month and are currently running at around +£0.5m per month on average. Even if the cashflow position from dealing with members turns negative the Fund generates investment income that can also be used to pay pensions without the need to sell assets at a potentially suboptimal time. The Fund has a level of assets that would be able to cover pension payments for over a decade at current pension payment levels even if no further income was received. The Fund is subject to an actuarial valuation every three years so any deterioration in the funding position leading up to the valuation would be factored in when setting contribution rates for employers to ensure the fund is able to meet all its future obligations. The funding level of the Pension Fund as assessed by the Fund’s actuary at the 2019 valuation was 99%.Therefore management are assured the pension fund remains a going concern.

Note 3 – Summary of Significant Accounting Policies

Investments

1. Investments are shown in the accounts at market value, which has been determined as follows:

   (a) The majority of listed investments are stated at the bid price or where the bid price is not available, the last traded price, as at 31 March 2021.

   (b) Unlisted securities are included at fair value, estimated by having regard to the latest dealings, professional valuations, asset values and other appropriate financial information.

   (c) Pooled Investment Vehicles are stated at bid price for funds with bid/offer spreads, or single price where there are no bid/offer spreads, as provided by the investment manager.

   (d) Where appropriate, investments held in foreign currencies have been valued on the relevant basis and translated into sterling at the rate ruling on 31 March 2021.

   (e) Fixed Interest stocks are valued on a ‘clean’ basis (i.e. the value of interest accruing from the previous interest payment date to the valuation date has been included within the amount receivable for accrued income).

   (f) Derivatives are stated at market value. Exchange traded derivatives are stated at market values determined using market quoted prices. For exchange traded derivative contracts which are assets, market value is based on quoted bid prices. For exchange traded derivative contracts which are liabilities, market value is based on quoted offer prices.

   (g) Forward foreign exchange contracts are valued by determining the gain or loss that would arise from closing out the contract at the reporting date by entering into an equal and opposite contract at that date.

   (h) All gains and losses arising on derivative contracts are reported within ‘Changes in Market Value of Investments’.

Foreign Currencies

2. Balances denominated in foreign currencies are translated at the rate ruling at the net assets statement date. Asset and liability balances are translated at the bid and offer rates respectively. Transactions denominated in foreign currencies are translated at the rate ruling at the date of transaction. Differences arising on investment balance translation are accounted for in the change in market value of investments during the year.

Contributions

3. Employee normal contributions are accounted for when deducted from pay. Employer normal contributions that are expressed as a rate of salary are accounted for on the same basis as employees' contributions, otherwise they are accounted for in the period they are due under the Schedule of Contributions. Employer deficit funding contributions are accounted for on the due dates on which they are payable in accordance with the Schedule of Contributions and recovery plan under which they are being paid or on receipt if earlier than the due date.

   Employers' pensions strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid will be classed as a current financial asset. Amounts not due until future years are classed as long-term financial assets.

   The Actuary determines the contribution rate for each employer during the triennial valuations of the Fund's assets and liabilities. Employees' contributions have been included at rates required by the Local Government Pension Scheme Regulations.

Benefits, Refunds of Contributions and Transfer Values

4. Benefits payable and refunds of contributions have been brought into the accounts on the basis of all amounts known to be due at the end of the financial year. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities. Transfer values are those sums paid to, or received from, other pension schemes and relate to periods of previous pensionable employment. Transfer values have been included in the accounts on the basis of the date when agreements were concluded.

   In the case of inter-fund adjustments provision has only been made where the amount payable or receivable was known at the year-end. Group transfers are accounted for in accordance with the terms of the transfer agreement.

Investment Income

5. Dividends and interest have been accounted for on an accruals basis. Dividends from quoted securities are accounted for when the security is declared ex-div. Interest is accrued on a daily basis. Investment income is reported net of attributable tax credits but gross of withholding taxes. Irrecoverable withholding taxes are reported separately as a tax charge. In the majority of cases investment income arising from the underlying investments of the Pooled Investment Vehicles is reinvested within the Pooled Investment Vehicles and reflected in the unit price. It is reported within 'Changes in Market Value of Investments'. Foreign income has been translated into sterling at the date of the transaction. Income due at the year-end was translated into sterling at the rate ruling at 31 March 2021.

Investment Management and Scheme Administration

6. A proportion of relevant County Council officers' salaries, including salary on-costs, have been charged to the Fund on the basis of time spent on scheme administration and investment related business. The fees of the Fund's general investment managers have been accounted for on the basis contained within their management agreements. Investment management fees are accounted for on an accruals basis.

Expenses

7. Expenses are accounted for on an accruals basis.

Cash

8. Cash held in bank accounts and other readily accessible cash funds is classified under cash balances as it is viewed that these funds are not held for investment purposes but to allow for effective cash management. Cash that has been deposited for a fixed period and as such as an investment, has been included under cash deposits.

Listed Private Equity

9. The fund holds a number of investments in listed private equity companies. These are included under equities as the investment is in a company that undertakes private equity related activities rather than an investment in a specific fund that makes private equity investments. This is consistent with the treatment of other equity investments as the fund does not split out any other categories from within equities, for example retail stocks.

Management Fees

10. Management fees have been accounted for based on the latest guidance from the Chartered Institute of Public Finance & Accountancy. Fees have been accounted for where the pension fund has a direct contractual obligation to pay them. This means where fees are deducted in a pooled fund they have been accounted for, but in a fund of funds the fees for the underlying funds are not included only those the pension fund pays to the fund of funds manager.

Note 4 – Critical Judgements in Applying Accounting Policies

Unquoted Private Equity Investments

Determining the fair value of unquoted private equity investments is highly subjective in nature. Unquoted private equity investments are valued by the investment managers using various valuation techniques and this involves the use of significant judgements by the managers. The value of unquoted private equity and infrastructure investments at 31 March 2021 was £174.308m (£127.080m at 31 March 2020).

Pension Fund Liability

The pension fund liability is calculated every three years by the Fund's actuary, with annual updates in the intervening years. Methods and assumptions consistent with IAS19 are used in the calculations. Assumptions underpinning the valuations are agreed with the actuary and are summarised in Note 26. The estimate of the liability is therefore subject to significant variances based on changes to the assumptions used.

Note 5 – Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date, and the amounts reported for the revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.
The key judgements and estimation uncertainties that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are:-

Item	**Uncertainties**	**Potential Impact**
Actuarial Present Value of Promised Retirement Benefits	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on fund assets. The fund engages an actuarial firm to provide expert advice on the assumptions to be applied.	The actuarial present value of promised retirement benefits included in the financial statements is £4,677m. There is a risk that this figure is under or overstated in Note 26 to the accounts. Sensitivities to the key assumptions are as follows: A 0.5% p.a. increase in the pension increase rate would result in an approximate 9% increase to liabilities (£440m). A 0.5% p.a. increase in the salary increase rate would result in an approximate increase to liabilities of 1% (£33m). A 0.5% decrease in the real discount rate would result in an approximate 10% increase to liabilities (£482m). A one-year increase in member life expectancy would approximately increase the liabilities by 3-5%.
Unquoted Private Equity	Unquoted private equity and infrastructure investments are valued at fair value using recognised valuation techniques. Due to the assumptions involved in this process there is a degree of estimation involved in the valuation.	Unquoted private equity and infrastructure investments included in the financial statements total £176.241m. There is a risk these investments are under, or overstated

		in the accounts. The Pension Fund relies on specialists to perform the valuations and does not have the information (i.e. the assumptions that were used in each case) to produce sensitivity calculations. Further details are included in Note 27.

Note 6 – Contributions

	2020/21 £'000	2019/20 £'000
Employers		
Normal	-64,899	-55,799
Augmentation	0	0
Deficit Funding	-22,418	-19,389
Costs of Early Retirement	-972	-1,488
	-88,289	**-76,676**
Members		
Normal & Additional*	**-25,299**	**-24,157**
Total	**-113,588**	**-100,833**

*Local Government Scheme Additional Employees contributions are invested within the Fund, unlike AVCs which are held separately, as disclosed in Note 23.

Lump sum pre-payments in respect of contributions for the period 01/04/20-31/03/23 totalling £14.110m were received during 2020/21.

Deficit recovery contributions are paid by employers based on the maximum 22 year recovery period set out in the Funding Strategy Statement. Where appropriate, the Actuary has shortened the recovery period for some employers to maintain as near stable contribution rates for those employers, in line with the Regulations.

	Employer Contributions	Members Contributions

	2020/21	2019/20	2020/21	2019/20
	£'000	£'000	£'000	£'000
Oxfordshire County Council	-30,829	-30,196	-10,149	-9,782
Scheduled Bodies	-50,452	-38,475	-12,622	-11,835
Resolution Bodies	-4,356	-5,133	-1,651	-1,613
Community Admission Bodies	-1,122	-1,372	-370	-372
Transferee Admission Bodies	-1,530	-1,500	-507	-555
Total	**-88,289**	**-76,676**	**-25,299**	**-24,157**

Note 7 – Transfers In

	2020/21 £'000	2019/20 £'000
Individual Transfers In from other schemes	-10,936	-13,021
Group Transfers In from other schemes	-9,471	0
Total	**-20,407**	**-13,021**

Note 8 – Other Income

Other Income for 2020/21 of £0.087m (2019/20 £0.149m) reflects the interest resulting from the unwinding of the discount for the long-term receivable recognised for transfers to Magistrates' Courts. The long-term receivable was calculated on a discounted cash flow basis. This resulted in a charge to the fund account in the year the long-term receivable was originally recognised representing the value of the discount. The discount is being written down over a ten-year period.

Note 9 – Benefits

	2020/21 £'000	2019/20 £'000
Pensions Payable	78,221	75,227
Lump Sums – Retirement Grants	11,944	11,475
Lump Sums – Death Grants	1,544	2,555
Total	**91,709**	**89,257**

	Pensions Payable		Lump Sums	
	2020/21	2019/20	2020/21	2019/20
	£'000	£'000	£'000	£'000
Oxfordshire County Council	38,411	36,945	7,375	5,822
Scheduled Bodies	33,924	32,883	4,264	5,884
Resolution Bodies	946	769	608	853
Community Admission Bodies	3,921	3,702	769	918
Transferee Admission Bodies	1,019	928	472	553
Total	**78,221**	**75,227**	**13,488**	**14,030**

Note 10 – Payments to and on account of leavers

	2020/21	2019/20

	£'000	£'000
Refunds of Contributions	247	387
Payments for members joining state scheme	-4	4
Group Transfers Out to other schemes	1,945	0
Individual Transfers Out to other schemes	7,834	6,939
Total	**10,022**	**7,330**

Note 11 – Management Expenses

	2020/21 £'000	2019/20 £'000
Administrative Costs	1,950	2,712
Investment Management Expenses	10,175	7,865
Oversight & Governance Costs	1,641	1,856
Total	**13,766**	**12,433**

Within oversight and governance costs are fees paid to the Pension Fund's external auditors of £0.024m (2019/20 £0.019m) for the audit of the Pension Fund's Annual Report and Accounts. No other external audit fees were paid in 2020/21.

A further breakdown of Investment Management Expenses is in Note 13.

Note 12 – Investment Income

	2020/21 £'000	2019/20 £'000
Bonds	-3,225	-3,647
Equity Dividends	-2,361	-9,620
Pooled Property Investments	-3,942	-4,058
Pooled Investments – Unit Trusts & Other Managed Funds	-919	-302
Interest on cash deposits	-47	-702
Other – securities lending	-9	-49
	-10,503	**-18,183**
Irrecoverable withholding tax - equities	0	195
Total	**-10,503**	**-18,183**

Note 13 – Investment Management Expenses

	2020/21 £'000	2019/20 £'000
Management Fees	10,083	7,827
Custody Fees	92	38
Total	**10,175**	**7,865**

Investment Management & Custody Fees are generally calculated on a fixed scale basis with applicable rates applied to the market value of the assets managed. See Note 3 for details of the accounting treatment of management fees.

Note 14 – Securities Lending

The Fund operated a securities lending programme with its custodian State Street

Bank and Trust Company for the duration of the financial year. Collateralised lending generated income of £0.009m in 2020/21 (2019/20 £0.049m). This is included within investment income in the Pension Fund Accounts. At 31 March 2021 £0.335m (31 March 2020 £8.892m) of stock was on loan, for which the fund held £0.374m (31 March 2020 £10.028m) worth of collateral. Collateral consists of acceptable securities and government and supranational debt.

Note 15 – Related Party Transactions

The Pension Fund is required to disclose material transactions with related parties, and bodies or individuals that have the potential to control or influence the Pension Fund, or to be controlled or influenced by the Pension Fund. Disclosure of these transactions allows readers to assess the extent to which the Pension Fund might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Pension Fund.

Members of the Pension Fund Committee and the post of Service Manager (Pensions) are the key management personnel involved with the Pension Fund. During 2020/21, the Committee consisted of nine County Councillors, two District Councillors and a beneficiary observer. Members of the Pension Fund Committee are disclosed in the Pension Fund Report and Accounts. An amount of £0.117m was paid to Oxfordshire County Council in respect of key management compensation during the financial year as follows:

*Includes allowances paid to the Chairman of the Pension Fund Committee

These figures represent the relevant proportion of the salary and employer pension contributions for the key Council staff, reflecting their work for the Pension Fund.

As the County Council is the designated statutory body responsible for administrating

	2020/21 £'000	2019/20 £'000
Short Term Benefits*	101	98
Long Term/Post Retirement Benefits	16	16
Total	**117**	**114**

the Oxfordshire Pension Fund, it is a related party.

For the 12 months ended 31 March 2021, employer contributions to the Pension Fund from the County Council were £30.829m (2019/20 £30.196m). At 31 March 2021 there were receivables in respect of contributions due from the County Council of £3.570m (2019/20 £3.466m) and payables due to the County Council of £0.222m (2019/20 £0.760m).

The County Council was reimbursed £1.414m (2019/20 £1.445m) by the Pension Fund for administration costs incurred by the County Council on behalf of the Pension Fund.

Brunel Pension Partnership Ltd (Company Number 10429110)

Brunel Pension Partnership Ltd (BPP Ltd) was formed on the 14th October 2016 and oversees the investment of pension fund assets for the following LGPS funds: Avon, Buckinghamshire. Cornwall, Devon, Dorset, Environment Agency, Gloucestershire, Oxfordshire, Somerset, and Wiltshire.

Each of the 9 Administering Authorities, including Oxfordshire County Council, and the Environment Agency own 10% of BPP Ltd. Pension Fund transactions with BPP Ltd are as follows:

	2020/21 £'000	2019/20 £'000
Income	0	0
Expenditure	1,063	1,164
Receivables	267	237
Payables	0	0

Note 16 - Investments

	Value at 31.3.2021 £'000	Value at 31.3.20 £'000
Investment Assets		
Bonds	310,417	300,087
Equities	128,163	86,211
Pooled Funds:		
- Fixed Income	210,166	181,708
- Global Equity	1,102,821	786,596
- UK Equity	603,731	497,115
- Private Equity	124,379	95,782
- Infrastructure Funds	51,862	31,298
- Diversified Growth Fund	156,204	136,692
Pooled Property Investments	208,145	161,843
Derivatives:		
- Forward Currency Contracts	4,136	3,092
Cash Deposits	26,978	28,111
Long-Term Investments	840	840
Investment Income Due	1,810	2,805
Amounts Receivable for Sales	751	9,596
Total Investment Assets	**2,930,403**	**2,321,776**
Investment Liabilities		
Derivatives:		
- Forward Currency Contracts	-279	-6,166
Management Expenses Due	-501	-906
Amounts Payable for Purchases	-20,673	-12,879
Total Investment Liabilities	**-21,453**	**-19,951**
Net Investment Assets	**2,908,950**	**2,301,825**

Note 16a – Reconciliation of Movements in Investments and Derivatives

	Value at 1 April 2020	Purchases at Cost & Derivative Payments	Sales Proceeds & Derivative Receipts	Change in Market Value	Cash Movement	Increase in Receivables/ (Payables)	Value at 31 March 2021
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Bonds	300,087	623,887	-604,199				310,417
Equities	86,211	466	105	41,591			128,163
Pooled Investments	1,729,191	572,510	-596,578	544,040			2,249,163
Pooled Property Investments	161,843	197,222	147,517	3,403			208,145
Long-Term Investments	840						840
<u>Derivative Contracts</u> FX	3,074	12,208	11,209	5,932			3,857
Other Investment Balances							
Cash Deposits	28,111	176,234	-177,943	-1,281	1,857		26,978
Amounts Receivable for Sales of Investments	9,596					8,845	751
Investment Income Due	2,805					995	1,810
Amounts Payable for Purchases of Investments & Management Expenses	-13,785					7,389	-21,174
Total	**2,301,825**	**1,582,527**	**-1,537,551**	**577,521**	**1,857**	**-17,229**	**2,908,950**

Transaction costs are borne by the scheme in relation to transactions in pooled investment vehicles. However, such costs are taken into account in calculating the bid/offer spread of these investments and are not therefore separately identifiable.

There have been no employer-related investments at any time during the year.

Purchases and sales relating to derivative contracts consist of forward foreign exchange contracts that are used for the purpose of currency hedging. Further details are contained in note 16c.

	Value at 1 April 2019	Purchases at Cost & Derivative Payments	Sales Proceeds & Derivative Receipts	Change in Market Value	Cash Movement	Increase in Receivables/ (Payables)	Value at 31 March 2020
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Bonds	296,805	666,392	-685,059	21,949			300,087
Equities	360,807	66,247	-352,573	11,730			86,211
Pooled Investments	1,581,636	416,347	-65,953	-202,839			1,729,191
Pooled Property Investments	172,306	11,338	-19,827	-1,974			161,843
Long-Term Investments	840						840
Derivative Contracts FX	727	10,863	-10,955	-3,709			-3,074
Other Investment Balances							
Cash Deposits	3,567	241,897	-228,813	339	11,121		28,111
Amounts Receivable for Sales of Investments	3,463					6,133	9,596
Investment Income Due	3,966			40		-1,201	2,805
Amounts Payable for Purchases of Investments & Management Expenses	-869					-12,916	-13,785
Total	**2,423,248**	**1,413,084**	**-1,363,180**	**-174,464**	**11,121**	**-7,984**	**2,301,825**

Note 16b – Analysis of Investments (Excluding Derivative Contracts, Cash Deposits and Other Investment Balances)

Long-Term Investments Assets

	2020/21 £'000	**2019/20 £'000**
Brunel Pension Partnership Ltd	840	840
Total	**840**	**840**

Bonds

	2020/21 £'000	**2019/20 £'000**
UK Public Sector	96,954	88,160
UK Other		611
Overseas Public Sector	53,746	42,602
UK Public Sector Index Linked	159,717	162,526
Overseas Public Sector Index Linked	0	6,188
Total	**310,417**	**300,087**

Equity Investments

	2020/21 £'000	**2019/20 £'000**
UK Equities	119,836	81,488
Overseas Listed Equities:		
North America	7,793	4,168
Japan	0	0
Europe	534	555
Pacific Basin	0	0
Emerging Markets	0	0
Total	**128,163**	**86,211**

Pooled Investment Vehicles

	2020/21 £'000	**2019/20 £'000**
UK Registered Managed Funds – Property	73,847	31,152
Non UK Registered Managed Funds – Property	14,516	16,603
UK Registered Managed Funds – Other	1,916,718	1,218,613
Non UK Registered Managed Funds – Other	332,444	263,771
UK Registered Property Unit Trusts	93,582	88,599
Non UK Registered Property Unit Trusts	26,201	25,490
Non UK Registered Unit Linked Insurance Fund	0	246,806
Total	**2,457,308**	**1,891,034**

Total Investments (excluding derivative contracts, Cash Deposits and Other Investment Balances)

	2020/21 £'000	**2019/20 £'000**
	2,896,728	**2,278,172**

Note 16c – Derivative Contracts

Objectives and policies

The Pension Fund Committee have authorised the use of derivatives by some of their Investment Managers as part of the investment strategy for the pension scheme.

The main objectives and policies followed during the year are summarised as follows:

Forward Foreign Exchange – in order to maintain appropriate diversification of investments within the portfolio and take advantage of overseas investment returns, a proportion of the underlying investment portfolio is invested overseas. To balance the risk of investing in foreign currencies whilst having an obligation to settle benefits in Sterling, a currency hedging programme, using forward foreign exchange contracts, has been put in place to reduce the currency exposure of these overseas investments to the targeted level.

Forward Foreign Exchange (FX)
The scheme had open FX contracts at the year-end as follows:

Contract	Settlement Date	Currency Bought £'000	Currency Sold £'000	Asset value at year end £'000	Liability value at year end £'000	Net Forward currency Contracts £'000
Forward OTC	1 month	19,000 EUR	16,330 GBP	0	-140	
Forward OTC	1 month	2,605 GBP	4,600 AUD	66		
Forward OTC	1 month	25,061 GBP	3,520,400 JPY	1,967		
Forward OTC	1 month	1,150 GBP	1,992 CAD	2		
Forward OTC	1 month	33,767 GBP	38,051 EUR	1,344		
Forward OTC	1 month	48,723 GBP	66,651 USD	556	-139	
Forward OTC	1 month	109 GBP	1,237 SEK	6		
Forward OTC	1 month	38,730 USD	27,874 GBP	195		
Forward Currency Contracts at 31 March 2021				**4,136**	**-279**	**3,857**
Prior Year Comparative						
Forward Currency contracts at 31 March 2020				**3,092**	**-6,166**	**-3,074**

Note 16d - Other Investment Balances

	2020/21 £'000	2019/20 £'000
Receivables		
Sale of Investments	751	9,596
Dividend & Interest Accrued	1,586	2,492
Inland Revenue	224	313
Other	0	0
	2,561	**12,401**
Payables		
Purchase of Investments	-20,673	-12,879
Management Fees	-496	-906
Custodian Fees	-5	0
	-21,174	**-13,785**
Total	**-18,613**	**-1,384**

Cash Deposits

	2020/21 £'000	2019/20 £'000
Non-Sterling Cash Deposits	26,978	28,111
Total	**26,978**	**28,111**

The following investments represent more than 5% of the net assets of the scheme

	2020/21 £'000	% of Total Fund	2019/20 £'000	% of Total Fund
UBS Life Global Equities All Countries Fund			246,806	10.44
Brunel HG ALP GLB EQ	352,004	11.87	234,652	9.93
L&G World Developed Equity Index Fund	209,845	7.08	238,828	10.11
L&G UK FTSE All-Share Equity Index	155,929	5.26	145,866	6.17
L&G Core Plus Bond Fund	210,165	7.09	181,708	7.69
Brunel UK Equity Fund	447,802	15.10	351,250	14.86
Insight Broad Opportunities Fund	156,204	5.27	136,692	5.78
Brunel GBL Sustainable Mutual Fund	291,898	9.84		

Note 17 - Current Assets

	2020/21 £'000	2019/20 £'000
Receivables:		
Employer Contributions	8,377	7,857
Employee Contributions	2,127	1,910
Rechargeable Benefits	1,058	1,152
Transferred Benefits	1,932	1,260
Cost of Early Retirement	350	527
Inland Revenue	165	104
Other	863	534
Cash Balances	49,415	49,122
Total	**64,287**	**62,466**

Note 18 - Current Liabilities

	2020/21 £'000	2019/20 £'000
Transferred Benefits	-1,163	-290
Benefits Payable	-855	-405
Inland Revenue	-1,024	-920
Costs of Early Retirement	0	-740
Employer Contributions	-28	-598
Staff Costs	-116	-109
Consultancy	-9	-66
Other	-120	-61
Total	**-3,315**	**-3,189**

Note 19 - Long-Term Assets

	2020/21 £'000	2019/20 £'000
Employer Contributions	6	2,130
Costs of Early Retirement	33	120
Total	**39**	**2,250**

Note 20 - Assets under External Management

The market value of assets under external fund management amounted to £2,765.988m as at 31 March 2021. The table below gives a breakdown of this sum and shows the market value of assets under management with each external manager.

Fund Manager	31/03/2021 Market Value		31/03/2020 Market Value	
	£'000	%	£'000	%
Brunel Pension Partnership	1,963,557	70.99	1,073,335	48.59
Legal & General	537,839	19.44	513,946	23.27
UBS			386,615	17.50
Wellington	1,179	0.04	1,692	0.08
Insight	156,204	5.65	136,692	6.19
Adams Street Partners	61,919	2.24	51,667	2.34
Partners Group	45,290	1.64	44,764	2.03
Total	**2,765,988**	**100.00**	**2,208,711**	**100.00**

Note 21 - Top 5 Holdings

Value of the Fund's Top Five Holdings at 31 March 2021	£'000	% of Fund
HG Capital Trust Plc	61,791	2.08
Standard Life European Private Equity Trust	20,569	0.69
UK Treasury 4.75 2030 Bond	16,185	0.54
BMO Private Equity Trust Plc	15,475	0.52
3i Group Plc	13,209	0.44

Note 22 - Taxation

The scheme is a 'registered pension scheme' for tax purposes under the Finance Act 2004. As such the Fund is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. However, the Fund cannot reclaim certain amounts of withholding taxes relating to overseas investment income which are suffered in the country of origin.

Note 23 - Additional Voluntary Contributions

	Market Value 31 March 2021 £'000	Market Value 31 March 2020 £'000
Prudential		13,196

The AVC provider to the Fund is the Prudential. The Fund is currently unable to complete this note for 2020/21 as Prudential are experiencing significant service disruptions and have not been able to provide year-end reporting to the Fund.

The assets of these investments are held separately from the Fund. The AVC provider secures additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions. Members participating in this arrangement each receive an annual statement confirming the amounts held in their account and the movements in the year. The Administering Authority does not handle these monies. Instead, if employees decide to pay AVCs their employer (the member body) sends them to Prudential.

Note 24 – Contingent Liabilities and Capital Commitments

As at 31 March 2021 the fund had outstanding capital commitments (investments) totalling £268.535m (31 March 2020 - £172.000m). These commitments relate to outstanding call payments due on unquoted limited partnership funds held in the pooled investments and pooled property fund elements of the investment portfolio. The amounts 'called' by these funds are irregular in both size and timing from the date of the original commitment due to the nature of the investments.

Note 25 – Investment Strategy Statement

Oxfordshire County Council Pension Fund has an Investment Strategy Statement. This is published in the Pension Fund Annual Report and Accounts which is circulated to all scheme employers and is also available on the Council's webpage.

Note 26 – Actuarial Present Value of Promised Retirement Benefits

	2021 £'000	2020 £'000
Present Value of Funded Obligation	4,677	3,519

The movement from March 2020 can in part be explained by the normal changes over the year as new benefits are accrued and previous benefits paid out. This explains an increase in the present value of the Funded Obligation of £205m (2020 - £204m decrease).
There has been an increase in the present value of the Funded Obligation of £953m (2020 - £411m decrease) reflecting changes in the financial assumptions used by the actuary as a consequence of changes in the financial markets. The key changes in financial assumptions were:

- An increase in the assumed level of CPI, and therefore pension increase, to 2.85% from 1.9% (net effect an increase in Present Value of Funded Obligation)
- An increase in the assumed level of salary increases to 2.85% from 1.9% (net effect an increase in Present Value of Funded Obligation)
- A reduction in the discount rate to 2.0% from 2.3% (net effect an increase in Present Value of Funded Obligation).

When the LGPS benefit structure was reformed in 2014, transitional protections were applied to certain older members close to normal retirement age. The benefits accrued from 1 April 2014 by these members are subject to an 'underpin' which means that they cannot be lower than what they would have received under the previous benefit structure. The underpin ensures that these members do not lose out from the introduction of the new scheme, by effectively giving them the better of the benefits from the old and new schemes.

In December 2018 the Court of Appeal upheld a ruling ("McCloud/Sargeant") that similar transitional protections in the Judges' and Firefighters' Pension Schemes were unlawful on the grounds of age discrimination. The implications of the ruling are expected to apply to the LGPS (and other public service schemes) as well. The UK Government requested leave to appeal to the Supreme Court but this was denied at the end of June 2019. LGPS benefits accrued from 2014 may therefore need to be enhanced so that all members, regardless of age, will benefit from the underpin. Alternatively, restitution may be achieved in a different way, for example by paying compensation. In either case, the clear expectation is that many more members would see an enhanced benefit rather than just those currently subject to these protections. There will therefore be a retrospective increase to members' benefits, which in turn will give rise to a past service cost for the Fund employers.

Quantifying the impact of the judgement at this stage is very difficult because it will depend on the compensation awarded, members' future salary increases, length of service and retirement age, and whether (and when) members withdraw from active service. Salary increases in particular can vary significantly from year to year and from member to member depending on factors such as budget restraint, job performance and career progression. The Government Actuary's Department (GAD) has estimated that the impact for the LGPS as a whole could be to increase active member liabilities by 3.2%, based on a given set of actuarial assumptions. A full description of the data, methodology and assumptions underlying these estimates is given in GAD's paper, dated 10 June 2019.

The Fund's actuary has adjusted GAD's estimate to better reflect the Oxfordshire County Council Pension Fund's local assumptions, particularly salary increases and withdrawal rates. The revised estimate is that total liabilities (i.e. the increase in active members' liabilities expressed in terms of the employer's total membership) could be 0.5% higher as at 31 March 2021, an increase of approximately £6m.

These numbers are high level estimates based on scheme level calculations and depend on several key assumptions.

Note 27 – Financial Instruments

Note 27a – Classification of Financial Instruments

The following table analyses the carrying amounts of financial assets and liabilities by category and net assets statement heading. No financial assets were reclassified during the accounting period.

	2020/21			**2019/20**		
	Fair Value through Profit & Loss £'000	Financial Assets at Amortised Cost £'000	Financial Liabilities at Amortised Cost £'000	Fair Value through Profit & Loss £'000	Financial Assets at Amortised Cost £'000	Financial Liabilities at Amortised Cost £'000
Financial Assets						
Bonds	310,417			300,087		
Equities	128,163			86,211		
Pooled Investments	2,249,163			1,729,191		
Pooled Property Investments	208,145			161,843		
Derivatives	4,136			3,092		
Cash		76,394			77,232	
Long-Term Investments	840			840		
Other Investment Balances	2,337			12,088		
Receivables		722			487	
	2,903,201	**77,116**	**0**	**2,293,352**	**77,719**	**0**
Financial Liabilities						
Derivatives	-279			-6,166		
Other Investment Balances	-21,174			-13,786		
Payables			-371			-390
	-21,453	**0**	**-371**	**-19,952**	**0**	**-390**
Total	**2,881,748**	**77,116**	**-371**	**2,273,400**	**77,719**	**-390**

Note 27b – Net Gains and Losses on Financial Instruments

	31-Mar-21 £'000	31-Mar-20 £'000
Financial Assets		
Fair Value through Profit and Loss	-570,571	-174,803
Loans and Receivables	0	0
Financial Assets at Amortised Cost	355	339
Financial Liabilities		
Fair Value through Profit and Loss	0	0
Financial Liabilities Measured at Amortised Cost	0	0
Total	**-570,216**	**-174,464**

Note 27c – Valuation of Financial Instruments Carried at Fair Value

Financial instruments have been classified in to one of the following three categories to reflect the level of uncertainty in estimating their fair values:

Level 1
Fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2
Fair value is based on inputs other than quoted prices included within Level 1 that are observable either directly (i.e., from prices) or indirectly (i.e., derived from prices).
Level 3
Fair value is determined by reference to valuation techniques using inputs that are not observable in the market.

Level 2 includes pooled funds where the valuation is based on the bid price, where bid and offer prices are published, or the net asset value provided by the issuing fund. Within Level 2 there are also listed private equity investments where the market for the security is not deemed active; for these investments the valuation is based on the most recently available bid price in the market.

Included within Level 3 are pooled private equity investments made in Limited Liability Partnerships where fair value is determined using valuation techniques which involve significant judgements by fund managers due to the unquoted nature of the underlying fund investments. The valuations are obtained from the audited financial statements of the issuing funds and are normally adjusted for cashflows where data does not cover the full financial year for the Pension Fund.

Some listed private equity investments have been included within Level 3 of the hierarchy where it has been determined that the market for the fund is inactive. These listed private equity investments are valued using the most recently available bid price in the market.

Categorisation of financial instruments within the levels is based on the lowest level input that is significant to the fair value measurement of the instrument.

The following table presents the Fund's financial assets and liabilities within the fair value hierarchy.

Value at 31 March 2021	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial Assets				
Financial Assets at Fair Value through Profit & Loss	333,756	2,366,144	203,301	2,903,201
Financial Assets at Amortised Cost	77,116	0	0	77,116
Total Financial Assets	**410,872**	**2,366,144**	**203,301**	**2,980,317**
Financial Liabilities				
Financial Liabilities at Fair Value through Profit & Loss	-21,174	-279	0	-21,453
Financial Liabilities at Amortised Cost	-371	0	0	-371
Total Financial Liabilities	**-21,545**	**-279**	**0**	**-21,824**
Net Financial Assets	**389,327**	**2,365,865**	**203,301**	**2,958,493**

Value at 31 March 2020	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial Assets				
Financial Assets at Fair Value through Profit & Loss	325,414	1,677,025	290,913	2,293,352
Financial Assets at Amortised Cost	77,719	0	0	77,719
Total Financial Assets	**403,133**	**1,677,025**	**290,913**	**2,371,071**
Financial Liabilities				
Financial Liabilities at Fair Value through Profit & Loss	-13,786	-6,166	0	-19,952
Financial Liabilities at Amortised Cost	-390	0	0	-390
Total Financial Liabilities	**-14,176**	**-6,166**	**0**	**-20,342**
Net Financial Assets				
	388,957	**1,670,859**	**290,913**	**2,350,729**

Reconciliation of Movement in Level 3 Financial Instruments

	UK Equities £'000	Pooled Private Equity Funds £'000	Pooled Property Funds £'000	Pooled Infrastructure Funds £'000	Long-Term Investments £'000
Market Value 31 March 2020	**1,150**	**95,782**	**161,843**	**31,298**	**840**
Transfers In	0	0	0	0	0
Transfers Out	0	0	-132,678	0	0
Purchases	0	16,445	3,354	24,033	0
Sales	0	-14,770	-3,401	-6,097	0
Unrealised Gains/(Losses)	-392	-15,548	-4,260	2,628	0
Realised Gains/(Losses)	0	9,441	604	0	0
Market Value 31 March 2021	**758**	**122,446**	**25,462**	**51,862**	**840**

	UK Equities £'000	Pooled Private Equity Funds £'000	Pooled Property Funds £'000	Pooled Infrastructure Funds £'000	Long-Term Investments £'000
Market Value 31 March 2019	**1,458**	**80,563**	**34,117**	**13,058**	**840**
Transfers In	0	0	132,678	0	0
Transfers Out	0	0	0	0	0
Purchases	0	24,216	540	19,223	0
Sales	0	-10,346	-7,483	-1,821	0
Unrealised Gains/(Losses)	-401	-3,612	1,296	838	0
Realised Gains/(Losses)	93	4,961	695	0	0
Market Value 31 March 2021	**1,150**	**95,782**	**161,843**	**31,298**	**840**

Transfers out are included at the 31 March 2020 market value. For 2020/21 the Pension Fund has included pooled property unit trusts that were held in Level 3 as at 31 March 2020 in level 2. The decision was made as the material uncertainty clauses included in the funds' valuations as at 31 March 2020, as a result of the reduced property market activity caused by the COVID-19 pandemic, were no longer in place.

Level 3 Sensitivities

Level 3 Investments	Valuation Range +/-	Value at 31 March 2021 £'000	Valuation on Increase £'000	Valuation on Decrease £'000
UK Equities	10%	758	834	682
Pooled Private Equity Funds	10%	124,379	136,817	111,941
Pooled Property Funds	3%	25,462	26,226	24,698
Pooled Infrastructure Funds	5%	51,862	54,455	49,269
Long-Term Investments	0%	840	840	840

Level 3 Investments	Valuation Range +/-	Value at 31 March 2020 £'000	Valuation on Increase £'000	Valuation on Decrease £'000
UK Equities	10%	1,150	1,265	1,035
Pooled Private Equity Funds	10%	95,782	105,360	86,203
Pooled Property Funds	3%	161,843	166,698	156,988
Pooled Infrastructure Funds	5%	31,298	32,863	29,733
Long-Term Investments	0%	840	840	840

Note 28 – Risk

The Pension Fund is subject to risk in terms of its key responsibility to meet the pension liabilities of the scheme members as they become due. These risks relate to the value of both the assets and the liabilities of the Fund and the timing of when the payment of the liabilities becomes due.

At a strategic level, the main tools used by the Pension Fund to manage risk are:

- The triennial Fund Valuation which reviews the assets and liabilities of the Fund, and resets employer contribution rates to target a 100% Funding Level. The 2019 Valuation estimated that the current Funding Level is 99%.
- The Investment Strategy Statement which sets out the Fund's approach to the investment of funds, and sets out the approach to the mitigation of investment risk.
- The review of the Strategic Asset Allocation to ensure it is appropriately aligned to the Fund's liability profile and to ensure compliance with the Investment Strategy Statement.
- The regular review of the performance of all Fund Managers.

Key elements of the approach to managing the investment risk as set out in the Investment Strategy Statement include:

- Maintaining an element of the asset allocation in assets such as fixed income securities, the behaviour of which closely mirrors that of the Fund's liabilities. The allocation to liability matching assets is regularly reviewed with the intention that the allocation will increase as the maturity of the fund increases, as was the case following the 2016 valuation. Whilst the Fund maintains a high proportion of active members where the payment of liabilities is not due for many decades and remains cashflow positive, the Fund can afford to seek the higher investment returns associated with the more volatile and illiquid asset classes.
- Maintaining an element of the asset allocation in passive equity funds which removes the risk associated with poor manager performance (though retaining the market risk).
- Ensuring a diversification amongst asset classes, and in particular an allocation to alternative asset classes for which performance has historically not correlated to equity performance.
- Ensuring a diversification of Fund Managers and investment styles (e.g. some with a growth philosophy, some with a value philosophy) to mitigate the risk of poor manager performance impacting on asset values.
- The Fund's policy on ensuring Environmental Social & Governance factors are taken into account in investment decisions. During 2019/20 the Fund developed a Climate Change Policy dealing with how it will manage climate change related risks and opportunities. The policy was developed as the Fund sees climate change as single most significant risk to long-term investment performance given its systemic nature.

The key risks associated with the level of liabilities stem from the level of initial pension benefit payable, the indexation of this benefit and the time the benefit is in payment for. These risks largely lie outside the control of the Pension Fund. Changes to the scheme were made in 2014 with the aim of making the scheme more sustainable including; linking the normal retirement age to future estimates of life expectancy to bring stability to the length of time benefits are in payment, a change in the calculation of benefits to career average revalued earnings to avoid the sudden hike possible in final benefits possible under a final salary scheme, and a switch in the basis of indexation to CPI which is generally lower than the RPI alternative.

The Actuary, when completing the 2019 Valuation, undertook sensitivity analysis calculations to look at the impact on potential liabilities and the funding level. A variation of 0.1% per annum in the discount rate would move the calculated funding level from 99% down to 98% or up to 100%. A change in the CPI assumption of 0.1% per annum would lead to a reduction in the funding level to 98% or an increase to 100%. A change to the rate of mortality improvement of 0.25% would move the funding level down to 98% or up to 100%.

In terms of the investment in the various Financial Instruments open to the Pension Fund, the Fund is exposed to the following risks:

- Credit risk – the possibility of financial loss stemming from other parties no longer being able to make payments or meet contractual obligations to the Pension Fund.
- Liquidity Risk – the possibility that the Pension Fund might not have the funds available to meet its payment commitments as they fall due.
- Market Risk – the possibility that the Pension Fund may suffer financial loss as a consequence of changes in such measures as interest rates, market prices, and foreign currency exchange rates.

Credit Risk

The Pension Fund's credit risk is largely associated with the Fund's investments in Fixed Interest and Index Linked Securities, Cash Deposits and Short Term Loans, where there is a risk that the other parties may fail to meet the interest or dividend payments due, or fail to return the Fund's investment at the end of the investment period.

At 31 March 2021 the Fund's exposure to credit risk predominantly related to the following investments:

Investment Category	31 March 2021 £'000	31 March 2020 £'000
UK Government Gilts	96,954	88,160
UK Corporate Bonds	210,166	181,708
UK Index Linked Gilts	159,717	163,137
Overseas Government Bonds	53,746	48,789
Non-Sterling Cash Deposits	26,978	28,111
Cash Balances	49,415	49,122
Total	**596,976**	**559,027**

The Pension Fund manages the credit risk by ensuring a diversification of investments both in terms of product and in terms of redemption dates, whilst limiting investments made to sub-investment grade bonds to those made through pooled funds. Corporate Bonds are held through a pooled fund vehicle and up to 15% of holdings can be invested in sub-investment grade bonds. Cash held in sterling at 31 March 2021 was deposited in short-term notice cash accounts and money market funds as shown in the table below:

	Rating	Balance at 31 March 2021 £'000	Rating	Balance at 31 March 2020 £'000
Money Market Funds				
Aberdeen Standard	AAA	19,955	AAA	20,000
State Street Global Advisors	AAA	11,552	AAA	45,162
Bank Current Accounts				
Lloyds Bank Plc	A+	1,740	A+	1,547
State Street Bank & Trust Co	AA+	43,147	AA+	10,524
Total		**76,394**		**77,233**

The Pension fund has no experience of default against which to quantify the credit risk against the current investments.

Liquidity Risk

Liquidity risk represents the risk that the Fund will be unable to meet its financial obligations as they fall due. At the present time, the liquidity risk is seen, relatively, as the greatest threat to the Pension Fund, although the absolute risk itself is still seen to be very low, particularly in the short term.

During 2020/21 the Pension Fund received/accrued income related to dealings with members of £134.0m (2019/20 £114.0m) and incurred expenditure related to dealings with members of £115.5m (2019/20 £109.0m). There were further receipts/accruals of £10.5m (2019/20 £18.4m) in respect of investment income, against which need to be set taxes of £0m (2019/20 £0.2m). The net inflow was therefore £29.1m (2019/20 £23.2m).

The figures show that the Fund is still cashflow positive at the whole fund level. A cash flow forecast is maintained for the Fund to understand and manage the timing of the Fund's cash flows. On a daily basis, the Fund holds a minimum of £40m of cash in call accounts and money market funds to meet benefit payments due, drawdowns from fund managers, and other payments due from the Fund. The Fund has also looked at longer-term cashflow forecasts to gain a greater understanding of when the balance of pension payments and contributions may become negative so as to consider how this may affect the Fund's investment strategy in the future. The Fund has already taken some steps in this regard including allocating to the Secured Income portfolio offered by Brunel Pension Partnership.

The Fund would need to experience a significant change in either the levels of contributions received, and/or the levels of benefits payable, as well as the loss of all current investment income, before it might be required to liquidate assets at financial loss.

There are risks in this area going forward as a result of continuing reductions in public expenditure, and the resulting impact on active scheme membership. The reductions in public sector expenditure will impact on the liquidity of the Pension Fund both in terms of a reduction in contributions receivable as the workforce shrinks, as well as an increase in benefits payable as staff above the age of 55 are made redundant and become entitled to early payment of their pension. There are changes to the Scheme being consulted on that could impact on scheme membership levels although these changes would be expected to impact gradually over time. In addition, some employers are adopting models that have the potential to reduce scheme membership.
However, as noted above, for the Fund to reach a position where it is forced to sell assets and therefore face a potential financial loss, (as well as to forego future investment returns which have been assumed to meet pension liabilities in the future), the net movement in cash would need to be of a scale deemed unlikely in the medium-term. The Pension Fund will seek to mitigate these risks through working with employers to understand the potential for any significant membership changes and by monitoring the fund's cashflows. The fund will also provide advice to the Government on the impact of any proposals for change, as well providing clear communication to current scheme members of the on-going benefits of scheme membership and the personal risks to their future financial prospects of opting out at this time.

Market Risk
The whole of the Pension Fund's investment asset base is subject to financial loss through market risk, which includes the impact of changes in interest rates, movements in market prices and movements in foreign currency rates. However, as noted above under the liquidity risk, these financial losses are not automatically realised, as all assets held by the Pension Fund are done so on a long-term basis. Subject to the liquidity risk above, it is likely to be many years into the future before any assets will be required to be realised, during which time market risk will have the opportunity to even itself out.
Market risk is generally managed through diversification of investments within the portfolio in terms of asset types, geographical and industry sectors, and individual securities.

Whilst widespread recession will drive down the value of the Fund's assets and therefore funding level in the short term, this will have no direct bearing on the long-term position of the Fund, nor the contribution rates for individual employers. Under the LGPS Regulations, the Fund Actuary is required to maintain as near stable contribution rate as possible, and as such the Valuation is based on long term assumptions about asset values, with all short-term movements smoothed to reflect the long-term trends.

Interest Rate Risk

The direct exposure of the fund to interest rate risk and the impact of a 100 basis point movement in interest rates are presented in the table below. This analysis assumes that all other variables remain constant:

Asset Type	Carrying Amount as at 31 March 2021	Change in Year in the Net Assets Available to Pay Benefits	
		1%	-1%
	£'000	£'000	£'000
Cash and Cash Equivalents	26,978	270	-270
Cash Balances	49,415	494	-494
Bonds	520,583	5,206	-5,206
Total Change in Assets Available	**596,976**	**5,970**	**-5,970**

Asset Type	Carrying Amount as at 31 March 2020	Change in Year in the Net Assets Available to Pay Benefits	
		1%	-1%
	£'000	£'000	£'000
Cash and Cash Equivalents	28,111	281	-281
Cash Balances	49,122	491	-491
Bonds	481,794	4,818	-4,818
Total Change in Assets Available	**559,027**	**5,590**	**-5,590**

In the short term, interest rate risk is difficult to quantify in that it impacts directly on both the price of fixed interest and index linked securities as well as the discount factor used to value liabilities. Increases in interest rates which will drive down security prices and asset values will also reduce the future pension liabilities and therefore improve funding levels rather than worsen them.

Currency Risk

Currency risk concerns the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Fund is exposed to foreign exchange risk on financial instruments that are denominated in currencies other than the Fund's functional currency (£GBP). Risks around foreign currency rates are mitigated in part by allowing the Fund Managers to put in place currency hedging arrangements up to the value of the stock held in a foreign currency (also see note 16c).

The table below shows the impact a 10.0% weakening/strengthening of the pound against the various currencies would have on the assets available to pay benefits.

This analysis assumes that all other variables remain constant.

Currency Exposure - Asset Type	Asset Values as at 31 March 2021	Change in Year in the Net Assets Available to Pay Benefits	
		10.00%	-10.00%
	£'000	£'000	£'000
Overseas Equities	8,327	833	-833
Pooled Global Equities	1,102,820	110,282	-110,282
Pooled Private Equity (LLPs)	103,944	10,394	-10,394
Pooled Property	40,716	4,072	-4,072
Infrastructure	37,121	3,712	-3,712
Cash	26,978	2,698	-2,698
Total Change in Assets Available	**1,319,906**	**131,991**	**-131,991**

Currency Exposure - Asset Type	Asset Values as at 31 March 2020	Change in Year in the Net Assets Available to Pay Benefits	
		10.00%	-10.00%
	£'000	£'000	£'000
Overseas Equities	4,723	472	-472
Pooled Global Equities	786,596	78,660	-78,660
Pooled Private Equity (LLPs)	81,755	8,176	-8,176
Pooled Property	42,092	4,209	-4,209
Infrastructure	19,915	1,991	-1,991
Cash	28,111	2,811	-2,811
Total Change in Assets Available	**963,192**	**96,319**	**-96,319**

Other Price Risk

Other price risk represents the risk that the value of financial instruments will fluctuate as a result of changes in market prices, other than those arising from interest rate risk or foreign exchange risk.

All investments in securities present a risk of loss of capital. The maximum risk is the fair value of the financial instrument.

The effect of various movements in market price are presented in the table below along with the effect on total assets available to pay benefits assuming all other factors remain constant:

	Value as at 31 March 2021	Percentage Change	Value on Increase	Value on Decrease
Asset Type	**£'000**	**%**	**£'000**	**£'000**
UK Equities	119,836	10.0	131,819	107,852
Pooled UK Equities	603,731	10.0	664,104	543,358
Global Equities	8,327	10.0	9,160	7,494
Diversified Growth Fund	156,204	3.0	160,890	151,518
Pooled Global Equities	1,102,820	10.0	1,213,102	992,538
UK Bonds	96,954	5.0	101,802	92,106
Overseas Bonds	53,746	5.0	56,433	51,059
UK Index Linked Bonds	159,717	5.0	167,703	151,731
Pooled Corporate Bonds	210,166	5.0	220,674	199,658
Infrastructure	51,862	5.0	54,455	49,269
Pooled Private Equity (LLPs)	124,379	10.0	136,817	111,941
Pooled Property	208,145	3.0	214,389	201,901
Long-Term Investments	840	0.0	840	840
Cash	76,393	0.0	76,393	76,393
Total Assets Available to Pay Benefits	**2,973,120**		**3,208,581**	**2,737,658**

Asset Type	Value as at 31 March 2020 £'000	Percentage Change %	Value on Increase £'000	Value on Decrease £'000
UK Equities	81,489	10.0	89,638	73,340
Pooled UK Equities	497,115	10.0	546,827	447,404
Global Equities	4,723	10.0	5,195	4,251
Diversified Growth Fund	136,692	3.0	140,792	132,591
Pooled Global Equities	786,596	10.0	865,256	707,937
UK Bonds	88,160	5.0	92,568	83,752
Overseas Bonds	48,789	5.0	51,229	46,350
UK Index Linked Bonds	163,137	5.0	171,294	154,980
Pooled Corporate Bonds	181,708	5.0	190,794	172,623
Infrastructure	31,298	5.0	32,863	29,733
Pooled Private Equity (LLPs)	95,782	10.0	105,360	86,204
Pooled Property	161,843	3.0	166,699	156,988
Long-Term Investments	840	0.0	840	840
Cash	77,233	0.0	77,233	77,233
Total Assets Available to Pay Benefits	**2,355,405**		**2,536,588**	**2,174,226**

Note 29 - Actuarial Valuation

The contribution rates within the 2020/21 Pension Fund Accounts were determined at the actuarial valuation carried out as at 31 March 2019.
This valuation showed that the required level of contributions to be paid to the Fund by the County Council for the year ended 31 March 2021 was 19.9% of Pensionable Pay. The corresponding rates of contribution that are required from the major participating employers for this period are:

	% Pay	Additional Monetary Amounts £'000
South Oxfordshire District Council	22.9	-
West Oxfordshire District Council	17.6	490
Cherwell District Council	15.9	-
Oxford City Council	16.2	-
Vale of White Horse District Council	31.8	-
Oxford Brookes University	14.8	-

The funding policy of the scheme is set out in the Funding Strategy Statement and can be summarised as follows:-

- To enable Employer contribution rates to be kept as stable as possible and affordable for the Fund's Employers.
- To make sure the Fund is always able to meet all its liabilities as they fall due.
- To manage Employers' liabilities effectively.
- To enable the income from investments to be maximised within reasonable risk parameters.

The actuarial method used to calculate the future service contribution rate for Employers was a risk-based approach. The risk-based approach uses an Asset Liability Model to project each employer's future benefit payments, contributions and investment returns into the future under 5,000 possible economic scenarios. Future inflation (and therefore benefit payments) and investment returns for each asset class (and therefore asset values) are variables in the projections.

By projecting the evolution of an employer's assets and benefit payments 5,000 times, a contribution rate can be set that results in a sufficient number of the future projections being successful i.e. meeting the funding target by the funding time horizon.

The market value of the Fund's assets at the valuation date was £2,515m representing 99% of the Fund's accrued liabilities, allowing for future pay increases. The Actuary has certified contribution rates for all Fund employers from 1 April 2020 which, subject to the financial assumptions contained in the valuation, would result in the deficit being recovered over a period of no more than 20 years.
The main financial assumptions were as follows:

Assumptions for the 2019 Valuation	Annual Rate %
Pension Increases	2.3
Salary Increases	2.3
Discount Rate	4.3

Assumptions are also made on the number of leavers, retirements and deaths. One of the important assumptions is the mortality of existing and future pensioners. Mortality rates have been based on up to date national standard tables adjusted for the recent experience of the Oxfordshire County Council Pension Fund and make allowance for an expectation of further improvements in mortality rates in the future.

Oxfordshire County Council Pension Fund ("the Fund") Actuarial Statement for 2020/21

This statement has been prepared in accordance with Regulation 57(1)(d) of the Local Government Pension Scheme Regulations 2013. It has been prepared at the request of the Administering Authority of the Fund for the purpose of complying with the aforementioned regulation.

Description of Funding Policy

The funding policy is set out in the Administering Authority's Funding Strategy Statement (FSS), dated December 2020. In summary, the key funding principles are as follows:

• to ensure the long-term solvency of the Fund using a prudent long term view. This will ensure that sufficient funds are available to meet all members'/dependants' benefits as they fall due for payment;

• to ensure that employer contribution rates are reasonably stable where appropriate;

• to minimise the long-term cash contributions which employers need to pay to the Fund, by recognising the link between assets and liabilities and adopting an investment strategy which balances risk and return (this will also minimise the costs to be borne by Council Tax payers);

• to reflect the different characteristics of different employers in determining contribution rates. This involves the Fund having a clear and transparent funding strategy to demonstrate how each employer can best meet its own liabilities over future years; and

• to use reasonable measures to reduce the risk to other employers and ultimately to the Council Tax payer from an employer defaulting on its pension obligations.

The FSS sets out how the Administering Authority seeks to balance the conflicting aims of securing the solvency of the Fund and keeping employer contributions stable. For employers whose covenant was considered by the Administering Authority to be sufficiently strong, contributions have been stabilised to have a sufficiently high likelihood of achieving the funding target over 20 years. Asset-liability modelling has been carried out which demonstrate that if these contribution rates are paid and future contribution changes are constrained as set out in the FSS, there is at least a 75% likelihood that the Fund will achieve the funding target over 20 years.

Funding Position as at the last formal funding valuation

The most recent actuarial valuation carried out under Regulation 62 of the Local Government Pension Scheme Regulations 2013 was as at 31 March 2019. This valuation revealed that the Fund's assets, which at 31 March 2019 were valued at £2,515 million, were sufficient to meet 99% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting deficit at the 2019 valuation was £31 million.

Each employer had contribution requirements set at the valuation, with the aim of achieving their funding target within a time horizon and liability measure as per the FSS. Individual employers' contributions for the period 1 April 2020 to 31 March 2023 were set in accordance with the Fund's funding policy as set out in its FSS.

Principal Actuarial Assumptions and Method used to value the liabilities

Full details of the methods and assumptions used are described in the 2019 valuation report.

Method

The liabilities were assessed using an accrued benefits method which takes into account pensionable membership up to the valuation date; and makes an allowance for expected future salary growth to retirement or expected earlier date of leaving pensionable membership.

Assumptions

A market-related approach was taken to valuing the liabilities, for consistency with the valuation of the Fund assets at their market value.

The key financial assumptions adopted for the 2019 valuation were as follows:

Financial assumptions	31 March 2019
Discount rate	4.3%
Salary increase assumption	2.3%
Benefit increase assumption (CPI)	2.3%

The key demographic assumption was the allowance made for longevity. The life expectancy assumptions are based on the Fund's VitaCurves with improvements in line with the CMI 2018 model, an allowance for smoothing of recent mortality experience and a long term rate of 1.25% p.a. Based on these assumptions, the average future life expectancies at age 65 are as follows:

	Males	Females
Current Pensioners	22.2 years	24.3 years
Future Pensioners*	22.9 years	25.6 years

*Aged 45 at the 2019 Valuation.

Copies of the 2019 valuation report and Funding Strategy Statement are available on request from the Administering Authority to the Fund.

Experience over the period since 31 March 2019

Markets were severely disrupted by COVID 19 in March 2020, but in the 2020/21 year they recovered strongly. As a result, the funding level of the Fund as at 31 March 2021 is likely to be an improvement to that reported at the previous formal valuation.

The next actuarial valuation will be carried out as at 31 March 2022. The Funding Strategy Statement will also be reviewed at that time.

Tom Hoare FFA
For and on behalf of Hymans Robertson LLP
19 May 2021

SUMMARY OF BENEFITS AT MARCH 2021

Introduction

Membership of the Local Government Pension Scheme (LGPS) secures entitlement to benefits that are determined by statute, contained within the LGPS Regulations. The regulations current for this year's report were effective from April 2014. A summary of the main benefit structure follows. There is further specific information in the sections, making up an Employee Guide currently held on the pension pages of the County public website.
www.oxfordshire.gov.uk/lgpsmembersguide

- ## Employers' Discretion

The regulations require each employer within the Oxfordshire Fund to determine their own local policy in specific areas. These policy statements have to be published and kept under review.
The specific areas include how employers will exercise discretionary powers to, award additional pension for a member, agreement to flexible retirement on request of the member ,setting up a shared cost AVC scheme, and waiving the reduction to a pension which is being paid early.

- ## Retirement

The 2014 scheme reintroduced the 2 year vesting period to qualify for any benefit other than that following a death in service. The scheme retirement age is linked to State Pension Age (SPA) for men and women, membership of the scheme continues when employment continues after SPA. All pensions contributions must cease before the 75th birthday.
Scheme benefits can be taken voluntarily after leaving employment from age 55, but the benefit payable will be reduced. Alternatively when retirement is deferred until after SPA, the benefit will be increased.

The regulations confirm 'normal retirement age' to be the personal state retirement age but not before age 65, but protection is offered to those members who previously had the entitlement for earlier retirement with an unreduced benefit. The protections offered are limited according to the age of the member and may not apply on the whole of their membership.

The earliest age for payment of pensions is age 55 and from April 2014 employer's approval is no longer required.

Flexible retirement options, from age 55 were introduced from April 2006. A person could reduce their hours or grade and request a payment of pension while continuing in employment. Employers have to agree to the whole arrangement.

Ill health retirement – the Regulations provide 3 tiers of benefit depending upon the likelihood of the member being able to obtain gainful employment in the future. An employer's assessment for ill health pension is based upon capability to carry out duties of the member's current job and must be supported by appropriate independent medical certification.

From age 55, unreduced benefits are payable immediately when an employer terminates employment due to a redundancy or efficiency dismissal.

- ## Benefits

A retirement benefit, whether payable immediately or deferred, consists of an annual retirement pension and lump sum retirement grant for membership to 31 March 2008 and an annual retirement pension on membership from April 2008 (see below). However there is an option for members to convert pension to lump sum retirement grant. The minimum period of membership to qualify for retirement benefits is 2 years. The standard pension calculation, for membership to 31 March 2008, is 1/80 of final years' pensionable pay for each year of membership and the retirement grant is 3/80 of final year's pensionable pay for each year of membership. From 1 April 2008 to 31 March 2014 the standard calculation is 1/60 of final years' pensionable pay for each year of membership. From April 2014 the standard calculation is pay x 1/49 for the year with annual pension revaluation. NB Where members choose to pay into the 50/50 section of the scheme their accrual for that period will be pay x 1/98 and not 1/49 as shown.

Example - retirement in 2020

25 years membership to 31 March 2014 and then six years in the 'new scheme', 'final pay' and career average pay £15,000 as at 31 March 2020

Annual Pension

20 years x 1/80 x £15,000 = **£3,750**

5 years x 1/60 x £15,000 = **£1,250**

£15,000 x 6/49 = **£1,836.73**

Retirement Grant

20 years x 3/80 x £15,000 = **£11,250**

Members can choose at retirement to exchange pension for a larger retirement grant lump sum. AVC funds can also be used to provide a larger tax free lump sum. This combined lump sum can be up to 25 percent of the member's individual total pension fund value.

There are differences for elected members: Final pay is derived from career average pay and the benefit calculation remains for the time being as 1/80 for annual pension and 3/80 retirement grant. Elected members can only remain in the LGPS for their current period of office, and is not available for newly elected councillors.

• Liability to pay future benefits

The Pension Fund financial statements provide information about the financial position, performance and financial arrangements of the Fund. They are intended to show the results of the stewardship and management, that is the accountability of management for the resources entrusted to it, and of the disposition of its assets at the period end. The only items that are required to be excluded by regulations are liabilities to pay pensions and other benefits in the future, which are reported upon in the actuary's statement.

• Increasing Benefits

Scheme members have several options as to how they increase their benefits, additional contributions to the LGPS or by contributing to the group AVC scheme arranged with the Prudential.

Additional Regular contributions (ARC's) to the LGPS to buy additional pension and set up before 1 April 2014 may continue but opening a new ARC is not possible.

Additional Pension Contributions (APC) gives members the opportunity to buy additional pension of up to £6,675. Payment can be made by a one off, or regular monthly payments.

Prudential AVCs. A member's additional contributions are invested by the Prudential to enable an annuity to be bought at retirement either from the Prudential, on the open market or as a top up pension with the LGPS. In certain protected circumstances the AVC value may also be used to buy additional LGPS membership

Members may also make their own arrangements using a stakeholder pension or an FSAVC.

• Death

Following a death in service a death grant of up to three times pensionable pay is payable. There are no minimum service requirements to qualify, but there are limits to the total of death grant payable if the member also has pensions on payment or in deferment. Scheme members are recommended to keep their 'expression of wish' nominations current.

• Pensions are due to the eligible survivors: partners and /or children. The pension due to survivors reflects the changing regulations and the partnership status. Whilst the regulations no longer require prior nomination of co-habitees,

eligibility must be determined before making payment. Widows' and Widowers' Pension; Civil Partners' Pension; Nominated co-habiting partners' Pension
The formula for pensions for surviving partners is 1/160 of the members' final year's pensionable pay for the allowable membership to 31 March 2014 with enhancements assessed under the CARE scheme from 1 April 2014 until the members state retirement age.

For a widow or widower married before the member left employment all of membership can be used.

For civil partners and cohabiting partners only membership from 6 April 1988 is allowable for pension calculations.

♦ INVESTMENT STRATEGY STATEMENT

Introduction

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

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

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

Governance Overview

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

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

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

Investment Objectives

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

1. to achieve and maintain a 100% funding level;
2. to ensure there are sufficient liquid resources available to meet the Fund's current liabilities and investment commitments;
3. for the overall Fund to outperform the benchmark, set out in the next section, by 1.0% per annum over a rolling three-year period (N/B The Secured Income, Diversified Growth Fund and Infrastructure portfolios do not have a benchmark as such, but target

cash returns plus a given percentage. They do not therefore contribute to the outperformance target).

Asset Allocation

The decision on asset allocation determines the allocation of the Fund's assets between different asset classes. The Committee believes that this is the single most important factor in the determination of the Fund's investment outcomes. In setting the asset allocation the Fund has considered advice from its Independent Financial Adviser and a report from advisers MJ Hudson on investment scenarios against the efficient frontier and the investment implications of the latest cash flow forecasts produced by the Fund Actuary.

Every three years, following the actuarial valuation, there is a fundamental review of how the assets are managed. This review considers the most appropriate asset allocation for the Fund in order to achieve its investment objectives and considers advice from the Fund's Independent Financial Adviser. A balance is sought between risk, return and liquidity. The most recent review was undertaken in February 2020.

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

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

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

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

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

Asset Class	Target Allocation (%)	Range (%)
UK Equities	21	19 - 23
Developed World (excl UK) Equities	26	24 - 28
Emerging Market Equities	4	3-5
Total Equities	**51**	**46 - 56**
UK Gilts	3	
Corporate Bonds	6	
Index-Linked Bonds	5	
Overseas Bonds	2	
Total Bonds	**16**	**14 - 18**
Property	8	6 - 10
Private Equity	9	7 - 11
Private Debt	3	2 - 4
Multi-Asset	5	4 - 6
Infrastructure	3	2 – 4
Secured Income	5	4 – 6
Cash	0	0 - 5
Total Other Assets	33	**26 - 40**

Investment Implementation

It is the Fund's Policy to implement its asset allocation through the portfolios offered by Brunel. Where Brunel do not offer a current portfolio, a request will be made under the agreed Brunel policy for the creation of new portfolios. New investments will only be made outside the pool where Brunel are unable to offer a requested portfolio, normally as a result of the current FCA permissions, or as an interim measure whilst waiting for a Brunel Portfolio to be established, or commitments to the private markets to be called.

When overseeing the selection processes of the Brunel Pension Partnership, the Pension Fund will look at the most cost-effective way of delivering the required investment out-performance rather than have a narrow focus on cost. Ultimately, it is the investment performance net of costs achieved by the Fund Managers which determines the success of the Fund in meeting its objectives.

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

investment solutions currently available but the Fund will work with Brunel to monitor the market to identify any new products that are developed in the passive arena.

Where directly appointed, the individual managers' performance, current activity and transactions are monitored quarterly by the Pension Fund Committee. Where the portfolios are now managed by the Brunel Company, it is their responsibility to monitor individual Fund Manager performance, with the Pension Fund Committee responsible for monitoring the performance of the Brunel Company, and getting assurance that they are monitoring the underlying Fund Managers appropriately.

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

Asset Class	**Investment Manager**	**Benchmark**	**Annual Target**
UK Equities	Brunel Brunel	FTSE All-Share FTSE All-Share	+2.0% Passive
Developed World Equities	Brunel Brunel	FTSE Developed MSCI World	Passive +2 – 3%
Global Equities	UBS	MSCI All Countries World Index	+ 3.0%
Emerging Market Equities	Brunel	MSCI Emerging Market	+ 2.0% - 3.0%
Low Carbon	Brunel	MSCI World	Passive
Bonds & Index Linked - UK Gilts - Index Linked - Corporate bonds - Overseas bonds	Legal & General	FTSE A All Gilts Stocks FTSE A Over 5 year IBoxx Sterling Non-Gilts JPMorgan Global Govt (ex UK) traded bond	+ 0.6%
Property	UBS Global Asset Management	IPD UK All Balanced Funds Index	+1.0%
Private Equity - Quoted Inv. Trusts - Limited Partnerships	Director of Finance Adams Street Partners Group Brunel	FTSE Smaller Companies (Including Investment Trusts) MSCI ACWI	+ 1.0% +3.0%
Diversified Growth Fund	Insight	3 month Libid	+ 4.0%
Infrastructure	Brunel	CPI	+4.0%
Secured Income	Brunel	CPI	+2.0%

Cash	Internal	3 month Libor	-

Target performance is based on rolling 3-year periods

Rebalancing

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

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

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

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

Restrictions on Investments

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

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

Risk

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

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

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

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

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

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

Where Brunel are responsible for the management of a portfolio, it is their responsibility to monitor the performance of the underlying investment managers and take any action necessary to address any performance issues. The Committee will receive reports from Brunel on the performance of their portfolios and can challenge them at Committee meetings. Brunel will also provide assurance reports to the Client Group and Oversight

Board detailing the results of their monitoring processes, including setting out actions they are taking to address performance.

Illiquidity

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

Currency

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

Custody

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

Stock Lending

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

Pooling

The Oxfordshire Pension Fund is working with nine other administering authorities to pool investment assets through the Brunel Pension Partnership Ltd. (BPP Ltd).
The Oxfordshire Pension Fund, through the Pension Committee, retains the responsibility for setting the detailed Strategic Asset Allocation for the Fund and allocating investment assets to the portfolios provided by BPP Ltd.

The Brunel Pension Partnership Ltd was established in 2017 and became operational in 2018 after receiving authorisation from the Financial Conduct Authority (FCA) to act as the operator of an unregulated Collective Investment Scheme. It is owned jointly by the 10 Administering Authorities. It is responsible for implementing the detailed Strategic Asset Allocations of the participating funds by investing Funds' assets within defined outcome focused investment portfolios. In particular, it will research and select the Fund Managers needed to meet the requirements of the detailed Strategic Asset Allocations. The Oxfordshire Pension Fund is a client of BPP Ltd and as a client will have the right to expect certain standards and quality of service. A detailed service agreement has been agreed which sets out the duties and responsibilities of BPP Ltd, and the rights of the Oxfordshire Pension Fund as a client. It includes a duty of care of BPP to act in its clients' interests.

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

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

The proposed arrangements for asset pooling for the Brunel pool have been formulated to meet the requirements of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 and Government guidance.

Oxfordshire County Council approved the full business case for the Brunel Pension Partnership. Currently investment assets are being transitioned across from the Oxfordshire Pension Fund's existing investment managers to the portfolios managed by BPP Ltd with the final transition due by August 2021 in accordance with a timetable agreed by all parties. Until transitions take place, the Oxfordshire Pension Fund will continue to maintain the relationship with its current investment managers and oversee their investment performance, working in partnership with BPP Ltd. where appropriate.

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

ESG Policy

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

Given the systemic nature of climate change risk to the Fund's investments the Pension Fund has produced a separate Climate Change Policy covering its approach on this topic.

The Policy was developed following a Climate Change Workshop held by the Fund in November 2019 with participants including a range of stakeholders and expert speakers. Following the Workshop, a smaller working group was formed to develop a draft Climate Change Policy based on the outcomes of the Workshop. This Policy is contained as Annex 1 to the Statement.

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

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

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

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

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

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

One of the principal benefits, outlined in the Brunel Pension Partnership business case, achieved through the enhanced scale and resources as a result of pooling is the improved implementation of responsible investment and stewardship. Once established and fully operational the Brunel Company will deliver best practice standards in responsible investment and stewardship as outlined in the BPP Investment Principles. Every portfolio under the Brunel Pension Partnership explicitly includes responsible investment and an assessment of how social, environment and corporate governance considerations may present financial risks to the delivery of the portfolio objectives. These considerations will therefore be taken into account in the selection, non-selection, retention and realisation of assets. The approach undertaken will vary in order to be the most effective in mitigating risks and enhancing investor value in relation to each portfolio and its objectives.

In January 2020 Brunel released its Climate Change Policy setting out how it will deal with climate related risks and opportunities in its investment approach.

Policy on Exercise of Rights

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

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

The Fund's commitment to actively exercising the ownership rights attached to its investments reflects the Fund's conviction that responsible asset owners should maintain oversight of the way in which the enterprises they invest in are managed and how their activities impact upon customers, clients, employees, stakeholders, and wider society.

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

Brunel are responsible for the exercise of voting rights in respect of the Council's holdings in the pool portfolios. The Fund expects Brunel to exercise its voting rights in all markets and its investment managers are required to vote at all company meetings where practicable. Market conventions in some countries may mean voting shares is not in the best interests of the Fund, for example where share-blocking is in operation.

The Fund will look to sign up to the new Stewardship Code during the course of 2020/21. Similarly, Brunel has developed a Stewardship Policy consistent with the requirements of the UK Stewardship Code and publishes an annual report covering their voting practices and their engagement work. Brunel has entered partnerships with a number of other like-minded investors to strengthen their voice in all stewardship activ-ities.

GOVERNANCE POLICY STATEMENT

Introduction

1. This is the Governance Policy Statement of the Oxfordshire Local Government Pension Scheme (LGPS) Pension Fund, as required under Section 55 of the Local Government Pension Scheme Regulations 2013.

2. As required by the Regulations, the Statement covers:

Whether the Administering Authority delegates its functions in relation to maintaining a pension fund to a committee, sub-committee or officer of the Authority;
The frequency of any committee/sub-committee meetings;
The terms of reference, structure and operational procedures in relation to the use of the delegated powers; and
Whether the Committee includes representatives of scheme employers, and scheme members, and if so, whether they have voting rights.

Governance of the Oxfordshire Pension Fund

3. Under the Government requirements for a Cabinet structure in local government, the management of the pension fund is seen as a non-executive function i.e. the Cabinet or equivalent body should not carry it out.

4. Oxfordshire County Council, acting as Administering Authority for the Fund, has determined to delegate all functions relating to the maintenance of a pension fund to the Pension Fund Committee.

Oxfordshire Pension Fund Committee – Terms of Reference

5. Under the terms of the County Council's constitution, the terms of reference for the Pension Fund Committee are:

The functions relating to local government pensions etc specified in Paragraph 1 in Schedule H of Schedule 1 to the Functions Regulations, together with functions under Section 21 of the Oxfordshire Act 1985 (division of county superannuation fund).
The functions under the Fireman's Pension Scheme specified in Paragraph 2 in Section H of Schedule 1 to the Functions Regulations.

6. A more detailed interpretation of these terms of reference includes the following:

a) respond as appropriate to the Government on all proposed changes to the Local Government Pension Scheme
b) regularly review and approve the asset allocation for the pension fund's investment
c) approve and maintain the fund's Investment Strategy Statement
d) approve and maintain the fund's Funding Strategy Statement
e) approve and maintain the fund's Governance Policy Statement

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

Membership of the Committee

7. The Committee's members shall be appointed by full Council and shall comprise

9 County Councillors
2 Representatives of the City and District Councils of Oxfordshire.

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

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

Operational Procedures

9. The Committee will operate under the terms of conduct set out for all Committees of the County Council. The Committee will meet quarterly, with formal agendas published in advance according to the requirements on all County Council Committees. The Committee will meet in public, unless required to go into exempt session in accordance with Part 1 of Schedule 12A of the Local Government Act 1972.

10. At each meeting, the Committee will receive reports on the investment performance of the Fund. Fund Managers will be invited to attend to present information on the performance of their own portfolio, and to answer all appropriate questions from the Committee. The Committee shall determine the frequency by which each fund manager will be required to attend its meetings.

11. Each meeting of the Committee will be attended by the appointed independent financial advisor(s) who will provide advice on all investment matters. This advice will include drawing to the committee's attention, all appropriate matters associated with the performance of the individual fund managers.

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

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

Local Pension Board

14. Under the Local Government Pension Scheme (Amendment) (Governance) Regulations 2015, the Committee have established a Local Pension Board. The role of the Board is to assist the Pension Committee (in its role as Scheme Manager), to secure compliance with the Regulations and all associated legislation, and to ensure the efficient an effective governance and administration of the scheme.

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

16. The Board will meet on a quarterly basis, or more frequently as required. The full constitution of the Board is available on the Pension Fund's website.

Informal Governance Arrangements

17. As well as the formal governance arrangements as set out above, the Pension Fund Committee will hold an Annual Forum to which all scheme employers are invited. This Forum will cover a review of investment performance, as well as any other items relevant at that time.

18. The Committee will also hold ad hoc communication and consultation meetings to which all employers will be invited, and issue ad hoc communication and consultation documents to all employers, where it is deemed appropriate to obtain the views of all employers, before undertaking the responsibilities as set out above.

FUNDING STRATEGY STATEMENT

The Pension Fund's Funding Strategy Statement in effect at 31 March 2021 is available at the following link (draft version approved by the Pension Fund Committee at their meeting on 04 December 2020): PF_DEC0420R14 - Administration Report Annex 4.pdf (oxfordshire.gov.uk).

COMMUNICATIONS POLICY STATEMENT

Introduction

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

Purpose

2. This policy sets out the Oxfordshire Pension Fund's strategy for its communications with members and employing authorities.

3. The policy applies, in the context of LGPS administration, to members as defined in Schedule 1 of the principal regulations and, in turn, by section 124(1) of the Pensions Act 1995 to include:

Active members
Deferred members, and
Pensioner members
Pensioner credit members

4. Employing authorities, as defined within the regulations, and including Teckal companies : -

Statutory Scheduled Bodies such as the County and District Councils, Colleges of Further Education and Oxford Brookes University; Academies
Designating Bodies being the Town and Parish Councils
Admission Bodies, where the Pension Fund Committee have granted scheme admission within the terms of Part 3 Schedule 2 of the Regulations

5. The Regulations require the policy statement is prepared, written and published, and for these purposes publish means being accessible on the publically available pensions website.

Aim

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

7. To ensure that scheme members have access to scheme information, notice about proposed and actual changes and are made aware of the process to lodge questions and appeals.

8. To enable the Scheme Manager / Administering Authority to discharge their respective responsibilities in accordance with the Local Government Pension Scheme Regulations 2013 (as amended); The Occupational and Personal Pension Schemes (Disclosure of Information Regulations 2013 (as amended) and The Pension Regulator Guidance.

Communication Policy

9. The development and introduction of the 2013 scheme was supported nationally by websites and guidance for both employers and scheme members. Our Fund communications will continue to reference these central resources as well as reference material provided by the Fund's advisors.

10. Local communication will focus on specific administration for employers and members of the Fund. The key local communications, intended audience, publication media and frequency are detailed in the annex to this policy.

11. This emphasis does not materially alter this policy but will affect the content of local communications. The continuing encouragement to use the national websites will avoid duplication of development. Oxfordshire Pension Fund supports those national developments financially and by active engagement with the working group, which concentrates on member communications. This fund will continue to support collaboration and development of communication media with other administering authorities.

12. The Fund maintains a website which provides access to member guides, forms and information. The fund requests that employers provide a copy of the member Brief Guide or the link to the website to all new employees on commencing employment, helping to ensure that scheme information is available within disclosure timetable to members and prospective members.

13. The Fund maintains a dedicated area of the website to provide resources and information for employers.

14. The Fund has not created a profile on any social media such as Twitter or Facebook; no requests for such access have been received and there is currently no perceived benefit for these to be created.

15. This policy reflects the introduction of Member Self Service (My Oxfordshire Pension) using a secure online web portal hosted by Aquila Heywood. (This will allow all members a) to look at generic scheme information and b) to view

and make some changes to their personal pension accounts. Access was made available to Pensioner Members from April 2017 with Deferred and Active Members to follow at a later date. This allows registered members a) to look at generic scheme information and b) to view and make some changes to their personal pension accounts. Access was made available to

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

16. Once My Oxfordshire Pension (MOP) is in place across the entire scheme membership, we will conduct a further review of the Communications Policy to reflect format and delivery of communications material Once My Oxfordshire Pension is established across the entire scheme membership, we will introduce greater functionality, such as benefit projection facilities. We will continue to encourage registration whenever member status changes.

Review of This Policy

17. This policy was reviewed in January 2017 following feedback from members and employers, a Fund-wide consultation and with reference to the disclosure regulations. We will undertake annual reviews of the Communications Policy seeking feedback from members and employers to reflect format and delivery of material in this changing environment, once the concentration on the on line portal is fully established.

COMMUNICATION

The Pension Fund Committee approved a Communication Strategy, which sets out the fund's communication policy with all employing bodies, contributors and pensioners. The following initiatives are currently in place: -

- **Annual Report and Accounts** – The investment team circulate this document to all Oxfordshire County Council Directors and all employing bodies. It is also available on line from the website page. Copies are available for public inspection in the main Oxfordshire public libraries.
- **Summary of Report and Accounts Leaflet** – The Pension Fund Investment Manager selects sections from the main document to incorporate into an issue of Reporting Pensions for all current members. Pensioners receive the fund information with their annual newsletter.
- **Annual Pension Fund Forum** – An annual event for all employers in the fund, with an open invitation to submit topics for discussion and to send representatives. The forum is to keep employing bodies informed of topical issues and events that have occurred in the last year and also to give them the opportunity to raise any questions in relation to the Pension Fund.
- **Pensions Employer/User Group** – This is a meeting held quarterly for all employing bodies within the Oxfordshire Fund. The purpose of the group is to inform, consult and discuss LGPS matters such as changes in legislation, the results of the actuarial valuation and other policy changes. We will continue with the recently revised format of presenting on specific subjects at these meetings.
- **Employee Guide to LGPS** – presents aspects of the scheme to all members as a series of short subject leaflets. Taken together they provide a full guide for members, but individually offer broad information on specific subjects. The leaflets are available from the Oxfordshire County Council Pension Fund website or on request from Pension Services.
- **Brief Guide to the LGPS** - a reduced version of the scheme guide, with main points available for all from the website. We encourage all employers to link their starting information for new employees to this guide.
- **Reports by Beneficiaries Representative** – The beneficiaries' representative attends all Pension Fund Committee meetings as an observer. He has no voting rights but is allowed to speak with the permission of the Chairman. The Representative's report after each meeting is circulated to all employers for their staff, and is also on the pensions website pages.
- **Reporting Pensions** – a quarterly newsletter distributed, with the assistance of fund employers to scheme members and those eligible to join the fund. These pick up major changes to the LGPS and ensure that Oxfordshire County Council Pension Fund complies with the Disclosure of Information Regulations.
- **Website** – Pages for the Oxfordshire County Council Pension Fund are located on the County's public website. They offer access to administration and investment information, including Pension Fund Committee reports and minutes. Fund Employers can find detailed Administration information as an online toolkit to support their role in the fund. All members; current, pensioners, and deferred, have dedicated sections, with links to newsletters, guides, and national websites.

- **Intranet** - is not maintained by Pension Services as it reflects the decisions and policies of the County Council as a fund employer. Their pages also provide links and access to the Pension Fund website. Other fund employers also provide information on their intra-net sites for employees.
- **Talking Pensions –** This is an informal monthly newssheet for all employers in the Oxfordshire Fund distributed to all Human Resources and Payroll contacts.
- **Annual Benefit Statements -** Pension Services issue statements to current members and to members who have left the scheme with an entitlement to pension but not to an immediate payment. Additional information to the Statement is available from the website.
- **Administration principles -** we encourage all new employers to attend a meeting to help acquaint themselves to our requirements and importantly, their responsibilities within the scheme.

USEFUL CONTACTS AND ADDRESSES

BENEFIT ADMINISTRATION

Pension Services
Oxfordshire County Council
4640 Kingsgate
Oxford Business Park South
Oxford, OX4 2SU

Telephone:
0330 024 1359
email:
pension.services@oxfordshire.gov.uk

ACCOUNTS AND INVESTMENTS

Financial Manager – Pension Fund Investments
Corporate Services
Oxfordshire County Council
County Hall
Oxford, OX1 1ND

email:
pension.investments@oxfordshire.gov.uk

BENEFICIARIES REPRESENTATIVE

c/o Pension Services
Oxfordshire County Council
4640 Kingsgate
Oxford Business Park South
Oxford
OX4 2SU

SPECIFIED PERSON FOR ADJUDICATION OF DISPUTES PROCEDURE
Disputes to be sent to:-

Pensions Services Manager
Oxfordshire County Council
4640 Kingsgate
Oxford Business Park South
Oxford, OX4 2SU

Telephone: 01865 323854
Email: sally.fox@oxfordshire.gov.uk

The Pensions Regulator
Napier House
Trafalgar Place
Brighton
BN1 4DW 0345 600 1011
www.thepensionsregulator.gov.uk

Pension Tracing Service
The Pension Service 9
Mail Handling Site A
Wolverhampton
WV98 1LU 0800 731 0193
www.gov.uk/find-pension-contact-details

The Pensions Advisory Service (TPAS)
11 Belgrave Road
London
SW1V 1RB 0800 011 3797
www.pensionsadvisoryservice.org.uk

Pensions Ombudsman
10 South Colonnade
Canary Wharf, London
E14 4PU 0207 630 2200
www.pensions-ombudsman.org.uk

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PENSION FUND COMMITTEE – 10 SEPTEMBER 2021

ANALYSIS OF RELATIVE INVESTMENT PERFORMANCE TO MARCH 2021

Report of the Independent Financial Adviser

1. PIRC has compiled performance statistics for 64 of the LGPS funds, with a combined value of £230bn, for periods ending March 31st, 2021. (None of the funds in the Central Pool submitted data). The performance of the Oxfordshire Fund places it in the 3rd quartile for the 1- and 3-year periods, but it remains 2nd quartile over 5 and 10 years as shown in Table 1. (All returns are in % annualised).

	1 year	3 years	5 years	10 years
Oxfordshire	23.5	7.5	9.6	8.4
%-ile	(54)	(66)	(41)	(42)
2020 %-ile	(68)	(57)	(43)	(36)
Median	24.5	7.9	9.3	8.2

Table 1. Overall Fund Performance

2. The PIRC report separately analyses the performance of five asset classes – Equities, Fixed Income, Alternatives, Property and Diversified Growth. The returns for the Oxfordshire Fund, together with percentile rankings, are shown in Table 2.

	1 year	3 years	5 years	10 years	Comments
Equities	36.6	8.8	11.6	9.2	See below
%-ile	(67)	(81)	(78)	(78)	
Median	38.9	11.1	12.6	9.8	
Fixed Income	4.9	4.5	5.1	6.4	
%-ile	(67)	(25)	(34)	(26)	
Median	8.0	3.8	4.6	5.8	
Alternatives	25.1	14.0	15.7	13.1	Boosted by Private Equity
%-ile	(6)	(9)	(3)	(3)	
Median	6.9	7.3	7.8	6.9	
Property	-1.8	2.0	4.1	6.4	
%-ile	(83)	(67)	(64)	(51)	
Median	1.9	2.5	4.4	6.5	
DGF	14.3	3.3	4.2	N/A	Close to median
%-ile	(59)	(46)	(50)		
Median	15.2	3.2	4.3		

Table 2. Asset-Class Performance

3. With funds' equity portfolios giving an average return of 39.0% for the year, fund performance was strongly correlated with their equity weighting. Most of the top-

performers for the year held at least 60% in equities at March 2020. (Oxfordshire held 54%). Within equities, Overseas returned 42.3%, while UK returned 30.0%. Oxfordshire's relatively high allocation to UK equities was once again a drag on performance. (Bromley was triply blessed by having 63% in equities at March 2020, all invested in Global equity mandates – two-thirds of it in Baillie Gifford's Global High Alpha Fund).

4. Oxfordshire's very strong absolute and relative performance in Alternatives was due to the appreciation of the Private Equity portfolio, which made up most of the Alternatives allocation. When PIRC publish a more detailed breakdown of the Alternatives category it should be possible to do a like-for-like comparison of the returns achieved in Private Equity, Infrastructure, Hedge Funds etc.

5. The Asset Allocation of the Oxfordshire Fund at March 2021 was broadly similar to that of the median LGPS fund at the asset class level, as shown in Table 3. The PIRC report does not separate Equities by UK/Overseas, and nor does it categorise Alternatives, but these details may be included in the Annual Review when it is published.

	Oxfordshire (%)	**Universe median (%)**
Equities	58	57
Fixed Income	20	18
Alternatives	10	8
Property	6	8
DGF	5	0
Cash	1	1

Table 3. Asset allocation at 31.3.2021

Peter Davies
Senior Adviser – MJ Hudson Investment Advisers
July 2021

TABLE 1

OXFORDSHIRE COUNTY COUNCIL PENSION FUND
OVERALL VALUATION OF FUND AS AT 30th JUNE 2021

	COMBINED PORTFOLIO 01.04.21	Brunel Pension Partnership Active Equities		Brunel Pension Partnership Passive Equities		Legal & General Fixed Interest		Brunel Pension Partnership Fixed Interest		Brunel Pension Partnership Property		Brunel Pension Partnership Other Investments		In House Other Investments		COMBINED PORTFOLIO 30.06.2021		
Investment	**Value £' 000**	**Value £' 000**	**% of Total Value**	**Value £' 000**	**% of Total Value**	**Value £' 000**	**% of Total Value**	**Value £' 000**	**% of Total Value**	**Value £' 000**	**% of Total Value**	**Value £' 000**	**% of Total Value**	**Value £' 000**	**% of Total Value**	**Value £' 000**	**% of Total Value**	**Target %**
EQUITIES																		
UK Equities*	**618,611**	**470,956**	**38.4%**	**180,091**	**33.8%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**651,047**	**20.8%**	**21.0%**
Emerging Market Equities		101,347																
Global Equities		653,083																
Overseas Equities																		
TotalOverseas Equities	**1,087,940**	**754,430**	**61.5%**	**353,129**	**66.2%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**1,107,559**	**35.4%**	**30.0%**
BONDS																		
UK Gilts	123,838	0	0.0%	0	**0.0%**	35,400	26.5%	16,426	3.6%	0	0.0%	0	0.0%	0	0.0%	51,826	1.7%	
Corporate Bonds	173,535	0	0.0%	0	**0.0%**	40,464	30.3%	93,943	20.6%	0	0.0%	0	0.0%	0	0.0%	134,407	4.3%	
Overseas Bonds	59,551	0	0.0%	0	**0.0%**	12,916	9.7%	170	0.0%	0	0.0%	0	0.0%	0	0.0%	13,086	0.4%	
Index-Linked	159,717	0	0.0%	0	**0.0%**	41,947	31.4%	200,715	43.9%	0	0.0%	0	0.0%	0	0.0%	242,662	7.8%	
Multi Asset - Credit	-	0	0.0%	0	**0.0%**	0	0.0%	141,688	31.0%	0	0.0%	0	0.0%	0	0.0%	141,688	4.5%	
Total Bonds	**516,641**	**0**	**0%**	**0**	**0.0%**	**130,727**	**98.0%**	**452,942**	**99.1%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**583,669**	**18.7%**	**16.0%**
ALTERNATIVE INVESTMENTS																		
Property	170,500	0	0.0%	0	**0.0%**	0	0.0%	0	0.0%	157,552	96.1%	0	0.0%	28,154	5.7%	185,706	5.9%	8.0%
Private Equity	250,761	0	0.0%	0	**0.0%**	0	0.0%	0	0.0%	0	0.0%	33,162	26.8%	240,715	49.0%	273,877	8.8%	9.0%
Multi Asset - DGF	156,204	0	0.0%	0	**0.0%**	0	0.0%	0	0.0%	0	0.0%	0	0.0%	162,233	33.0%	162,233	5.2%	5.0%
Infrastructure	32,214	0	0.0%	0	**0.0%**	0	0.0%	0	0.0%	0	0.0%	18,212	14.7%	14,855	3.0%	33,067	1.1%	3.0%
Secured Income	56,712	0	0.0%	0	**0.0%**	0	0.0%	0	0.0%	0	0.0%	70,979	57.3%	0	0.0%	70,979	2.3%	5.0%
Private Debt	-	0	0.0%	0	**0.0%**	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	3.0%
Total Alternative Investments	**666,391**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**157,552**	**96.1%**	**122,353**	**98.8%**	**445,957**	**90.8%**	**725,862**	**23.2%**	**33.0%**
CASH	**66,067**	**1,172**	**0.1%**	**0**	**0.0%**	**2,690**	**2.0%**	**4,152**	**0.9%**	**6,487**	**4.0%**	**1,456**	**1.2%**	**45,345**	**9.2%**	**61,302**	**2.0%**	**0.0%**
TOTAL ASSETS	**2,955,650**	**1,226,558**	**100.0%**	**533,220**	**100.0%**	**133,417**	**100.0%**	**457,094**	**100.0%**	**164,039**	**100.0%**	**123,809**	**100.0%**	**491,302**	**100.0%**	**3,129,439**	**100.0%**	**100.0%**
% of total Fund		39.19%		17.04%		4.26%		14.61%		5.24%		3.96%		15.70%		100.00%		

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TABLE 2

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

Asset	Changes in Market Value						
	Brunel Pension Partnership Active Equities	Brunel Pension Partnership Passive Equities	Legal & General Fixed Interest	Brunel PP Fixed Interest	Brunel Pension Partnership Property	Brunel Pension Partnership Other Investments	In House Other Investments
	£000	£000	£000	£000	£000	£000	£000
EQUITIES							
UK Equities	23,154	9,294	0	0	0	0	0
			0		0	0	0
Overseas Equities	58,596	25,992	0	0	0	0	0
	0	0	0	0	0	0	0
BONDS	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
UK Gilts	0	0	1,249	1,216	0	0	0
Corporate Bonds	0	0	2,622	2,033	0	0	0
Overseas Bonds	0	0	880	171	0	0	0
Index-Linked Bonds	0	0	1,701	4,709	0	0	0
Multi Asset - Credit	0	0	0	280	0	0	0
	0	0	0	0	0	0	0
ALTERNATIVE INVESTMENTS	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
Property	0	0	0	0	4,085	0	2,968
Private Equity	0	0	0	0	0	3,241	21,339
Multi Asset - DGF	0	0	0	0	0	0	6,029
Infrastructure	0	0	0	0	0	(249)	695
Secured Income	0	0	0	0	0	1,335	0
SUB TOTAL	81,750	35,286	6,452	8,409	4,085	4,327	31,031
CASH *	0	0	0	0	0	0	0
GRAND TOTAL	**81,750**	**35,286**	**6,452**	**8,409**	**4,085**	**4,327**	**31,031**

* During the quarter the fixed income transition from LGIM to Brunel was completed with a total of £457m transferred.

TABLE 3

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

PERFORMANCE TO 30th JUNE 2021

COMBINED PORTFOLIO (BY FUND MANAGER)

FUND MANAGER	QUARTER ENDED 30th June 2021 RETURN %	12 MONTHS ENDED 30th June 2021 RETURN %	THREE YEARS ENDED 30th June 2021 RETURN %	FIVE YEARS ENDED 30th June 2021 RETURN %	TEN YEARS ENDED 30th June 2021 RETURN %
BRUNEL - UK EQUITIES	5.2	20.1			
BENCHMARK	5.5	20.8			
VARIATION	**-0.3**	**-0.7**			
BRUNEL - GLOBAL HIGH ALPHA EQUITIES	9.3	32.2			
BENCHMARK	7.8	24.9			
VARIATION	**1.5**	**7.3**			
BRUNEL - GLOBAL SUSTAINABLE EQUITIES	8.4				
BENCHMARK	7.4				
VARIATION	**1.0**				
BRUNEL - EMERGING MARKET EQUITIES	4.6	28.7			
BENCHMARK	5.0	26.4			
VARIATION	**-0.4**	**2.3**			
BRUNEL - L&G GLOBAL LOW CARBON EQ - PASSIVE	7.7	24.9			
BENCHMARK	7.8	25.1			
VARIATION	**-0.1**	**-0.2**			
BRUNEL - L&G UK EQUITIES - PASSIVE	5.6	25.0			
BENCHMARK	5.6	25.1			
VARIATION	**0.0**	**-0.1**			
BRUNEL - L&G WORLD DEVELOPED EQUITIES - PASSIVE	7.5	5.8			
BENCHMARK	7.5	5.8			
VARIATION	**0.0**	**0.0**			
L&G FIXED INCOME	2.4	-0.6	5.3	4.2	6.3
BENCHMARK	2.3	-3.3	4.3	3.6	6.0
VARIATION	**0.1**	**2.7**	**1.0**	**0.6**	**0.3**
IN-HOUSE PROPERTY	12.1	7.7	4.9	8.3	8.3
BENCHMARK	3.8	8.5	3.0	4.9	6.8
VARIATION	**8.3**	**-0.8**	**1.9**	**3.4**	**1.5**
PRIVATE EQUITY	10.1	47.7	17.0	19.1	15.0
BENCHMARK	9.0	50.1	10.8	13.1	10.7
VARIATION	**1.1**	**-2.4**	**6.2**	**6.0**	**4.3**

FUND MANAGER	QUARTER ENDED 30th June 2021 RETURN %	12 MONTHS ENDED 30th June 2021 RETURN %	THREE YEARS ENDED 30th June 2021 RETURN %	FIVE YEARS ENDED 30th June 2021 RETURN %	TEN YEARS ENDED 30th June 2021 RETURN %
IN-HOUSE INFRASTRUCTURE	4.9	14.3	8.6		
BENCHMARK	1.0	4.0	4.4		
VARIATION	**3.9**	**10.3**	**4.2**		
UBS GLOBAL EQUITIES	1.6	2.6	7.5	13.3	9.6
BENCHMARK	3.5	5.8	9.0	14.4	10.7
VARIATION	**-1.9**	**-3.2**	**-1.5**	**-1.1**	**-1.1**
BRUNEL UK PROPERTY	3.7	6.9			
BENCHMARK	3.8	8.5			
VARIATION	**-0.1**	**-1.6**			
BRUNEL INTERNATIONAL PROPERTY	1.4	-3.8			
BENCHMARK	1.0	-7.2			
VARIATION	**0.4**	**3.4**			
INSIGHT DIVERSIFIED GROWTH FUND	3.9	13.1	4.6	4.6	
BENCHMARK	1.0	4.0	4.4	4.2	
VARIATION	**2.9**	**9.1**	**0.2**	**0.4**	
IN-HOUSE CASH	0.0	0.1	0.5	0.4	0.6
BENCHMARK	0.0	0.1	0.5	0.4	0.4
VARIATION	**0.0**	**0.0**	**0.0**	**0.0**	**0.2**
BRUNEL - PRIVATE EQUITY CYCLE 1	10.3	9.0			
BENCHMARK	7.4	25.1			
VARIATION	**2.9**	**-16.1**			
BRUNEL - PRIVATE EQUITY CYCLE 2	2.4				
BENCHMARK	7.4				
VARIATION	**-5.0**				
BRUNEL - INFRASTRUCTURE CYCLE 1	-0.5	-2.2			
BENCHMARK	1.7	2.5			
VARIATION	**-2.2**	**-4.7**			
BRUNEL - INFRASTRUCTURE CYCLE 2	-6.9				
BENCHMARK	1.7				
VARIATION	**-8.6**				
BRUNEL - SECURED INCOME CYCLE 1	2.6	5.1			
BENCHMARK	1.7	2.5			
VARIATION	**0.9**	**2.6**			
BRUNEL - SECURED INCOME CYCLE 2	4.4				
BENCHMARK	1.7				
VARIATION	**2.7**				
TOTAL FUND	**5.8**	**17.4**	**7.6**	**9.8**	**8.9**
BENCHMARK	**5.2**	**17.2**	**7.2**	**9.2**	**8.6**
VARIATION	**0.6**	**0.2**	**0.4**	**0.6**	**0.3**

TABLE 4

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

TOP 20 HOLDINGS AT 30/06/2021

	ASSET DESCRIPTION	MARKET VALUE £	TOTAL FUND %
	DIRECT HOLDINGS		
1	HG CAPITAL TRUST PLC	68,463,600	2.19
2	STANDARD LIFE PRIVATE EQ ORD	21,626,735	0.69
3	BMO PRIVATE EQUITY TRUST PLC	17,056,000	0.55
4	3I GROUP PLC COMMON STOCK GBP.738636	13,432,715	0.43
5	KKR + CO INC COMMON STOCK USD.01	9,432,552	0.30
6	ICG ENTERPRISE TRUST PLC	8,968,426	0.29
7	UNITED KINGDOM GILT BONDS REGS 07/22 0.5	5,297,302	0.17
8	UNITED KINGDOM GILT BONDS REGS 01/23 0.125	4,522,292	0.14
9	UNITED KINGDOM GILT BONDS REGS 07/31 0.25	4,375,938	0.14
10	UNITED KINGDOM GILT BONDS REGS 01/26 0.125	4,100,215	0.13
11	UNITED KINGDOM GILT BONDS REGS 01/26 0.125	3,728,818	0.12
12	UNITED KINGDOM GILT BONDS REGS 12/30 4.75	3,567,625	0.11
13	UNITED KINGDOM I/L GILT BONDS REGS 03/29 0.125	3,395,876	0.11
14	UNITED KINGDOM I/L GILT BONDS REGS 11/55 1.25	2,536,158	0.08
15	UNITED KINGDOM I/L GILT BONDS REGS 03/68 0.125	2,448,144	0.08
16	UNITED KINGDOM GILT BONDS REGS 10/30 0.375	2,181,290	0.07
17	UNITED KINGDOM I/L GILT BONDS REGS 03/62 0.375	2,125,060	0.07
18	UNITED KINGDOM I/L GILT BONDS REGS 03/50 0.5	2,114,538	0.07
19	UNITED KINGDOM I/L GILT BONDS REGS 11/42 0.625	2,094,869	0.07
20	UNITED KINGDOM I/L GILT BONDS REGS 11/47 0.75	2,084,342	0.07
	TOP 20 HOLDINGS MARKET VALUE *	**183,552,495**	5.88
	* Excludes investments held within Pooled Funds		
	POOLED FUNDS AT 30/06/2021		
1	FP BRUNEL UK EQUITY FUND A ACC MUTUAL FUND	470,956,222	15.05
2	FP BRUNEL HG ALP GLB EQUITY FD MUTUAL FUND	336,533,891	10.75
3	FP BRUNEL GBL SUSTAINABLE MUTUAL FUND	316,549,239	10.12
4	L&G WORLD DEVELOPED EQUITY INDEX	204,538,936	6.54
5	BLACKROCK LIFE LTD AQUILA LIFE OVER 5 YEARS UK IL GILT INDEX FUND	200,714,831	6.41
	TOTAL POOLED FUNDS MARKET VALUE	**1,529,293,119**	48.87
	TOTAL FUND MARKET VALUE	**3,129,439,456**	

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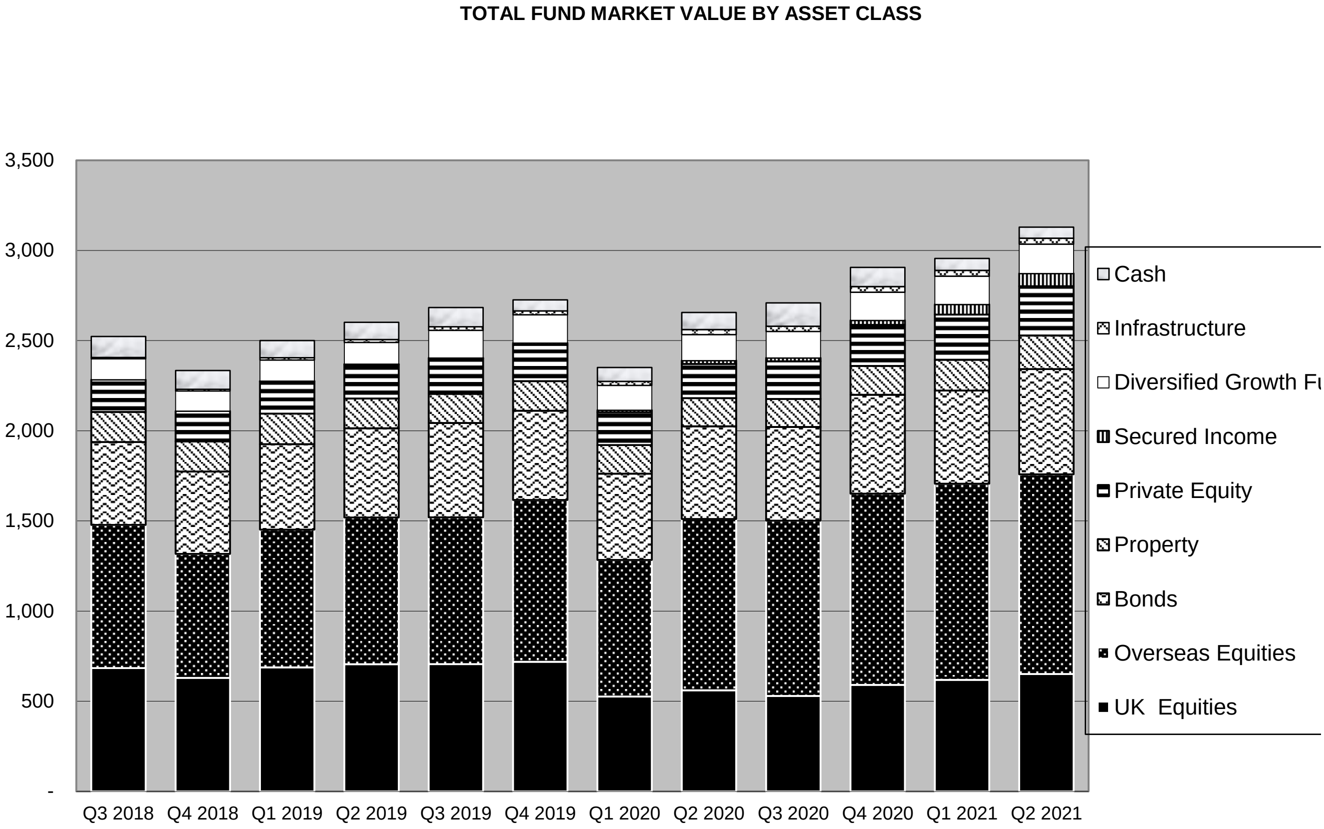
GRAPH 1

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

MARKET VALUE OF TOTAL FUND



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BRUNEL
Pension Partnership

Quarterly Report Overview

Oxfordshire Pension Fund

Brunel - Infrastructure (Cycle 1)	June 30 2021
Overview	**All figures unless otherwise stated are in GBP**
Total Commitments to Brunel Portfolio	50,000,000
Total Commitments to Portfolio Investments	49,787,992
As a percentage of Total Commitments to Brunel Portfolio	99.58%
Amount Called	15,868,502
As a percentage of Total Committed to Portfolio Investments	31.87%
Number of Fund Investments	5

Performance	All figures unless otherwise stated are in GBP
Amount Called	15.87 million
Amount Distributed	1.03 million
Unrealised Value	15.69 million
Total Value	16.73 million
DPI	0.07x
TVPI	1.05x

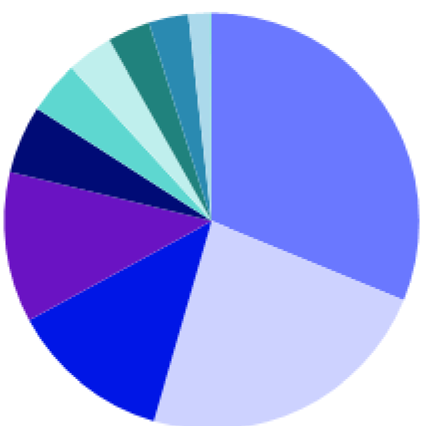
Strategy Level

Commitment to Portfolio

General	58.3 %
Renewables	41.7 %

Country

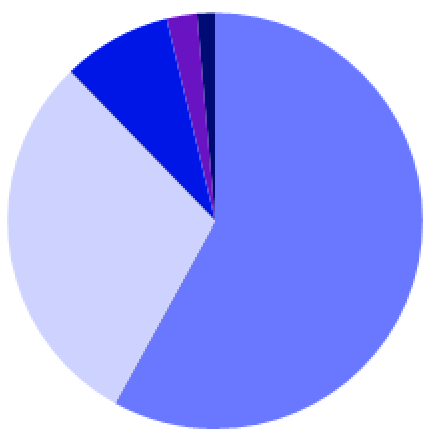
Invested in Underlying Investments



France	31.2 %
United States	23.3 %
Spain	12.6 %
United Kingdom	11.7 %
Sweden	5.3 %
Finland	4.1 %
Norway	3.6 %
Italy	3.3 %
Southern Europe	3.1 %
Ireland	1.7 %
Western Europe	0.1 %

GICS Level 1

Invested in Underlying Investments



Utilities	58.0 %
Industrials	29.7 %
Telecommunication Services	8.5 %
Health Care	2.4 %
Energy	1.4 %

BRUNEL
Pension Partnership

Quarterly Report Overview

Oxfordshire Pension Fund

Infrastructure
As investors looked beyond the pandemic, market conditions improved. The aggregate value of deals in Q2'21 ($98bn) increased 71% compared to Q2'20 ($57bn). Renewable Energy was again by far the largest single sector based on number of deals, a consistent trend dating back to 2016 and earlier. Interest in the asset class is being fuelled by Politics and Regulation, prompting expectations of the re-emergence of inflation for which Infrastructure has historically served as a partial hedge. It remains to be seen whether returns can hold up under intense competition for assets and given supply chain constraints pushing up key raw material costs globally.

$32bn of capital was raised by all private infrastructure funds closed in Q2 2021. The total number of unlisted infrastructure funds seeking to raise new capital as of July 2021 is up 25% from the start of the year, with a record 328 funds targeting $238bn. The US and Europe remained the dominant geographic focus.

Noteworthy events during the quarter included the IEA publishing its Net-Zero (NZ) Scenario analysis and the Biden Administration in the United States continuing to push for an Infrastructure plan. Biden's government, committed to an energy transition and a rapid decarbonisation, managed to gain bi-partisan agreement for a $1 trillion package to upgrade roads, bridges and broadband networks over the next 8 years. The IEA's issued a stark warning in its report. To keep the world from catastrophic overheating, a new clean energy revolution must take place at breakneck speed, involving unprecedented co-operation. NZ scenario looks a tall order on every front: political, technical, financial and, mostly important of all, behavioural.

Infrastructure Cycle 1
As at end June 2021, the portfolio remains the same in terms of primary and tacticals, with no new primary funds or tacticals added during the Quarter. However, underlying managers remained active and acquisitive, with the most noteworthy transaction being DWS entering exclusivity to acquire and carve-out Ermewa from SNCF. Ermewa is SNCF's railcar and tank leasing business, with very prominent global market positions.

The portfolio's investments remained resilient and cycle 1 has not experienced any J-curve, even prior to receiving confirmed Q2 valuation marks from GPs which are not available within the reporting timelines for Brunel Quarterly reports.

In terms of fundraising, seven out of the eight cycle 1 primary funds are now closed. Only Capital Dynamics CEI 8 remains fundraising, with final close at the end of September. No new fund commitments were made during the Quarter as cycle 1 is now fully committed to primary funds.

Q2 marked another quarter of increased pricing in the renewable energy space. We are hearing from numerous specialist renewable managers how difficult it is to deploy money prudently, given the weight of capital chasing opportunities and ever more aggressive and optimistic assumptions required to justify these pricing levels. We are alive to this issue and will continue to monitor and report back on this situation.

Regarding tactical investments, in December 2020, Brunel approved Project Legatus, a secondary opportunity to acquire a substantial LP position in Meridiam Fund 1. The deal has now been signed and will lead to a draw down of c£22m towards the end of August. Meridiam fund 1 is a 2008 vintage fund, which was set up to invest in greenfield infrastructure and is a mature, with 11 fully operational and yielding assets across the US and Europe, spanning transport (road and rail) and healthcare (UK PPP).

Q2 has been a very busy Quarter, with Brunel and StepStone shortlisting 4 more tactical deals for cycle 1. At the time of writing, Project Alcazar is pending the outcome of final bid by the manager, having been approved by Brunel. Project MapleCo has been approved by Brunel PM IRG and is in detailed final due diligence with StepStone. Projects Sonate and Ernest are currently in detailed final due diligence with StepStone. We anticipate the above five deals (if approved and finalised) will close in Q3/4 2021, so drawing down the majority of the £128m capital outstanding for tacticals (out of the initial £150m allocation).

Only one more deal is required to complete the tactical investment period of the cycle 1 StepStone vehicle, at which point fees will drop to 50bp on invested cost from 60bp on commitments. The final tactical is likely to be another renewable deal to adhere to fund limits, as specified in the LPA.

Brunel is very pleased with how the tactical portfolio of cycle 1 is developing, providing Clients with access to some of the most highly sought-after transactions on very advantageous terms. This is due to a combination of Brunel being seen as a desirable coinvest partner, the GPs selected for the primary portfolio and StepStone's capabilities to access, analyse and execute transactions to very demanding time deadlines.

BRUNEL Pension Partnership

Quarterly Report Overview

Oxfordshire Pension Fund

Portfolio Summary (GBP)

	Vintage	Ccy	Amount Committed	Amount Called	Percent Called	Unrealised Value	Realised Value	Total Value	DPI	TVPI	IRR
General Funds											
StepStone B Infrastructure Fund *Global, Core,*	2020	GBP	31,385,000	3,906,926	12.45%	3,667,296	73,674	3,740,970	0.02x	0.96x	N/M
Vauban Core Infrastructure Fund 02 *Western Europe, Core,*	2017	EUR	6,763,105	6,266,817	92.66%	6,698,123	410,963	7,109,086	0.07x	1.13x	7.41%
Subtotal:			38,148,105	10,173,743	26.67%	10,365,419	484,637	10,850,056	0.05x	1.07x	7.41%
Renewables Funds											
Capital Dynamics Clean Energy and Infrastructure VIII SCSp *United Kingdom, Brownfield,*	2019	GBP	5,700,000	2,593,715	45.50%	2,524,437	156,892	2,681,329	0.06x	1.03x	2.33%
Capital Dynamics Clean Energy Infrastructure VII-A, L.P. *United States, Greenfield,*	2019	USD	3,422,278	1,592,053	46.52%	1,621,673	26,717	1,648,390	0.02x	1.04x	2.9%
NTR Renewable Energy Infrastructure II *Western Europe, Greenfield,*	2018	EUR	2,517,609	1,508,991	59.94%	1,181,775	364,046	1,545,821	0.24x	1.02x	1.15%
Subtotal:			11,639,887	5,694,759	48.92%	5,327,885	547,654	5,875,540	0.10x	1.03x	2.02%
Total Portfolio			**49,787,992**	**15,868,502**	**31.87%**	**15,693,304**	**1,032,291**	**16,725,596**	**0.07x**	**1.05x**	**5.04%**

Portfolio Summary (Fund Currency)

	Vintage	Ccy	Amount Committed	Amount Called	Percent Called	Unrealised Value	Realised Value	Total Value	DPI	TVPI	IRR
General Funds											
StepStone B Infrastructure Fund *Global, Core,*	2020	GBP	31,385,000	3,906,926	12.45%	3,667,296	73,674	3,740,970	0.02x	0.96x	N/M
Vauban Core Infrastructure Fund 02 *Western Europe, Core,*	2017	EUR	7,600,000	7,019,869	92.37%	7,814,701	461,644	8,276,345	0.07x	1.18x	9.76%
Renewables Funds											
Capital Dynamics Clean Energy and Infrastructure VIII SCSp *United Kingdom, Brownfield,*	2019	GBP	5,700,000	2,593,715	45.50%	2,524,437	156,892	2,681,329	0.06x	1.03x	2.33%
Capital Dynamics Clean Energy Infrastructure VII-A, L.P. *United States, Greenfield,*	2019	USD	4,500,000	1,968,616	43.75%	2,242,936	35,598	2,278,534	0.02x	1.16x	12.74%
NTR Renewable Energy Infrastructure II *Western Europe, Greenfield,*	2018	EUR	2,833,243	1,656,923	58.48%	1,378,777	423,983	1,802,760	0.26x	1.09x	4.08%

DPI = Distributions to Paid In
TVPI = Total Value to Paid In
IRR = Internal rate of return

BRUNEL
Pension Partnership

Quarterly Report Overview

Oxfordshire Pension Fund

Portfolio Summary (GBP)

Fund Name	Vintage	Ccy	Amount Committed	Amount Called	Percent Called	Unrealised Value	Realised Value	Total Value	DPI	TVPI	IRR
StepStone B Infrastructure Fund Underlying Funds											
Arcus European Infrastructure II	2018	EUR	3,617,104	1,404,418	38.83%	1,397,570	54,177	1,451,748	0.04x	1.03x	3.62%
Western Europe, Value Added											
Basalt Infrastructure Partners III	2020	USD	2,619,580	257,447	9.83%	210,207	-	210,207	-	0.82x	N/M
Global, Value Add											
DWS PEIF III	2020	EUR	3,298,198	551,283	16.71%	469,782	80,065	549,847	0.15x	1.00x	N/M
Western Europe, Generalist											
Macquarie GIG Renewable Energy Fund 2	2020	EUR	4,002,062	543,382	13.58%	474,804	3,661	478,465	0.01x	0.88x	N/M
Western Europe, Core plus											
Project Peggy	2020	USD	1,804,960	1,413,036	78.29%	1,570,132	-	1,570,132	-	1.11x	N/M
United States, Direct											
Subtotal:			15,341,905	4,169,567	27.18%	4,122,494	137,904	4,260,398	0.03x	1.02x	
Total Portfolio			**15,341,905**	**4,169,567**	**27.18%**	**4,122,494**	**137,904**	**4,260,398**	**0.03x**	**1.02x**	

Portfolio Summary (Fund Currency)

	Vintage	Ccy	Amount Committed	Amount Called	Percent Called	Unrealised Value	Realised Value	Total Value	DPI	TVPI	IRR Fund
StepStone B Infrastructure Fund Underlying Funds											
Arcus European Infrastructure II	2018	EUR	4,137,908	1,552,161	37.51%	1,630,545	59,518	1,690,063	0.04x	1.09x	9.6%
Western Europe, Value Added											
Basalt Infrastructure Partners III	2020	USD	3,620,670	353,603	9.77%	290,737	-	290,737	-	0.82x	N/M
Global, Value Add											
DWS PEIF III	2020	EUR	3,827,565	622,399	16.26%	548,094	92,923	641,017	0.15x	1.03x	N/M
Western Europe, Generalist											
Macquarie GIG Renewable Energy Fund 2	2020	EUR	4,655,147	619,767	13.31%	553,953	4,134	558,087	0.01x	0.90x	N/M
Western Europe, Core plus											
Project Peggy	2020	USD	2,294,376	1,752,306	76.37%	2,171,649	-	2,171,649	-	1.24x	N/M
United States, Direct											

DPI = Distributions to Paid In
TVPI = Total Value to Paid In
IRR = Internal rate of return

Please note:
The above figures were included at Clients' request to breakdown the performance of the StepStone fund. They are based on cash-adjusted, roll-forward NAV estimates, using underlying GP communications, which means they will differ from the main summary table owing to the lag in Brunel receiving the formal valuation report from StepStone up to 120 days post Quarter end.

BRUNEL
Pension Partnership

Quarterly Report Overview

Oxfordshire Pension Fund

Brunel - Infrastructure (Cycle 2)	June 30 2021
StepStone B II - Generalist - Overview	**All figures unless otherwise stated are in GBP**
Total Commitments to Brunel Portfolio	20,000,000
Total Commitments to Portfolio Investments	20,000,000
As a percentage of Total Commitments to Brunel Portfolio	100.00%
Amount Called	713,531
As a percentage of Total Committed to Portfolio Investments	3.57%
Number of Fund Investments	1

StepStone B II - Generalist - Performance	All figures unless otherwise stated are in GBP
Amount Called	0.71 million
Amount Distributed	0.00 million
Unrealised Value	0.64 million
Total Value	0.64 million
DPI	0.00x
TVPI	0.90x

Quarterly Report Overview

Oxfordshire Pension Fund

Infrastructure Cycle 2
For Cycle 2 Infrastructure, Clients were offered the opportunity to invest either by committing to the Brunel 'Combined' Infrastructure Portfolio (which allocates 50% of total to renewables, 50% to general (non-renewables) infrastructure) or via the Brunel 'Renewables only' Portfolio which allocates 100% of total to renewables. In order to facilitate these Client outcomes, Brunel established two funds of funds with StepStone for cycle 2; SS-B II Renewables and SS-B II General. The Combined Infrastructure Clients are invested 50:50 into each fund. The Renewables only Clients are invested 100% in the Renewables fund.

As of 1st April 2021, three Brunel clients have topped up a total of GBP £170m across the generalist and renewable vehicles, increasing the number of primary and tactical deals that will complete the portfolios for both funds.

General Infrastructure
At the end of June 2021, the portfolio had made two primary fund commitments, to Vauban Core Infrastructure Fund III (CIF III) and to Meridiam Sustainable Infrastructure Europe IV (MSIE IV). A third fund commitment, Infracapital Greenfield Partners II, should close soon.

CIF III is a Core/Core+, majority European strategy, following on from fund CIF II that was selected for Cycle 1 Infrastructure by Brunel. Post period end the fund closed above the target size at its hard-cap of €2,500m. Vauban have made steady deployment progress, with 5 platform investments across 4 countries, committing >€900m of equity, 36% of the fund.
Please see the Annual Update Report for more information.

MSIE IV is focused on addressing specific sustainable development goals (SDGS) and, focusing on decarbonization, technological change and building back better. Meridiam are in exclusivity on a large Utility transaction that would be the first fund investment and Brunel has been offered a coinvestment in that transaction which is being taken up as part of the Cycle 1 tactical portfolio. StepStone are in final due diligence, but all being well, we anticipate this transaction closing in Q3/4 2021.

At period end, numerous other general infra fund opportunities were being appraised by StepStone with a view to commitments being made later on in 2021 and early 2022. As with the Renewable vehicle, so the Generalist infra vehicle is waiting for suitable tactical opportunities once Cycle 1 Infra tactical is either fully deployed or reaches concentration limits.

Please see the Annual Update Report for more information.

Quarterly Report Overview

Oxfordshire Pension Fund

StepStone B II - Generalist - Portfolio Summary (GBP)

	Vintage	Ccy	Amount Committed	Amount Called	Percent Called	Unrealised Value	Realised Value	Total Value	DPI	TVPI	IRR
General Funds											
StepStone B II - Generalist *Global, Core,*	2020	GBP	20,000,000	713,531	3.57%	638,887	56	638,943	-	0.90x	N/M
Total Portfolio			**20,000,000**	**713,531**	**3.57%**	**638,887**	**56**	**638,943**	**-**	**0.90x**	**N/M**

StepStone B II - Generalist - Portfolio Summary (Fund Currency)

	Vintage	Ccy	Amount Committed	Amount Called	Percent Called	Unrealised Value	Realised Value	Total Value	DPI	TVPI	IRR
General Funds											
StepStone B II - Generalist *Global, Core,*	2020	GBP	20,000,000	713,531	3.57%	638,887	56	638,943	-	0.90x	N/M

DPI = Distributions to Paid In
TVPI = Total Value to Paid In
IRR = Internal rate of return

BRUNEL
Pension Partnership

Quarterly Report Overview

Oxfordshire Pension Fund

StepStone B II - Generalist - Portfolio Summary (GBP)

Fund Name	Vintage	Ccy	Amount Committed	Amount Called	Percent Called	Unrealised Value	Realised Value	Total Value	DPI	TVPI	IRR
StepStone B II - Generalist Underlying Funds											
Core Infrastructure Fund III	2020	EUR	2,030,231	684,324	33.71%	647,273	-	647,273	-	0.95x	N/M
Western Europe, Core											
Meridiam Sustainable Infrastructure Europe IV	2021	EUR	1,411,724	-	0.00%	-	-	-	-	-	N/M
Western Europe, Core Plus											
Total Portfolio			**3,441,956**	**684,324**	**19.88%**	**647,273**	**-**	**647,273**	**-**	**0.95x**	

StepStone B II - Generalist - Portfolio Summary (Fund Currency)

	Vintage	Ccy	Amount Committed	Amount Called	Percent Called	Unrealised Value	Realised Value	Total Value	DPI	TVPI	IRR Fund
StepStone B II - Generalist Underlying Funds											
Core Infrastructure Fund III	2020	EUR	2,352,941	782,448	33.25%	755,173	-	755,173	-	0.97x	N/M
Western Europe, Core											
Meridiam Sustainable Infrastructure Europe IV	2021	EUR	1,647,059	-	0.00%	-	-	-	-	-	N/M
Western Europe, Core Plus											

DPI = Distributions to Paid In
TVPI = Total Value to Paid In
IRR = Internal rate of return

Please note:
The above figures were included at Clients' request to breakdown the performance of the StepStone fund. They are based on cash-adjusted, roll-forward NAV estimates, using underlying GP communications, which means they will differ from the main summary table owing to the lag in Brunel receiving the formal valuation report from StepStone up to 120 days post Quarter end.

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Quarterly Report Overview

Oxfordshire Pension Fund

Brunel - Infrastructure (Cycle 2)	June 30 2021
StepStone B II - Renewables - Overview	**All figures unless otherwise stated are in GBP**
Total Commitments to Brunel Portfolio	20,000,000
Total Commitments to Portfolio Investments	20,000,000
As a percentage of Total Commitments to Brunel Portfolio	100.00%
Amount Called	2,154,601
As a percentage of Total Committed to Portfolio Investments	10.77%
Number of Fund Investments	1

StepStone B II - Renewables - Performance	All figures unless otherwise stated are in GBP
Amount Called	2.15 million
Amount Distributed	0.08 million
Unrealised Value	1.92 million
Total Value	2.00 million
DPI	0.04x
TVPI	0.93x

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Quarterly Report Overview

Oxfordshire Pension Fund

Renewable Energy

Cycle 2 started in June 2020. As of June 2021, the Cycle 2 Renewables Fund has committed to 3 primary funds and 1 tactical co-investment. Given the selected funds have limited exposure to Europe, the final two commitments will be allocated to managers offering European exposure and to further round out the geographic exposure, StepStone will tilt the Tactical portfolio towards Europe too. Performance is not meaningful at this time, given the immaturity of the Portfolio. Owing mainly to FX, the portfolio has dipped below cost in GBP terms, but this is prior to receiving confirmed Q2 valuation marks from GPs which are not available within the reporting timelines for Brunel Quarterly reports.

No new investments were made during the Quarter. StepStone continue to screen primary fund opportunities and tactical deals, but Cycle 1 takes priority until concentration limits have been reached, which we envisage will happen over the next 6-12 months, based on the very active pipeline of advanced stage deals that has emerged since Q1.

Following the key person event, which triggered the ceasing of capital raise for CD CEI X, the manager is in the process of putting in place a new structure which will allow the current investment and asset management teams to continue to manage these investments, albeit via a contract with the team being part of new organisation that is not owned by Capital Dynamics. We are reassured by the progress made but outstanding points remain. The assets in the CEI funds remain strong with significant tailwinds from the new Biden administration's policy agenda. The CD and Arevon teams remain dedicated to building out the existing assets and positive progress on many fronts was made during the Quarter on various battery and solar PV projects that had already been committed to prior to the Key Person Event.

Please see the Annual Update Report for more information.

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Quarterly Report Overview

Oxfordshire Pension Fund

StepStone B II - Renewables - Portfolio Summary (GBP)

	Vintage	Ccy	Amount Committed	Amount Called	Percent Called	Unrealised Value	Realised Value	Total Value	DPI	TVPI	IRR
Renewables Funds											
StepStone B II - Renewables *Global, Infrastructure,*	2020	GBP	20,000,000	2,154,601	10.77%	1,923,669	81,254	2,004,923	0.04x	0.93x	N/M
Total Portfolio			**20,000,000**	**2,154,601**	**10.77%**	**1,923,669**	**81,254**	**2,004,923**	**0.04x**	**0.93x**	**N/M**

StepStone B II - Renewables - Portfolio Summary (Fund Currency)

	Vintage	Ccy	Amount Committed	Amount Called	Percent Called	Unrealised Value	Realised Value	Total Value	DPI	TVPI	IRR
Renewables Funds											
StepStone B II - Renewables *Global, Infrastructure,*	2020	GBP	20,000,000	2,154,601	10.77%	1,923,669	81,254	2,004,923	0.04x	0.93x	N/M

DPI = Distributions to Paid In
TVPI = Total Value to Paid In
IRR = Internal rate of return

BRUNEL
Pension Partnership

Quarterly Report Overview

Oxfordshire Pension Fund

StepStone B II - Renewables - Portfolio Summary (GBP)

Fund Name	Vintage	Ccy	Amount Committed	Amount Called	Percent Called	Unrealised Value	Realised Value	Total Value	DPI	TVPI	IRR
StepStone B II - Renewables Underlying Funds											
Brookfield IV Renewable Sidecar *Global, Core Plus*	2020	USD	1,115,256	294,586	26.41%	267,599	21,769	289,368	0.07x	0.98x	N/M
Capital Dynamics Clean Energy Infrastructure Investors X, SCSp *United States, Value Added*	2020	USD	1,818,733	1,229,186	67.58%	1,284,826	13,957	1,298,784	0.01x	1.06x	N/M
Centinela Funding *United States, Co-Investment*	2020	USD	762,396	742,146	97.34%	715,772	36,391	752,162	0.05x	1.01x	N/M
Copenhagen Infrastructure IV *Global, Core*	2020	EUR	2,053,093	132,979	6.48%	111,578	-	111,578	-	0.84x	N/M
Total Portfolio			**5,749,478**	**2,398,897**	**41.72%**	**2,379,775**	**72,117**	**2,451,892**	**0.03x**	**1.02x**	

StepStone B II - Renewables - Portfolio Summary (Fund Currency)

	Vintage	Ccy	Amount Committed	Amount Called	Percent Called	Unrealised Value	Realised Value	Total Value	DPI	TVPI	IRR Fund
StepStone B II - Renewables Underlying Funds											
Brookfield IV Renewable Sidecar *Global, Core Plus*	2020	USD	1,538,462	403,272	26.21%	370,116	29,808	399,923	0.07x	0.99x	N/M
Capital Dynamics Clean Energy Infrastructure Investors X, SCSp *United States, Value Added*	2020	USD	2,393,162	1,577,760	65.93%	1,777,043	18,894	1,795,937	0.01x	1.14x	N/M
Centinela Funding *United States, Co-Investment*	2020	USD	1,019,461	991,453	97.25%	989,984	50,368	1,040,352	0.05x	1.05x	N/M
Copenhagen Infrastructure IV *Global, Core*	2020	EUR	2,393,162	152,966	6.39%	130,178	-	130,178	-	0.85x	N/M

DPI = Distributions to Paid In
TVPI = Total Value to Paid In
IRR = Internal rate of return

Please note:
The above figures were included at Clients' request to breakdown the performance of the StepStone fund. They are based on cash-adjusted, roll-forward NAV estimates, using underlying GP communications, which means they will differ from the main summary table owing to the lag in Brunel receiving the formal valuation report from StepStone up to 120 days post Quarter end.

Please note we are investigating valuation differences for Nighthawk assets between CEI X report and the coinvest vehicle (Centinela Funding). The value shown in this report reflects the information currently available to Brunel but may be subject to change should the numbers need restating.

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Quarterly Report Overview

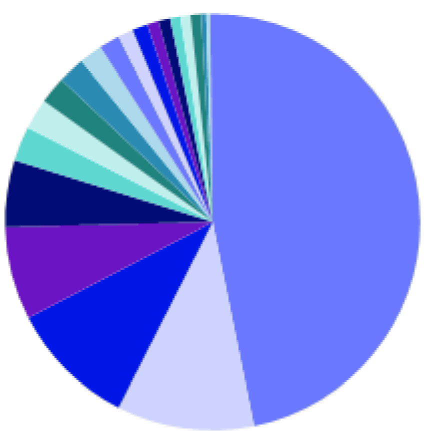
Oxfordshire Pension Fund

Brunel - Private Equity (Cycle 1) Overview	June 30 2021 All figures unless otherwise stated are in GBP
Total Commitments to Brunel Portfolio	100,000,000
Total Commitments to Portfolio Investments	96,775,190
As a percentage of Total Commitments to Brunel Portfolio	96.78%
Amount Called	30,499,301
As a percentage of Total Committed to Portfolio Investments	31.52%
Number of Fund Investments	7

Performance	All figures unless otherwise stated are in GBP
Amount Called	30.50 million
Amount Distributed	3.19 million
Unrealised Value	30.65 million
Total Value	33.83 million
DPI	0.10x
TVPI	1.11x

Country

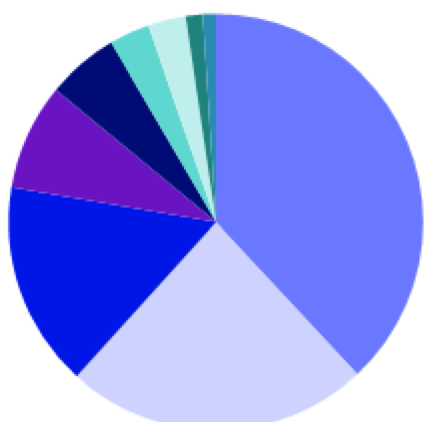
Invested in Underlying Investments



United States	46.8 %	Undefined	1.2 %
France	10.7 %	Asia/Pacific	1.2 %
Global	9.9 %	Poland	0.9 %
United Kingdom	7.2 %	Denmark	0.9 %
China	5.2 %	Singapore	0.8 %
Italy	2.7 %	Portugal	0.8 %
Canada	2.4 %	Japan	0.8 %
India	2.1 %	Norway	0.4 %
Western Europe	2.1 %	Ireland	0.3 %
Netherlands	1.8 %	Germany	0.2 %
Spain	1.6 %		

GICS Level 1

Invested in Underlying Investments



Financials	38.1 %
Health Care	23.7 %
Information Technology	16.0 %
Consumer Discretionary	8.3 %
Consumer Staples	5.6 %
Industrials	3.1 %
Materials	2.9 %
Telecommunication Services	1.3 %
Undefined	1.0 %

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Quarterly Report Overview

Oxfordshire Pension Fund

Private Equity Cycle 1
As of March 2021, the drawdown of Cycle 1 increased slightly from the previous quarter. Cycle 1 is still in the investment phase, but the portfolio has maintained above cost with positive IRR, largely avoided the J-curve since its inception due to its investment in secondaries funds. This will change as other funds in the portfolio start to draw capital to make investments.

Overall, the PE portfolio was relatively resilient, with some underlying portfolio companies affected in the short term while other portfolio companies benefit. With approximately 1/3 of the commitments drawn as of June 2021, Cycle 1 portfolio overall experienced less impact from Covid-19 and has significant dry powder to invest in the new environment. The GPs in Cycle 1 are active and currently funding their investments through fund credit facilities. Most are expected to make capital calls throughout 2021.

Overall, all the private equity funds in Cycle 1 are now successfully closed and in full deployment mode.

Quarterly Report Overview

Oxfordshire Pension Fund

Portfolio Summary (GBP)

	Vintage	Ccy	Amount Committed	Amount Called	Percent Called	Unrealised Value	Realised Value	Total Value	DPI	TVPI	IRR
Primary Funds											
Ardian LBO Fund 07 A *Europe/North America, Buyout,*	2019	EUR	11,009,347	4,366,352	39.66%	4,355,114	29,350	4,384,465	0.01x	1.00x	0.41%
Summit Europe Growth 03 *Western Europe, Growth,*	2020	EUR	4,642,144	758,725	16.34%	696,342	-	696,342	-	0.92x	N/M
Vespa Capital 03 *United Kingdom, Buyout,*	2020	GBP	9,000,000	227,036	2.52%	(7,627)	-	(7,627)	-	(0.03x)	N/M
Subtotal:			24,651,491	5,352,113	21.71%	5,043,829	29,350	5,073,180	0.01x	0.95x	0.41%
Secondaries Funds											
AlpInvest Secondaries 07 *Global, Secondaries,*	2020	USD	10,191,146	670,360	6.58%	626,304	5,858	632,162	0.01x	0.94x	N/M
Capital Dynamics Global Secondaries V (Feeder) *Global, Secondaries,*	2018	USD	18,180,628	9,900,675	54.46%	11,751,317	1,187,516	12,938,833	0.12x	1.31x	21.95%
Subtotal:			28,371,774	10,571,035	37.26%	12,377,621	1,193,374	13,570,995	0.11x	1.28x	21.95%
Co-Investment Funds											
NB PE Impact Fund *Global, Co-Investment,*	2018	USD	22,679,332	10,185,347	44.91%	8,839,929	1,964,839	10,804,768	0.19x	1.06x	5.18%
NB SCIOP IV *Global, Co-Investment,*	2019	USD	21,072,593	4,390,805	20.84%	4,385,594	-	4,385,594	-	1.00x	-0.2%
Subtotal:			43,751,925	14,576,152	33.32%	13,225,523	1,964,839	15,190,362	0.13x	1.04x	4.23%
Total Portfolio			**96,775,190**	**30,499,301**	**31.52%**	**30,646,973**	**3,187,563**	**33,834,537**	**0.10x**	**1.11x**	**11.31%**

Portfolio Summary (Fund Currency)

	Vintage	Ccy	Amount Committed	Amount Called	Percent Called	Unrealised Value	Realised Value	Total Value	DPI	TVPI	IRR
Primary Funds											
Ardian LBO Fund 07 A *Europe/North America, Buyout,*	2019	EUR	12,700,000	4,949,486	38.97%	5,081,112	32,966	5,114,078	0.01x	1.03x	3.3%
Summit Europe Growth 03 *Western Europe, Growth,*	2020	EUR	5,400,000	869,215	16.10%	812,422	-	812,422	-	0.93x	N/M
Vespa Capital 03 *United Kingdom, Buyout,*	2020	GBP	9,000,000	227,036	2.52%	(7,627)	-	(7,627)	-	(0.03x)	N/M
Secondaries Funds											
AlpInvest Secondaries 07 *Global, Secondaries,*	2020	USD	14,100,000	931,800	6.61%	866,241	8,143	874,384	0.01x	0.94x	N/M
Capital Dynamics Global Secondaries V (Feeder) *Global, Secondaries,*	2018	USD	24,400,000	12,946,695	53.06%	16,253,247	1,620,114	17,873,361	0.13x	1.38x	27.18%
Co-Investment Funds											
NB PE Impact Fund *Global, Co-Investment,*	2018	USD	30,300,000	13,029,000	43.00%	12,226,506	2,727,000	14,953,506	0.21x	1.15x	12.5%
NB SCIOP IV *Global, Co-Investment,*	2019	USD	29,000,000	5,927,419	20.44%	6,065,715	-	6,065,715	-	1.02x	4.06%

DPI = Distributions to Paid In
TVPI = Total Value to Paid In
IRR = Internal rate of return

BRUNEL
Pension Partnership

Quarterly Report Overview

Oxfordshire Pension Fund

Brunel - Private Equity (Cycle 2)	June 30 2021
Overview	**All figures unless otherwise stated are in GBP**
Total Commitments to Brunel Portfolio	70,000,000
Total Commitments to Portfolio Investments	34,926,690
As a percentage of Total Commitments to Brunel Portfolio	49.90%
Amount Called	2,171,750
As a percentage of Total Committed to Portfolio Investments	6.22%
Number of Fund Investments	7

Performance	All figures unless otherwise stated are in GBP
Amount Called	2.17 million
Amount Distributed	0.00 million
Unrealised Value	2.53 million
Total Value	2.53 million
DPI	0.00x
TVPI	1.17x

Quarterly Report Overview

Oxfordshire Pension Fund

Private Equity Cycle 2

Cycle 2 started in June 2020. As of June 2021, it had committed to 7 funds, which represent close to half its total allocation. Out of the 7 funds, 4 funds (LGT CGS V, New Mountain Fund VI, Montana OSP V and Insight X Follow-On Fund) had started investing. The remaining funds are either recent commitments made in Q2 2021 or funds that just been activated. Nonetheless, the total drawdown of Cycle 2 stood at 6%. It is worth noting that the total capital deployed was higher due to funds using credit facilities to fund investments.

One year into the program, Cycle 2 had made great progress in terms of funds commitments made and the quality of the GPs that we backed. While still early, the performance is encouraging. The portfolio is more than 1.1x TVPI with >100% IRR that is not meaningful at this stage.

In terms of new investments in Q2 2021, Cycle 2 committed to Insight X Follow-On Fund. This is a software focused fund that makes follow-on investments to the portfolio companies of Insight Fund X. Post Q2 2021, Cycle 2 had made 2 additional commitments. These are Insights Fund XII (a global software focused fund) and Inflexion Buyout VI (a European fund with a strong focus in UK investments). Including these 2 funds, Cycle 2 would be 2/3 invested.

Going forward, we expect more funds to start calling capital as they pay down the credit facilities that they used to fund the investments, which were made 6-12 months ago.

Quarterly Report Overview

Oxfordshire Pension Fund

Portfolio Summary (GBP)

	Vintage	Ccy	Amount Committed	Amount Called	Percent Called	Unrealised Value	Realised Value	Total Value	DPI	TVPI	IRR
Primary Funds											
Genstar X (EU) *United States, Buyout,*	2021	USD	2,855,903	-	0.00%	-	-	-	-	-	N/M
New Mountain 06 *United States, Buyout,*	2020	USD	4,078,997	408,990	10.03%	377,728	373	378,101	-	0.92x	N/M
Subtotal:			6,934,901	408,990	5.90%	377,728	373	378,101	-	0.92x	N/M
Secondaries Funds											
Insight Partners X Follow-On *Global, Secondaries,*	2021	USD	3,958,688	994,578	25.12%	990,529	-	990,529	-	1.00x	N/M
LGT Crown Global Secondaries V *Global, Secondaries,*	2020	USD	8,171,576	718,919	8.80%	1,076,033	-	1,076,033	-	1.50x	N/M
Montana Capital Partners OSP V *Global, Secondaries,*	2020	EUR	4,842,799	49,263	1.02%	89,973	-	89,973	-	1.83x	N/M
Subtotal:			16,973,063	1,762,760	10.39%	2,156,535	-	2,156,534	-	1.22x	N/M
Co-Investment Funds											
AlpInvest Co-Investment 08 *Global, Co-Investment,*	2021	USD	10,201,721	-	0.00%	-	-	-	-	-	N/M
Genstar X Opportunities Fund *North America, Co-Investment,*	2021	USD	817,005	-	0.00%	-	-	-	-	-	N/M
Subtotal:			11,018,726	-	0.00%	-	-	-	-	-	N/M
Total Portfolio			**34,926,690**	**2,171,750**	**6.22%**	**2,534,263**	**373**	**2,534,635**	**-**	**1.17x**	**N/M**

Portfolio Summary (Fund Currency)

	Vintage	Ccy	Amount Committed	Amount Called	Percent Called	Unrealised Value	Realised Value	Total Value	DPI	TVPI	IRR
Primary Funds											
Genstar X (EU) *United States, Buyout,*	2021	USD	3,950,000	-	0.00%	-	-	-	-	-	N/M
New Mountain 06 *United States, Buyout,*	2020	USD	5,650,000	574,013	10.16%	522,435	528	522,963	-	0.91x	N/M
Secondaries Funds											
Insight Partners X Follow-On *Global, Secondaries,*	2021	USD	5,480,000	1,380,375	25.19%	1,370,000	-	1,370,000	-	0.99x	N/M
LGT Crown Global Secondaries V *Global, Secondaries,*	2020	USD	11,290,000	982,230	8.70%	1,488,261	-	1,488,261	-	1.52x	N/M
Montana Capital Partners OSP V *Global, Secondaries,*	2020	EUR	5,650,000	57,382	1.02%	104,971	-	104,971	-	1.83x	N/M
Co-Investment Funds											
AlpInvest Co-Investment 08 *Global, Co-Investment,*	2021	USD	14,110,000	-	0.00%	-	-	-	-	-	N/M
Genstar X Opportunities Fund *North America, Co-Investment,*	2021	USD	1,130,000	-	0.00%	-	-	-	-	-	N/M

DPI = Distributions to Paid In
TVPI = Total Value to Paid In
IRR = Internal rate of return

BRUNEL
Pension Partnership

Quarterly Report Overview

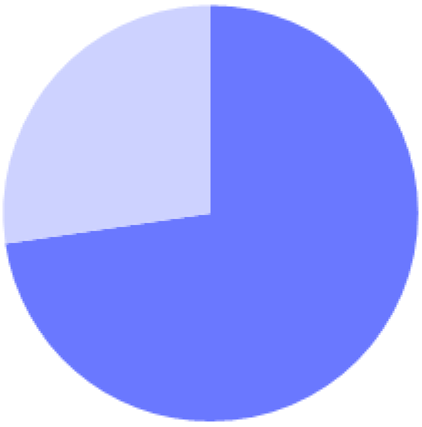
Oxfordshire Pension Fund

Brunel - Secured Income (Cycle 1) Overview	June 30 2021 All figures unless otherwise stated are in GBP
Total Commitments to Brunel Portfolio	60,000,000
Total Commitments to Portfolio Investments	60,000,000
As a percentage of Total Commitments to Brunel Portfolio	100.00%
Amount Called	51,725,874
As a percentage of Total Committed to Portfolio Investments	86.21%
Number of Fund Investments	3

Performance	All figures unless otherwise stated are in GBP
Amount Called	51.73 million
Amount Distributed	0.66 million
Unrealised Value	53.24 million
Total Value	53.89 million
DPI	0.01x
TVPI	1.04x

Strategy Level

Commitment to Portfolio



Long Lease Property	72.7 %
Operating Infrastructure	27.3 %

Country

Invested in Underlying Investments

United Kingdom	100.0 %

Quarterly Report Overview

Oxfordshire Pension Fund

Secured Income Cycle 1
The M&G Secured Income Property Fund's total returns over the last quarter were strong, driven primarily by capital growth from the British Car Auctions portfolio and from the office and supermarket sectors.
M&G anticipates that 99.5% of Q3 2021 rental income will be collected (up from 95% in Q2 2021). The majority of unpaid rent is deferred, with repayment terms agreed.

The fund's Anglo American HQ redevelopment reached practical completion (PC) in April and the tenant is now in occupation. The Paddington hotel/aparthotel development is expected to reach PC in September 2021 (with around £40 million left to fund, of which £30 million is due at PC).

ASI LLP's performance is again strong, outperforming its benchmark across all time periods. The managers have found that, as a result of greater client engagement throughout the pandemic, ESG data capture from their underlying tenants has been more forthcoming, adding to the quality of the fund's 2021 GRESB submission.

The fund has made several recent acquisitions: a pair of warehouses in Orpington, Kent (both let to Amazon) for around £50m, two funding developments and a care home portfolio let to Care UK. The managers have made two recent notable office disposals, both at attractive prices – a £36m Bury asset let to the NHS and a £113m Farringdon asset where the price offered was well in excess of the asset's last valuation.

Over Q1 GRI held its fourth close for a total of £204 million commitments, admitting three new Limited Partners and additional commitments from two existing Limited Partners. Aggregate commitments to GRI following this close are £671.0 million. As at 31 March 2021, total commitments drawn were £309.8 million, leaving £361.2 million available for further investment.

The main factors affecting the valuation of the GRI assets are the anticipated future power price, the estimated future volume of production, the price and volume of feedstock (in respect of the bioenergy assets) and the discount rate applied to the derived cash flows in the operating model. Secondary factors impacting their valuation are future inflation estimates and estimates of the operating cost items in the forecast cash flows. These are reviewed regularly in line with market developments.

Quarterly Report Overview

Oxfordshire Pension Fund

Portfolio Summary (GBP)	Vintage	Ccy	Amount Committed	Amount Called	Percent Called	Unrealised Value	Realised Value	Total Value	DPI	TVPI	IRR
Long Lease Property Funds											
ASI Long Lease Property Managed Fund *United Kingdom, Long Lease Property,*	2003	GBP	22,000,000	22,000,000	100.00%	22,895,527	-	22,895,527	-	1.04x	6.92%
M&G Secured Property Income Fund *United Kingdom, Long Lease Property,*	2007	GBP	21,600,000	13,338,000	61.75%	13,600,353	25,700	13,626,053	-	1.02x	11.88%
Subtotal:			43,600,000	35,338,000	81.05%	36,495,880	25,700	36,521,579	-	1.03x	7.67%
Operating Infrastructure Funds											
Greencoat Renewable Income *United Kingdom, Operating Infrastructure Eq,*	2019	GBP	16,400,000	16,387,874	99.93%	16,739,214	630,289	17,369,503	0.04x	1.06x	4.31%
Subtotal:			16,400,000	16,387,874	99.93%	16,739,214	630,289	17,369,503	0.04x	1.06x	4.31%
Total Portfolio			**60,000,000**	**51,725,874**	**86.21%**	**53,235,094**	**655,989**	**53,891,083**	**0.01x**	**1.04x**	**5.67%**

DPI = Distributions to Paid In
TVPI = Total Value to Paid In
IRR = Internal rate of return

BRUNEL
Pension Partnership

Quarterly Report Overview

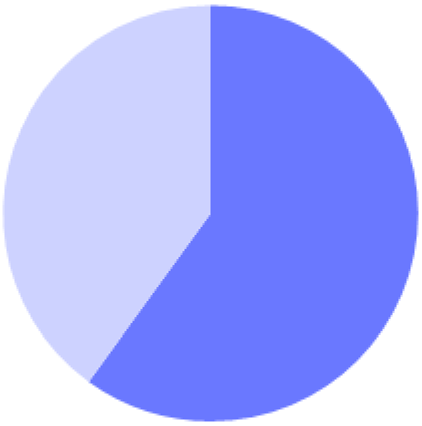
Oxfordshire Pension Fund

Brunel - Secured Income (Cycle 2) Overview	June 30 2021 All figures unless otherwise stated are in GBP
Total Commitments to Brunel Portfolio	40,000,000
Total Commitments to Portfolio Investments	40,000,000
As a percentage of Total Commitments to Brunel Portfolio	100.00%
Amount Called	17,399,918
As a percentage of Total Committed to Portfolio Investments	43.50%
Number of Fund Investments	3

Performance	All figures unless otherwise stated are in GBP
Amount Called	17.40 million
Amount Distributed	0.05 million
Unrealised Value	17.74 million
Total Value	17.80 million
DPI	0.00x
TVPI	1.02x

Strategy Level

Commitment to Portfolio



Long Lease Property	60.0 %
Operating Infrastructure	40.0 %

Country

Invested in Underlying Investments

United Kingdom	100.0 %

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Quarterly Report Overview

Oxfordshire Pension Fund

Secured Income Cycle 2

The M&G Secured Income Property Fund's total returns over the last quarter were strong, driven primarily by capital growth from the British Car Auctions portfolio and from the office and supermarket sectors.
M&G anticipates that 99.5% of Q3 2021 rental income will be collected (up from 95% in Q2 2021). The majority of unpaid rent is deferred, with repayment terms agreed.

The fund's Anglo American HQ redevelopment reached practical completion (PC) in April and the tenant is now in occupation. The Paddington hotel/aparthotel development is expected to reach PC in September 2021 (with around £40 million left to fund, of which £30 million is due at PC).

ASI LLP's performance is again strong, outperforming its benchmark across all time periods. The managers have found that, as a result of greater client engagement throughout the pandemic, ESG data capture from their underlying tenants has been more forthcoming, adding to the quality of the fund's 2021 GRESB submission.

The fund has made several recent acquisitions: a pair of warehouses in Orpington, Kent (both let to Amazon) for around £50m, two funding developments and a care home portfolio let to Care UK. The managers have made two recent notable office disposals, both at attractive prices – a £36m Bury asset let to the NHS and a £113m Farringdon asset where the price offered was well in excess of the asset's last valuation.

Over Q1 GRI held its fourth close for a total of £204 million commitments, admitting three new Limited Partners and additional commitments from two existing Limited Partners. Aggregate commitments to GRI following this close are £671.0 million. As at 31 March 2021, total commitments drawn were £309.8 million, leaving £361.2 million available for further investment.

The main factors affecting the valuation of the GRI assets are the anticipated future power price, the estimated future volume of production, the price and volume of feedstock (in respect of the bioenergy assets) and the discount rate applied to the derived cash flows in the operating model. Secondary factors impacting their valuation are future inflation estimates and estimates of the operating cost items in the forecast cash flows. These are reviewed regularly in line with market developments.

BRUNEL
Pension Partnership

Quarterly Report Overview

Oxfordshire Pension Fund

Portfolio Summary (GBP)	Vintage	Ccy	Amount Committed	Amount Called	Percent Called	Unrealised Value	Realised Value	Total Value	DPI	TVPI	IRR
Long Lease Property Funds											
ASI Long Lease Property Managed Fund *United Kingdom, Long Lease Property,*	2003	GBP	12,000,000	12,000,000	100.00%	12,290,233	-	12,290,233	-	1.02x	10.06%
M&G Secured Property Income Fund *United Kingdom, Long Lease Property,*	2007	GBP	12,000,000	-	0.00%	-	-	-	-	-	N/M
Subtotal:			24,000,000	12,000,000	50.00%	12,290,233	-	12,290,233	-	1.02x	10.06%
Operating Infrastructure Funds											
Greencoat Renewable Income *United Kingdom, Operating Infrastructure Eq,*	2019	GBP	16,000,000	5,399,918	33.75%	5,453,572	52,507	5,506,079	0.01x	1.02x	6.84%
Subtotal:			16,000,000	5,399,918	33.75%	5,453,572	52,507	5,506,079	0.01x	1.02x	6.84%
Total Portfolio			**40,000,000**	**17,399,918**	**43.50%**	**17,743,805**	**52,507**	**17,796,312**	**-**	**1.02x**	**8.92%**

DPI = Distributions to Paid In
TVPI = Total Value to Paid In
IRR = Internal rate of return

Quarterly Report Overview

Oxfordshire Pension Fund

Brunel - Private Debt (Cycle 2)	June 30 2021
Overview	**All figures unless otherwise stated are in GBP**
Total Commitments to Brunel Portfolio	70,000,000
Total Commitments to Portfolio Investments	70,000,000
As a percentage of Total Commitments to Brunel Portfolio	100.00%
Amount Called	-
As a percentage of Total Committed to Portfolio Investments	0.00%
Number of Fund Investments	1

Performance	All figures unless otherwise stated are in GBP
Amount Called	0.00 million
Amount Distributed	0.00 million
Unrealised Value	0.00 million
Total Value	0.00 million
DPI	
TVPI	

Strategy Level

Commitment to Portfolio

Quarterly Report Overview

Oxfordshire Pension Fund

Private Debt
Following the launch of the Brunel Private Debt Portfolio, activity through the second quarter has mainly focused on undertaking manager due diligence. Brunel has now made two primary commitments with another three expected to be made through July.

The first primary commitment of £165m was made to ICG Senior Debt Partners IV, a European-focused manager with an edge as a senior lender at the upper-end of the middle market. At the end of Q2, ICG had called ~£19m of capital from investors, funded by the portfolio-level credit facility.

Towards the end of the quarter, the second primary commitment of £165m was made to Neuberger Berman Private Debt IV, a US-focused manager. The Fund's objective is to invest in senior secured first lien and unitranche loans of US middle market companies owned by private equity sponsors. The strategy is to build a highly diversified portfolio of loans (>100) with a strong emphasis on Responsible Investment. Neuberger Berman has a competitive edge sourcing from their broader Alternatives Platform. Access to greater and broader deal flow allows the investment team to be highly selective about the loans that make it into the portfolio. Neuberger Berman has demonstrated a strong risk-adjusted track record avoiding sectors worst hit by the Covid pandemic.

Through Q3, commitments are expected to be finalised to Ardian Private Debt V, Bridgepoint Direct Lending III and Crescent Direct Lending III.

Quarterly Report Overview

Oxfordshire Pension Fund

Client Name: Oxfordshire Pension Fund
Fund Name: Brunel - UK Property
End Date: 30 June 2021

Brunel - UK Property Overview	June 30 2021 All figures unless otherwise stated are in GBP
Total Commitments to Brunel Portfolio	150,000,000
Current Value	134,400,750
Drawdowns Outstanding	16,925,000
Number of Fund Investments	18

UK Property

Direct investment in industrial assets remains strong, as the occupier demand continues in that sector, particularly in the search for last-mile delivery hubs. A shortage of labour and a sharp increase in construction costs has slowed development supply this year, applying further upward pressure to rental levels.

There has been a recovery in some areas of the UK retail market over the last quarter, as investors look to acquire retail parks which focused on value and discount operators and which have a strong grocery bias. Retail rents overall, however, continue to be negotiated downwards by tenants and the Government's extension to March 2022 of the moratorium over rent payment will further delay the final settlement of the £6bn of unpaid rent (across all sectors) owed to landlords.

Offices, where rent payments have been solid throughout the pandemic, are beginning to see the return of employees and initial projections for much lower space requirements by occupiers appear to have moderated over the last few months, with tenant preference increasing for leasing similar floorspace but in sustainable buildings which promote employees' well-being.

The leisure sector is experiencing a slower recovery than anticipated at the start of 2021, as constraints on international travel and continued wariness from domestic consumers and employers restricts hotel, cinema and recreational indoor activity usage.

Residential has confirmed its status as a less volatile, inflation-linked return sector offering investors diversification from some sectors, such as retail, leisure and secondary offices, where rent returns are less predictable over the next few years.

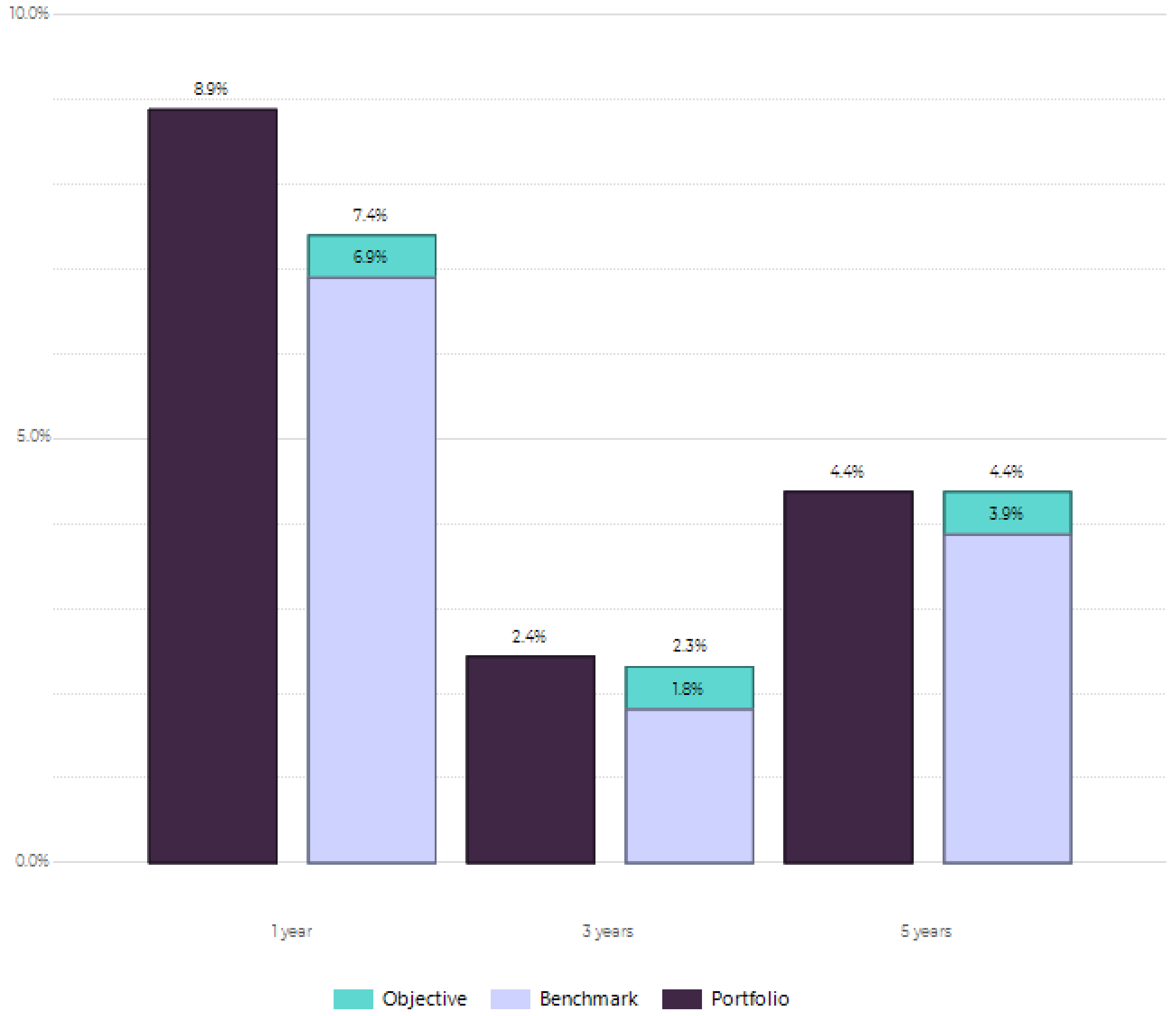
BRUNEL
Pension Partnership

Quarterly Report Overview

Oxfordshire Pension Fund

Portfolio Performance

Client Name: Oxfordshire Pension Fund
Fund Name: Brunel - UK Property
End Date: 30 June 2021



Quarterly Report Overview

Oxfordshire Pension Fund

Client Name: Oxfordshire Pension Fund
Fund Name: Brunel - International Property
End Date: 30 June 2021

Brunel - International Property Overview	June 30 2021 All figures unless otherwise stated are in GBP
Total Commitments to Brunel Portfolio	41,000,000
Current Value	23,164,818
Drawdowns Outstanding	6,510,749
Number of Fund Investments	5

International Property

The re-opening of the world economy, the re-emergence of leasing activity, and a sharp upturn in capital market transactions have all brought a strong sense of optimism to real estate investors at the end of Q2 2021. Listed real estate prices have rebounded and posted year-to-date returns higher than broader stock indices. Rent collection has made nearly a full recovery. Values are reaching new highs in the favoured sectors. Transaction activity in out-of-favour sectors is beginning to show solid support for values reasonably close to pre-pandemic levels, if asset-level and market occupancy have both held up.

Data centres remain an extensively growing segment in European real estate. Equinix announced it is building five mega data centres in Frankfurt for €949m In a JV with Singapore's sovereign wealth fund GIC.

In the US, Mall owner Washington Prime Group has filed for Chapter 11 bankruptcy, citing pandemic-related rent relief measures that had a significantly negative impact on revenues and cash flows. The REIT currently owns 102 shopping centres totalling 52m sq ft in the US and hopes to reduce leverage through the sale of assets. It is the third such bankruptcy among major retail REITs over the previous year, which highlights the continued stress on malls due to the combination of the pandemic and growth of ecommerce.

In the biggest deal within APAC across the year to date, Blackstone Group is set to take over office developer Soho China for as much as HKD 23.7 billion ($3.05 billion), signifying its biggest bet yet on the real estate market of APAC's biggest economy and the office sector.

Brunel made commitments during June and July to three US specialist funds, with investments into Clarion Lion Industrial Trust, Kayne Anderson Core Real Estate LP and the Cortland Growth and Income Fund.

Quarterly Report Overview

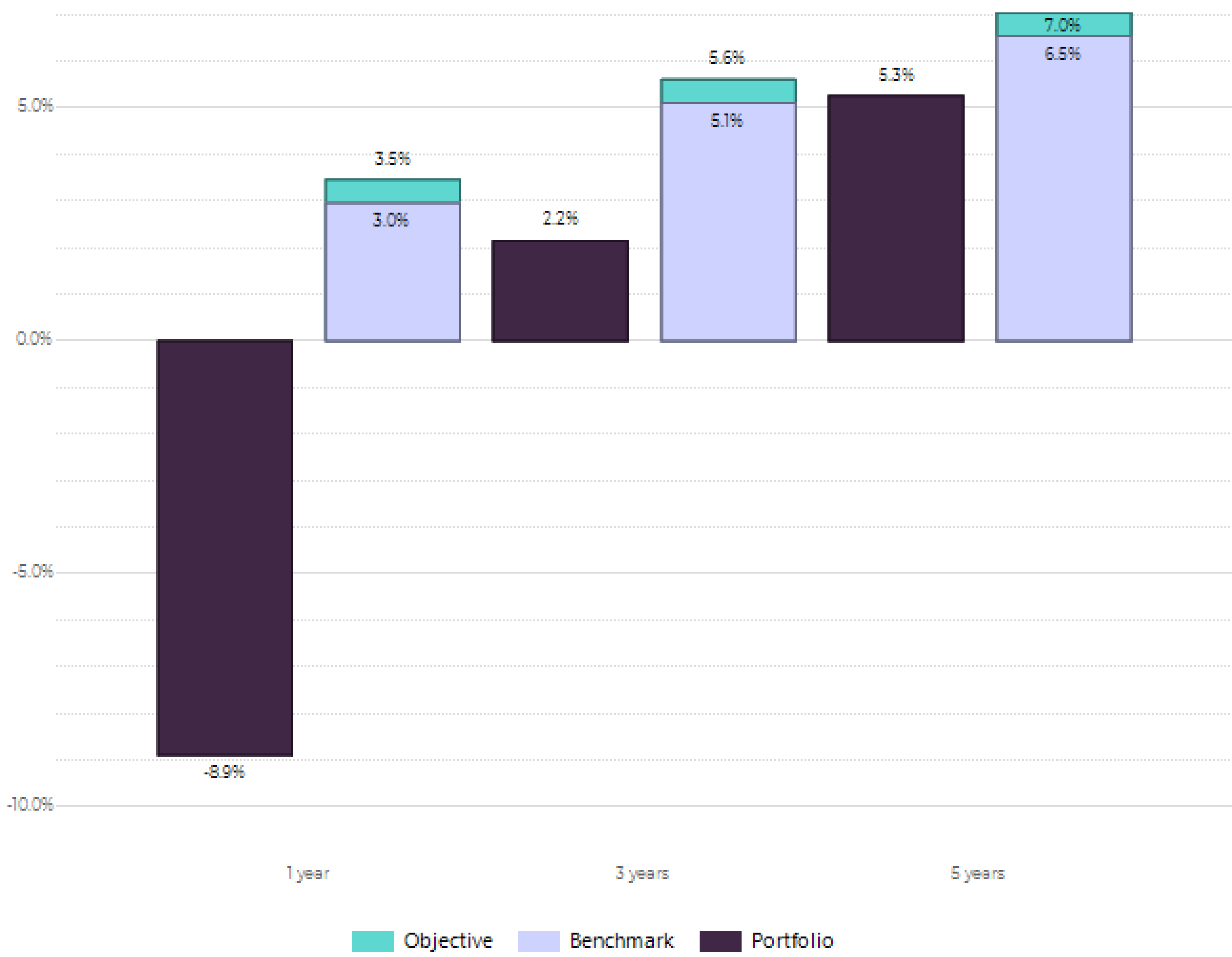
Oxfordshire Pension Fund

Portfolio Performance

Client Name: Oxfordshire Pension Fund

Fund Name: Brunel - International Property

End Date: 30 June 2021



Please note that the Global Real Estate Fund Index is published later in the quarter. As such, the international property performance data is provided to the previous quarter.

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Pension Partnership

Oxfordshire Pension Fund

www.oxfordshire.gov.uk/pensions

Performance Report for Quarter Ending 30 June 2021

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The second quarter was marked by the rise of the Delta variant of Covid, not least in the UK, and by widely divergent decisions on lockdown easing and tightening around the world. Lockdown rules in the UK and, more specifically, in England, ensured a phased reopening over the course of the quarter, meaning that Brunel staff were able to start returning to the office. However, a delay to the final stage of opening – initially slated for June, but then postponed to July – made the return more staggered than first planned.

Despite the ongoing challenges, we continued to roll out new funds. In April, Brunel launched its Private Debt portfolio with Aksia, a dedicated, bespoke portfolio of funds targeting corporate direct lending strategies in Europe and North America. Our clients committed £945m to the fund, which has a strong focus on Responsible Investment. "Aksia is delighted to be working with Brunel Pension Partnership, an acknowledged thought leader in responsible investment, to customise a direct lending portfolio for its LGPS clients," said Valérie Bénard, Head of Aksia Europe.

On the listed markets side, Brunel launched its first fixed income portfolios: Passive Gilts and Passive Index-Linked Gilts. "These portfolios give our clients and their members access to the low-cost benefits of index-tracking investing," said David Cox, Head of Listed Markets at Brunel. "They also deliver to clients the benefits of high liquidity, which can be important in managing pension cashflows effectively." The announcement comes ahead of further fixed income fund launches due in July.

The challenge of finding indices that fully account for Responsible Investment concerns was a particular focus through the quarter, culminating in the announcement – at the start of July – that Brunel and FTSE Russell had launched new Paris-aligned benchmarks, a major step forward for the industry. "We placed great emphasis on developing indices that not only met current needs, but also have scope to evolve in response to rapid industry developments, so that we continue to deliver on our clients' investment objectives," said Faith Ward. "The project, led by David Cox, Brunel's Head of Listed Markets, has drawn on the time and expertise of teams and individuals across the partnership."

In May, Brunel published three reports that track our progress across our ambitions in Responsible Investment (RI). The 2021 Responsible Investment & Stewardship Outcomes Report demonstrated our performance against our own RI principles and policies. Among other highlights, it showed that we had engaged on 3,101 RI issues at 881 companies, and that companies held in our portfolios now had a higher percentage of women on boards. We also published our first Climate Change Action Plan Report (TCFD reporting), to demonstrate the value we attach to companies making TCFD disclosures, and to encourage other companies to do likewise. Our second Carbon Metrics report, meanwhile, showed that the Brunel Aggregate Portfolio had a carbon efficiency of 22% versus the benchmark, up from 15.4% the previous year. Our leadership on RI was demonstrated and recognised in other ways, too. In June, Helen Price led our involvement as one of sixty launch firms partnering with The Diversity Project to help tackle the underrepresentation of ethnic minorities in finance. At the end of June, Faith Ward was named Personality of the Year by Environmental Finance, a very well-deserved accolade.

Throughout the quarter, Brunel continued to review its working practices and how it could elicit the views of staff and support them in managing their work through unusual times. To this end, Brunel's HR department launched new staff surveys, and Laura Chappell wrote an Op-Ed for Professional Pensions on how, since the advent of Covid, there is even more onus on CEOs to place mental health at the top of corporate agendas.

Executive Summary

Performance of Pension Fund

The fund delivered absolute performance of 5.8% over the quarter in GBP terms. This was ahead of the benchmark return of 5.2%. Total fund returns for the year to June were 17.4%, which were ahead of the benchmark return of 17.2%.

Key points from last quarter:
• 5.8% Absolute Net Performance Q1
• 0.6% Relative Net Performance vs Benchmark Q1
• 17.4% Absolute Net Performance 1Y
• 0.2% Relative Net Performance vs Benchmark 1Y

Fund-specific Events

Oxfordshire invested in three fixed income portfolios that were launched this quarter: Multi Asset Credit (MAC), Sterling Corporate Bond (SCB) and Index-Linked Gilts. The MAC and SCB were still in flight at quarter end.

It was another strong quarter for emerging markets, a trend reflected in fund performance, which posted a 4.6% return. This lagged the benchmark by 0.4% - sector and regional allocations accounted for the small shortfall, especially underweights in Energy and India.

The Global High Alpha Equity sub-fund benefited from positive stock selection in what was already a strong quarter for global equities, outperforming the benchmark by 1.6%. Stock selection was particularly strong in Health Care and Financials.

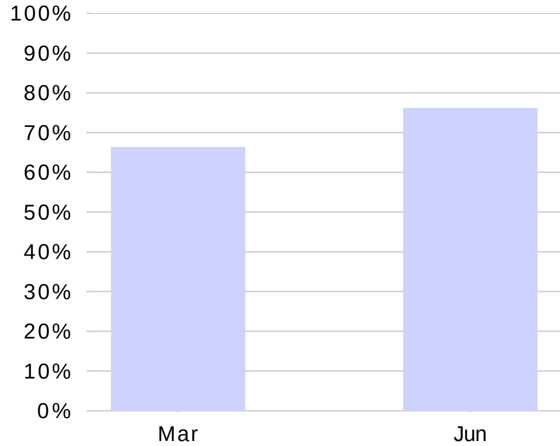
An exceptional quarter saw the Sustainable Equities sub-fund return 8.5%, ahead of the benchmark return of 7.4%. Among the managers, RBC benefited from stock selection in Communication Services and among IT large caps, while Ownership's Health Care holdings performed strongly.

The Active UK sub-fund returned 5.2% largely in line with the broader UK equity rally. Underperformance of 0.4% versus the benchmark, largely driven by the fund's overweight to Financials and underweight to Health Care. Stock selection was marginally positive, however.

Total Fund Valuation

	Total (GBPm)
31 Mar 2021	2,956
30 Jun 2021	3,129
Net cash inflow (outflow)	2

Assets Transitioned to Brunel



GBP 1,963m GBP 2,386m

Market Summary – Listed Markets

BRUNEL
Pension Partnership

Future expectations of inflation dominated much of the financial press and the market movements we saw over the quarter.

In terms of global equity, April saw a resurgence in Growth/Quality stocks after the Value rally that had characterised much of Q1. The value rally earlier in the year was largely due to the re-opening of the parts of the economy most affected by the Covid pandemic and resulting lockdowns.

As we moved into May, we saw investors err on the side of caution as they debated a potential rise in inflation and, more importantly, if inflation was a longer-term market trend that would see an increase in interest rates from their current all-time lows. We saw a pickup in the yield of the US 10-year Treasury as an increase in inflation devalues bonds. We also saw de-risking in the global equity markets as the MSCI All Country World Index (ACWI) returned -1.03% for the month of May, led lower by Growth stocks, which suffer more than their Value counterparts in a rising interest rate environment. This dynamic was covered in depth in the 'Value vs Growth' paper the Brunel team published late last year. On the other hand, we saw gains in the commodity markets and precious metals: Brent crude and gold increased in price by 3.5% and 7.6%, respectively. Gold is often seen as a safe haven asset in times of inflation.

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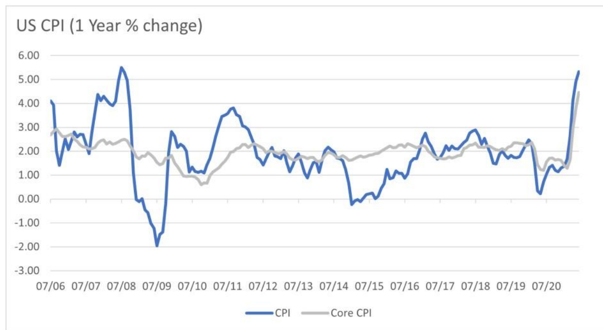
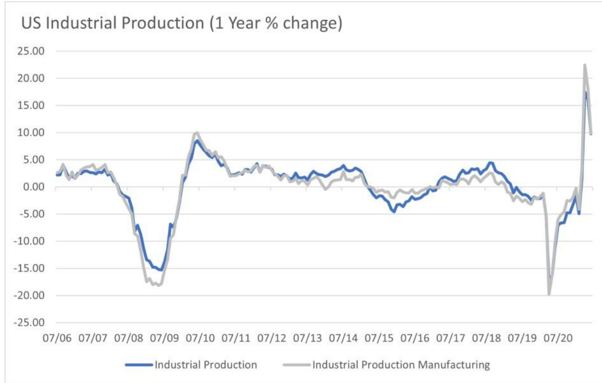
June confirmed the validity of Inflation expectations, as US year-on-year consumer price inflation (CPI) reached 5%, the highest it has been for 13 years. If we look more closely at the headline CPI figures, we can see that they started from a relatively low base. The price of a barrel of crude oil was $41 last year compared with $75 today. There have also been secondary effects in sectors affected during the pandemic, notably used cars and trucks, where the decline in new car production has increased the price of the secondary market. These technicalities led the Federal Reserve (Fed) to describe the current effects as "transitory". This suggested interest rates would remain low for the foreseeable future, which encouraged investors to return to the market. Through June, we saw an increase in the performance of large cap/Growth stocks, driven mostly by the IT sector, which provided a total return of 9.1% for the month, while the MSCI ACWI returned 4.29%.



After an interesting few months, in which inflation expectations dominated headlines, the MSCI ACWI returned 7.4% in GBP terms over the quarter; the MSCI Growth index returned 9.9%; and the equivalent Value index returned 4.9%. Over a one-year period, the MSCI ACWI has returned 25.1%, while the Growth index and Value index have returned 25.2% and 24.6%, respectively. The rally in cyclical Value stocks, year to date, has been enough to put Value on an equal footing with Growth stocks over the 12-month period to the end of June.

Market Summary – Listed Markets

On a regional basis, much of the MSCI ACWI performance can be attributed to the US, albeit with a weight of 60% of the index, it provided a total return of 8.8%. The MSCI Emerging markets index returned 5% over the quarter and the FTSE All Share returned 5.8%



As discussed previously, the argument for transitory inflation assumes that the economic markers used in the CPI calculation were adversely affected by the pandemic and that, as the economy re-opens, the effect will decline over time. However, we should, for balance, discuss the opposing argument.

The last year-and-a-half has seen a huge amount of stimulus enter the market; unlike in the aftermath of the Great Financial Crisis, this stimulus has benefitted households directly, rather than shoring up the capital requirements of retail banks. At the time of writing, the June CPI numbers for the US have just been released at 5.4% and the core inflation rate, which excludes volatile goods such as oil, has risen 4.5%. The stimulus currently also shows no sign of abating, the US is still on course to deliver its $1.9 trillion stimulus package. There have been discussions around the potential for central banks to control any rise in inflation by easing back on their bond purchasing schemes. However, bond purchasing still remains significant in the US, UK and Europe.

With all this additional capital, many believe prices will continue to rise. A data provider, EPFR, noted that global equity funds saw inflows of $580bn in the first six months of this year at that rate, equity funds in 2021 will record more inflows than the last 20 years combined.

Last quarter, we mentioned that predicting the path of inflation, policy withdrawal and eventual rate tightening is difficult under the current environment. This is likely to be a debate that will continue over the next few months; the market is certainly not behaving as one would expect. An increase in inflation historically led to an increase in yields; however, at the time of writing, the 5.4% increase in US inflation has perversely led to a decrease in yields, leading to further debate over the nature of the current market and whether inflation really could be transitory.

Market Summary – Head of Private Markets

BRUNEL
Pension Partnership

Overview

The continuing concern around the rapid spread of the Delta variant of Covid, as well as the supply chain challenges facing manufacturers around the world, tempered investors' enthusiasm in the last quarter. As Covid infection rates started to climb again, even in countries where the vaccine rollout is well underway, investors grew more fearful of further economically-damaging regional restrictions and a slow reopening of international travel.

Economic indicators continue to show clear signs of recovery, but the supply issues caused by the pandemic have made life particularly difficult for manufacturers in Europe and North America, slowing production and pushing up costs. Accessing labour has also proved an inflationary factor in some regions.

Central banks continue to view these problems as temporary, recognising that the post-pandemic recovery may cause a temporary spike in inflation. However, they remain confident that prices are not set to rise permanently, which would necessitate a tightening of global monetary policy.

Infrastructure

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As investors looked beyond the pandemic, market conditions improved. The aggregate value of deals in Q2 of 2021 ($98bn) represented a rise of 71% compared to Q2 2020 ($57bn). Renewable Energy was again by far the largest contributing sector, based on the number of deals – a consistent trend dating back to 2016, if not earlier. Interest in the asset class is being fuelled by politics and regulation, prompting expectations of the re-emergence of inflation; Infrastructure has historically served as a partial hedge against inflation. It remains to be seen whether returns can hold up under intense competition for assets and given supply chain constraints are pushing up key raw material costs globally.

$32 billion of capital was raised by all private infrastructure funds closed in Q2 2021. The total number of unlisted infrastructure funds seeking to raise new capital as of July 2021 is up 25% from the start of the year, with a record 328 funds targeting $238bn. The US and Europe remained the dominant geographic focus.

Noteworthy events and trends during the quarter included the IEA publishing its Net-Zero Energy (NZE) Scenario analysis and the Biden administration in the United States continuing to push for an Infrastructure plan. Biden's government, which has committed to an energy transition and to rapid decarbonisation, managed to gain bi-partisan agreement for a $1 trillion package to upgrade roads, bridges and broadband networks over the next eight years. The IEA issued a stark warning in its report. To keep the world from catastrophic overheating, a new clean energy revolution must take place at breakneck speed, involving unprecedented co-operation. Its NZE scenario looks a tall order on every front: political, technical, financial and, mostly important of all, behavioural.

Market Summary – Head of Private Markets

Private Equity

Investment sentiment and activity remained strong in Q2 2021. The valuation of assets remained high. Hence, GPs focused more on operational improvements to create value in their portfolio companies, as well as on finding pockets of opportunities in niche sectors. In addition, some GPs are executing more add-on acquisitions at lower prices to bring down the blended average acquisition multiple. Interest in technology companies remained strong and there is a trend towards GPs digitising their portfolio companies in order to improve efficiency and to achieve higher multiples as they position for exit.

The fundraising market is bifurcated into a market between the "haves" and "have nots". Fundraising for established platforms is moving quickly, while less proven GPs are struggling to gain the attention of the investor community. In addition, sector expertise has become increasingly important for GPs as the market continues to evolve.

Private Debt

Q2 was another record-breaking quarter for private equity activity, driven by continued economic recovery and ample dry powder. Private debt activity is expected to mirror private equity activity and initial signs from bellwether managers seem to support that assertion. Dealmaking was particularly frenetic in sectors such as software, cyber security and healthcare.

High yield bond and leveraged loan spreads continued to compress through Q2, continuing the same trend seen in Q1. We did not see the same compression of pricing for new loans in the direct lending market. The pricing of senior and unitranche middle market loans remained relatively stable through the first half of 2021.

There were several notable large fund raisings achieved by leading European direct lending managers. ICG raised €9bn, Ares €11bn and Arcmont is on track to raise €6bn.

Property

Direct investment in industrial assets remained strong, with occupier demand for last-mile delivery hubs particularly acute. A shortage of labour and a sharp increase in construction costs has slowed development supply this year, applying further upward pressure to rental levels.

Some pricing in the UK retail market recovered over the quarter, as investors looked to acquire retail parks anchored by supermarkets or discount operators. Retail rents overall, however, continued to be negotiated downwards by tenants.

Offices, where rent payments have been solid throughout the pandemic, began to see employees returning and initial projections for much lower space requirements by occupiers have moderated over the last few months, though biased towards sustainable buildings which promote employees' wellbeing.

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Paris-Aligned Benchmarks
Following extensive work with several index providers, we supported the launch of a new suite of climate benchmarks that will form FTSE Russell's Paris-aligned climate benchmarks for global equity markets.

The launch will help us offer clients the Net Zero-aligned portfolios they have asked for and provide a path for the wider industry. We placed great emphasis on developing indices that not only met current needs, but also have scope to evolve in response to rapid industry developments, so that we continue to deliver on our clients' investment objectives.

The new index series reflects both FTSE Russell's expertise in index design and Brunel's expertise in climate investing. The framework provides a tilt exposure. Exposure to any given index constituent rises or falls according to several exposure objectives, covering fossil fuel reserves, carbon reserves and green revenues, as well as forward-looking alignment with Paris goals. The tilt is designed to ensure that the fund is on track to achieve Paris alignment.

The Paris-aligned Benchmark series meets the minimum requirement of the EU's Paris-aligned benchmarks by achieving a 50% reduction in carbon emissions over a ten-year period. It also integrates the Transition Pathway Initiative's analysis of how the world's largest and most carbon-exposed companies are managing the climate transition.

"Brunel Pension Partnership brings a huge amount of expertise in climate investing and were consulted on the construction of FTSE Russell's new EU Climate Benchmarks Index Series," said Aled Jones, Head of Sustainable Investment, EMEA, FTSE Russell. "This led to the inclusion of recently-issued guidance from the IIGCC Net Zero Investment Framework to limit investor exposure to Thermal Coal and Oil Sands. Other features involved limiting the active weight of banking sector constituents to no more than their underlying index weight, a move that reflects the sector's funding role for large carbon emitters as a contributory factor to climate change."

More details are available on the **FTSE Russell website**. In the next section, we consider two educational RI initiatives that Brunel has recently been involved in.

Bath University Practice Track - Biodiversity

Brunel participated in Bath University's Practice Track initiative to provide a consultancy project for MSc students. The project allows students to increase their experience by working for UK businesses, whilst applying their knowledge, skills and research experience to deliver recommendations on a real business issue. We asked students to research biodiversity and posed the following question:

How can Brunel Pension Partnership integrate the findings of *The Economics of Biodiversity: The Dasgupta Review*) into their investment decisions? Topics to consider include:

- What are the first steps pension funds should take when considering biodiversity?
- Which Sectors should be prioritised?
- What challenges remain?
- What are the key questions which we should be posing to companies?

Following four weeks of research, students presented their findings to Brunel and members of the RI subgroup. The research was a useful foundation to build from. The feedback from the students was overwhelmingly positive. For many, it was their first exposure to the investment industry, and several commented that they now have a greater appreciation and understanding of sustainability to take into their future careers. We will continue to work with the University of Bath and to explore future project opportunities to inspire the next generation.

The Skills Workshop

Covid-19 and lockdown offered us all a stark reminder of the social and economic inequalities that continue to blight our society, not least racial inequality. Finance has a particular problem. Research published by KPMG in 2019 showed that some 41% of financial services employees had parents working in the same sector – against a national average of 12% across other sectors.

The diversity project, in partnership with #TalkAboutBlack and the CFA UK, launched a new programme: 'The Skills Workshop'. This is a six-month programme of virtual workshops that aims to help university-aged students with financial literacy, application preparation, workplace confidence, access to organisations and networking. It will provide students with the insight, knowledge and direction to help start their financial careers. Brunel is one of sixty launch firms involved in the initiative, which is open to all students with a particular interest in increasing social mobility and tackling the underrepresentation of ethnic minorities in the industry. We will be providing insight into what asset owners do at the [virtual careers fair on 28 October](#).

Find out more: **www.diversityproject.com/theskillsworkshop**

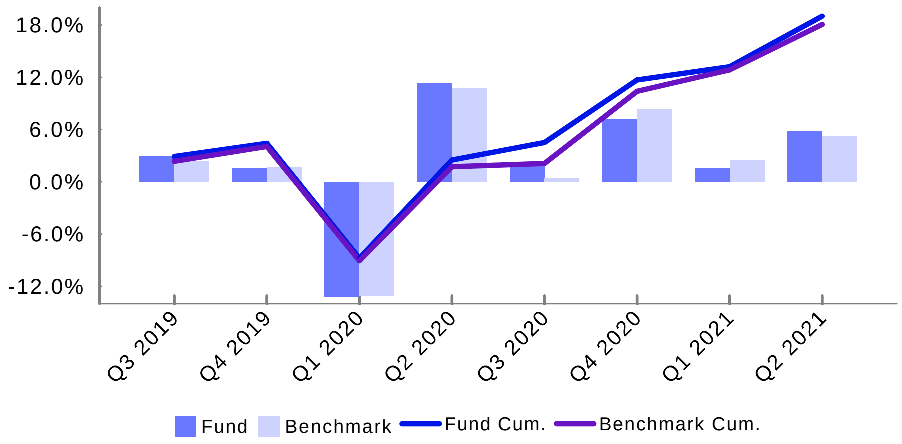
Summary of Pension Fund Performance

BRUNEL Pension Partnership

Performance of Fund Against Benchmark (Annualised Performance)

Period	Fund	Strategic BM	Excess
3 Month	5.8%	5.2%	0.6%
Fiscal YTD	5.8%	5.2%	0.6%
1 Year	17.4%	17.2%	0.3%
3 Years	7.6%	7.2%	0.4%
5 Years	9.8%	9.2%	0.7%
10 Years	8.9%	8.6%	0.3%
Since Inception	7.7%	7.9%	-0.2%

Rolling Quarter Total Fund (Net of Manager Fees)



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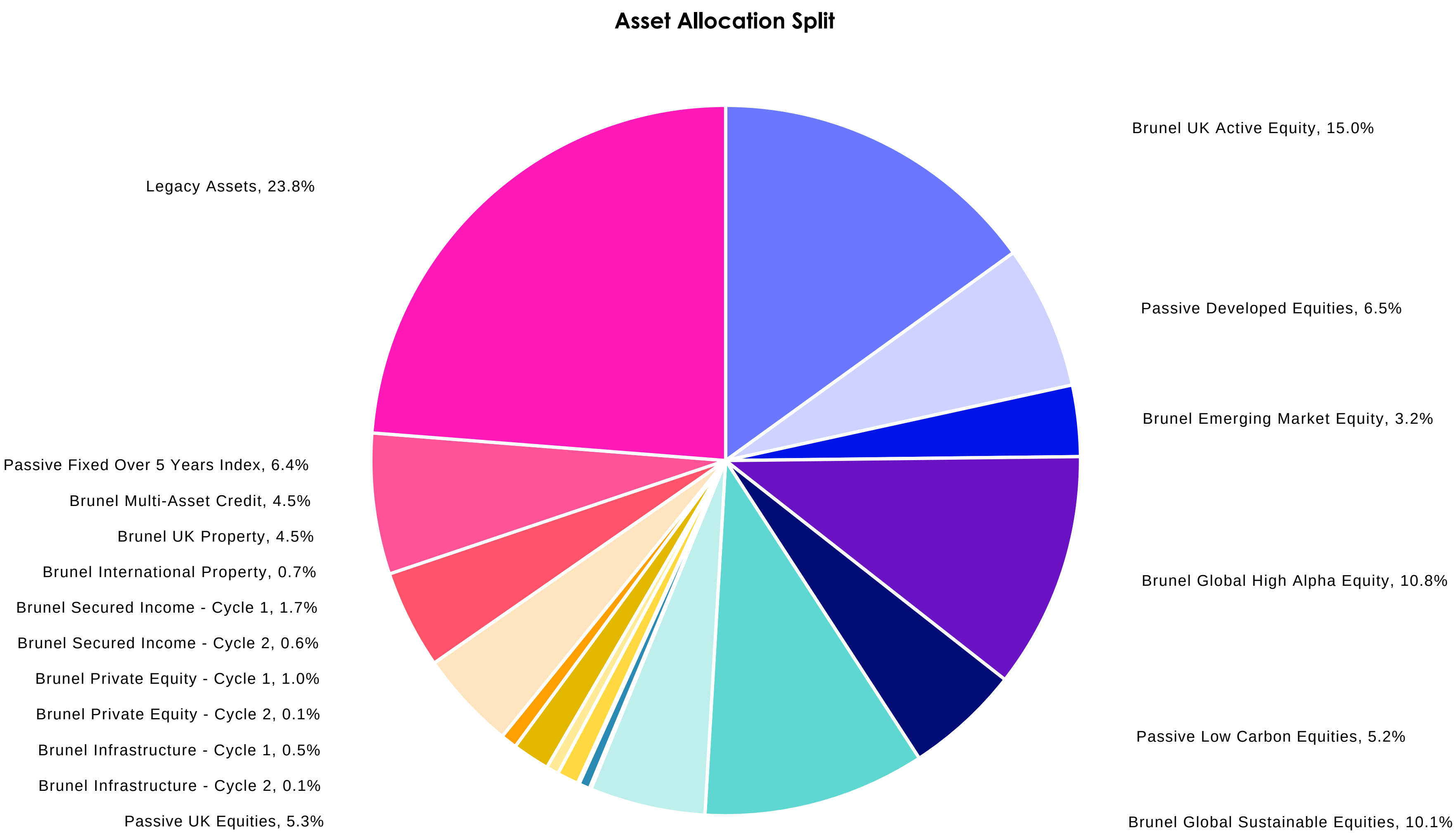
Key drivers of performance

Over the first quarter, the fund delivered a positive absolute return but lagged behind its strategic benchmark. Highlights during the period were:

• Global Emerging Markets added 4.6% in the quarter and posted a one-year return of 28.7%; one-year performance was ahead of benchmark by 2.3%.
• Global High Alpha returned 9.3% increase over the past quarter, taking the one-year performance to 32.2%; this was 7.3% ahead of the MSCI TR World benchmark.
• Global Sustainable Equities returned 8.4% for the quarter, exceeding its benchmark by 1.1%.
• The UK Active portfolio was up 5.2% in the quarter and +20.1% for the one-year period. Since-inception performance was broadly in line with benchmark.

Asset Allocation of Pension Fund



Legacy Manager Performance

Legacy Manager Performance – 3 Year

	Annualised Return	Risk (Standard Deviation)	Benchmark Return	Benchmark Standard Deviation
Cash	0.5%	0.1%	0.5%	0.1%
Infrastructure	8.6%	12.2%	4.4%	0.1%
Insight Diversified Growth	4.6%	7.7%	4.4%	0.1%
LGIM Fixed Income	5.3%	6.9%	4.3%	6.9%
Pooled Property	4.9%	10.2%	3.0%	3.2%
Private Equity	17.0%	9.8%	10.8%	19.5%
Oxfordshire County Council	7.6%	10.1%	7.2%	9.6%

Brunel Portfolios Overview

BRUNEL
Pension Partnership

Portfolio	Benchmark	AUM (GBPm)	Perf. 3 Month	Excess 3 Month	Perf. 1 Year	Excess 1 Year	Perf. 3 Year	Excess 3 Year	Perf. 5 Year	Excess 5 Year	Perf. SII*	Excess SII*	Initial Investment
Brunel Emerging Market Equity	MSCI EM TR Gross	101	4.6%	-0.4%	28.7%	2.3%					15.6%	0.5%	13 Nov 2019
Brunel Global High Alpha Equity	MSCI World TR Gross	337	9.3%	1.6%	32.2%	7.3%					26.7%	10.1%	15 Nov 2019
Brunel Global Sustainable Equities	MSCI AC World GBP Index	317	8.4%	1.1%							18.8%	-2.2%	30 Sep 2020
Brunel Multi-Asset Credit	SONIA + 4%	140									0.2%	-0.1%	01 Jun 2021
Brunel UK Active Equity	FTSE All Share ex Investment Trusts	471	5.2%	-0.4%	20.1%	-0.8%					5.0%	-0.0%	21 Nov 2018
Passive Developed Equities	FTSE World Developed	205	7.5%	-0.0%	25.0%	-0.1%					13.1%	-0.0%	11 Jul 2018
Passive Fixed Over 5 Years Index	FTSE Actuaries UK Index Linked Gilts Over 5 Years Index	201									-1.5%	0.0%	10 Jun 2021
Passive Low Carbon Equities	MSCI World Low Carbon	164	7.7%	-0.1%	24.9%	-0.2%					31.3%	-0.3%	15 May 2020

*Since Initial Investment

Performance based on tradeable NAV

Where there are disparities between returns quoted above and returns provided for the same fund and period in the following pages, this is because the fund-specific pages reflect the posttransition phase, important for monitoring the performance of selected managers, while those given above reflect the Clients' actual experience from the point of initial investment, which in some cases includes the shared impact of transition costs.

Tradeable NAV performance reflects NET performance. The following product pages reflect the portfolio's NET performance

Brunel Portfolios Overview

BRUNEL
Pension Partnership

Portfolio	Benchmark	AUM (GBPm)	Perf. 3 Month	Excess 3 Month	Perf. 1 Year	Excess 1 Year	Perf. 3 Year	Excess 3 Year	Perf. 5 Year	Excess 5 Year	Perf. SII*	Excess SII*	Initial Investment
Passive UK Equities	FTSE All Share	165	5.6%	0.0%	21.7%	0.3%					1.9%	0.0%	11 Jul 2018

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*Since Initial Investment

Performance based on tradeable NAV

Where there are disparities between returns quoted above and returns provided for the same fund and period in the following pages, this is because the fund-specific pages reflect the posttransition phase, important for monitoring the performance of selected managers, while those given above reflect the Clients' actual experience from the point of initial investment, which in some cases includes the shared impact of transition costs.

Tradeable NAV performance reflects NET performance. The following product pages reflect the portfolio's NET performance

Passive Developed Equities

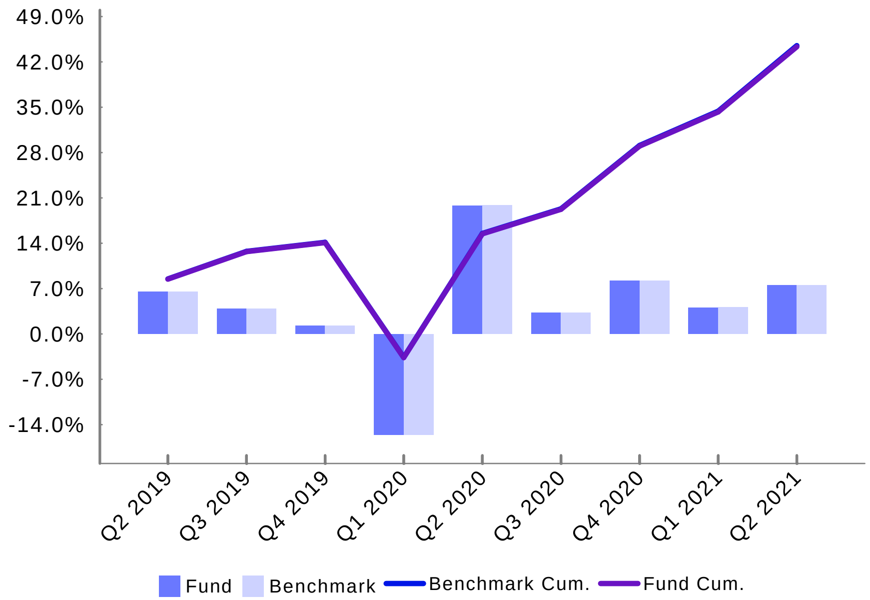
Overview

	Description
Portfolio Objective:	Provide exposure to FTSE Developed World using a low cost highly liquid approach.
Investment Strategy & Key Drivers:	Geographically diversified range of equities.
Liquidity:	High
Risk/Volatility:	High absolute risk with very low tracking error.
Total Fund Value:	£2,111,251,813

Performance to Quarter End

Ann. Performance	Fund	BM	Excess
3 Month	7.5%	7.5%	0.0%
Fiscal YTD	7.5%	7.5%	0.0%
1 Year	25.0%	25.1%	-0.1%
3 Years			
5 Years			
10 Years			
Since Inception	13.1%	13.2%	0.0%

Rolling Performance*



* Partial returns shown in first quarter

• In Q2 2021, global equity markets continued their rebound from Q1, with lockdowns easing significantly in many developed markets, and many of these countries poised to reopen their economies more fully over Q3. The benchmark FTSE Developed World Index was up 7.53% over this period, and up 25.03% over the year to 30 June 2021. The Passive Developed Equities product closely replicated the performance of the benchmark over both periods.

• The value of sterling relative to other global currencies did not move significantly over the quarter. GBP appreciated marginally against the US dollar and Japanese yen over Q2, up 0.13% and 0.59% respectively, but fell 0.77% against the euro. As a consequence, the hedged product performed in line with the unhedged product, with 7.47% outperformance over the quarter.

• Like Q1 2021, all sectors performed positively over the quarter, in sterling terms. On this occasion Technology, Real Estate, Health Care and Energy were the main beneficiaries. The performance of Utilities remained positive, although it significantly lagged the broader benchmark, alongside Telecoms.

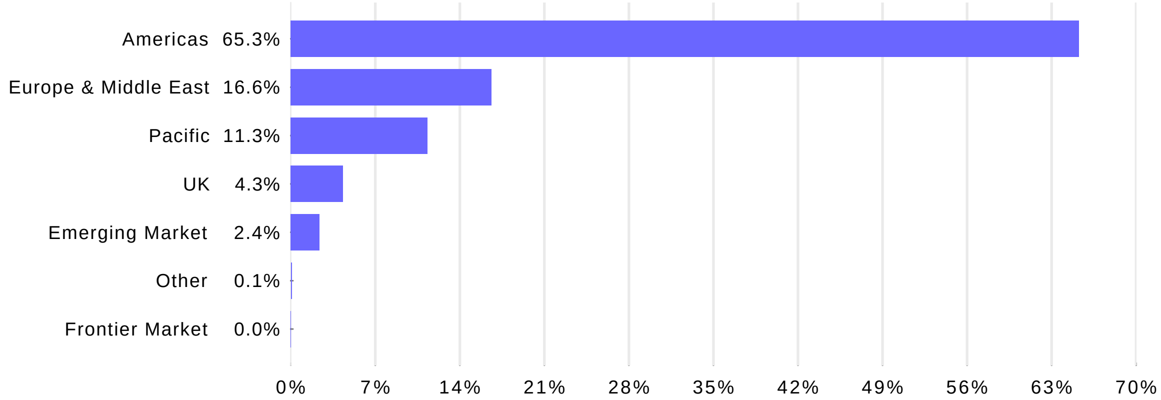
Passive Developed Equities – Region & Sector Exposure

BRUNEL
Pension Partnership

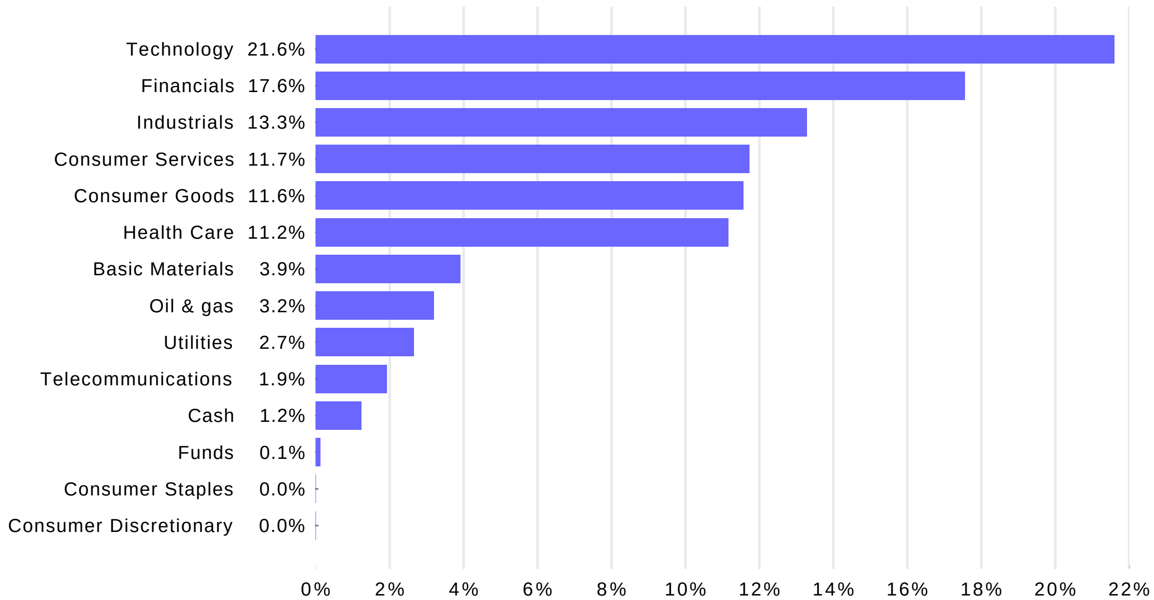
Top 20 Holdings

	Mkt. Val.(GBP)
APPLE INC	100,410,863
MICROSOFT CORP	95,339,647
AMAZON.COM INC	69,632,167
FACEBOOK INC-CLASS A	38,791,980
ALPHABET INC-CL A	34,221,315
ALPHABET INC-CL C	33,155,202
TESLA INC	24,578,281
NVIDIA CORP	22,344,098
JPMORGAN CHASE & CO	21,850,607
JOHNSON & JOHNSON	20,152,835
VISA INC-CLASS A SHARES	18,493,193
UNITEDHEALTH GROUP INC	17,603,047
BERKSHIRE HATHAWAY INC-CL B	16,926,059
NESTLE SA-REG	16,214,172
HOME DEPOT INC	16,004,797
PAYPAL HOLDINGS INC	15,982,090
SAMSUNG ELECTRONICS CO LTD	15,904,373
PROCTER & GAMBLE CO/THE	15,336,872
MASTERCARD INC - A	14,937,447
WALT DISNEY CO/THE	14,909,690

Regional Exposure



Sector Exposure



Passive Developed Equities – Responsible Investment

BRUNEL Pension Partnership

Top 10 ESG Contributors to Overall Score

	Insight	Momentum
1. ASML HOLDING NV	66.0	81.2
2. NEXTERA ENERGY INC	70.3	38.7
3. TEXAS INSTRUMENTS INC	64.9	82.2
4. ACCENTURE PLC	63.3	71.0
5. NESTLE SA	58.9	43.2
6. HONEYWELL INTERNATIONAL INC	64.8	50.0
7. TOYOTA MOTOR CORP	61.5	45.9
8. NVIDIA CORP	57.5	32.4
9. LINDE PLC	64.3	63.8
10. SCHNEIDER ELECTRIC SE	71.7	46.2

Bottom 10 ESG Detractors to Overall Score

	Insight	Momentum
1. AT&T INC	44.4	46.8
2. NETFLIX INC	44.9	67.2
3. VISA INC	48.1	33.9
4. JPMORGAN CHASE & CO	48.6	68.2
5. JOHNSON & JOHNSON	43.7	81.7
6. AMAZON.COM INC	50.2	60.9
7. FACEBOOK INC	42.7	63.2
8. ALPHABET INC	46.0	59.8
9. MICROSOFT CORP	47.8	32.0
10. APPLE INC	47.1	51.4

From Q4 onwards we have moved to the latest and enhanced version of Truvalue Labs data. Please see supplementary note on the Client portal for more detail.

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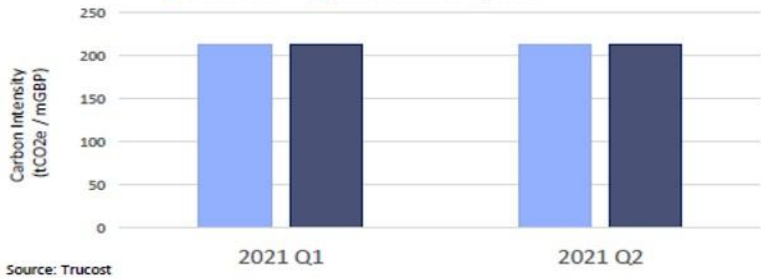
Weighted Average ESG Score	2021 Q1	2021 Q2
Portfolio	53.7	54.2
Passive Dev Equities	53.7	54.2

TruValue Labs & SASB

* Position 1 is the top contributor/detractor.

0 50 100

Weighted Average Carbon Intensity (WACI)



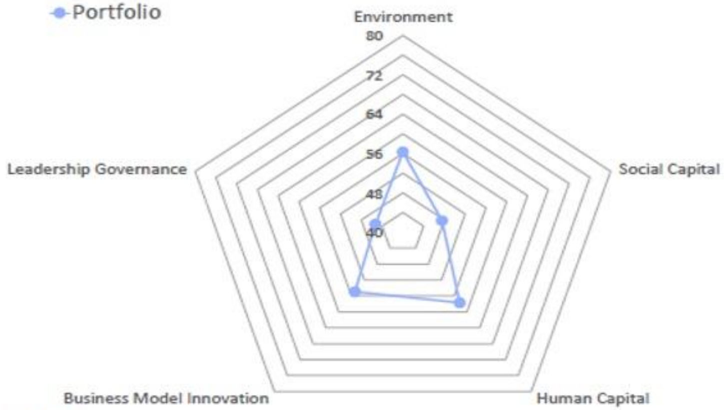
Source: Trucost

Extractive Exposure

	Total Extractive Exposure[1]		Extractive Industries (VOH)[2]	
	Q1	Q2	Q1	Q2
Portfolio	2.9	2.6	7.6	7.2
Passive Dev EQ	2.9	2.6	7.6	7.2

1 Extractive revenue exposure as share (%) of total revenue.
2 Value of holdings(VOH)-companies who derive revenues from extractives.
Source: Trucost

Absolute Weighted ESG Scores



TruValue Labs & SASB

Brunel Assessment:

- **Texas Instruments** (Semiconductors) has introduced a new automotive battery monitor and balancer that reports high-accuracy voltage measurements to the microcontroller of Electric Vehicles (EV), helping to revolutionise EV battery technology.
- **Microsoft** (Technology) was victim to several sophisticated widespread hacks, the US government and Western allies claim these have originated from Russia and China. Microsoft launched a new product, Cloud for Sustainability, to help companies track their carbon emissions.
- **Linde** (Chemicals) partnered with South Korea's Hyosung to start construction of the world's largest liquified hydrogen plant set for full-scale operation from May 2023.
- **Visa** (Software & IT services) is facing a new lawsuit from small business owners claiming Visa and Mastercard have been engaging in price-fixing. Visa announced a commitment to reach net-zero emissions by 2040.

100% of the bottom 10 ESG detractors are covered by engagement or specific voting activities.
The carbon intensity of the benchmark (and index tracking Portfolio) remained largely unchanged this quarter.

Passive Low Carbon Equities

BRUNEL
Pension Partnership

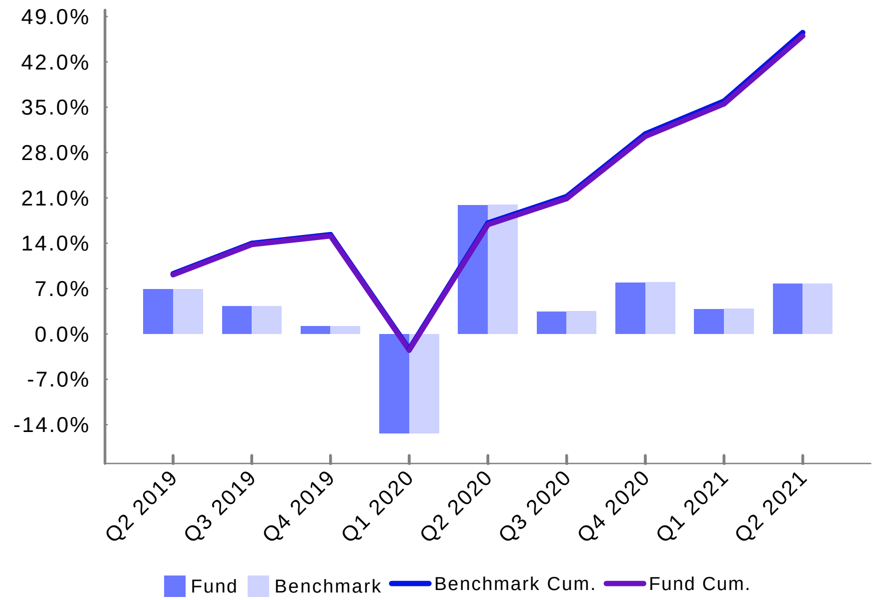
Overview

	Description
Portfolio Objective:	Provide exposure to equity returns and global economy with low exposure to carbon emissions and fossil fuels.
Investment Strategy & Key Drivers:	Portfolio is invested in global equities in accordance with Low Carbon index.
Liquidity:	High
Risk/Volatility:	High absolute risk with very low tracking error.
Total Fund Value:	£1,289,795,379

Performance to Quarter End

Ann. Performance	Fund	BM	Excess
3 Month	7.7%	7.8%	0.0%
Fiscal YTD	7.7%	7.8%	0.0%
1 Year	24.9%	25.1%	-0.2%
3 Years			
5 Years			
10 Years			
Since Inception	13.6%	13.7%	-0.1%

Rolling Performance*



* Partial returns shown in first quarter

• The Passive Low Carbon portfolio recorded a return of 7.74% during Q2 2021, in line with the MSCI World Low Carbon Target Index, which returned 7.79%.

• The MSCI World Low Carbon Target performed in line with the MSCI World index, which returned 7.74% over the quarter. On a sectoral basis, there was a small positive contribution from a relative underweight to the Utilities sector, mostly offset by small detractions across other sectors.

• Over the previous 12 months, the Passive Low Carbon portfolio returned 24.9%.

• The MSCI Low Carbon Index performed in line with the MSCI World Index, rising 24.9% over the 12-month period. Positive contributions from Energy stocks, an underweight to the Utilities sector and an overweight to the Financials sector were mostly offset by poorly-performing stocks in the Materials sector.

Passive Low Carbon Equities – Region & Sector Exposure

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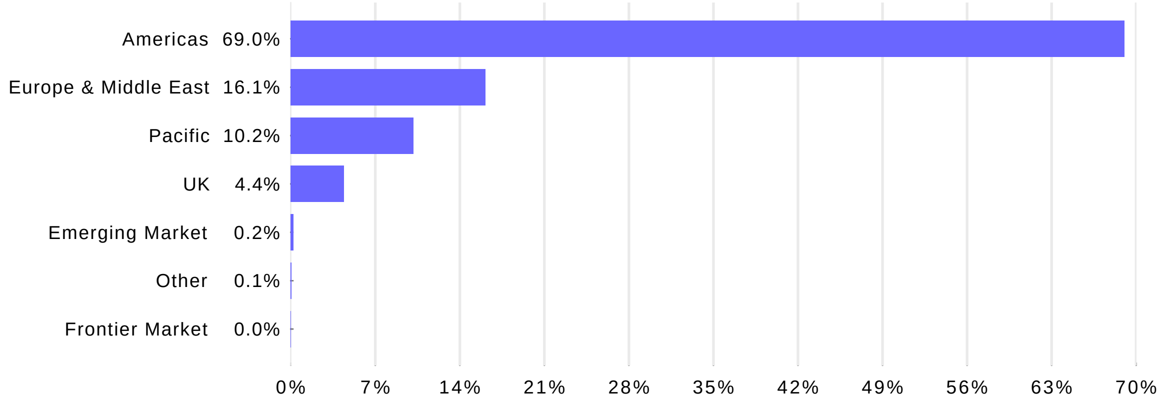
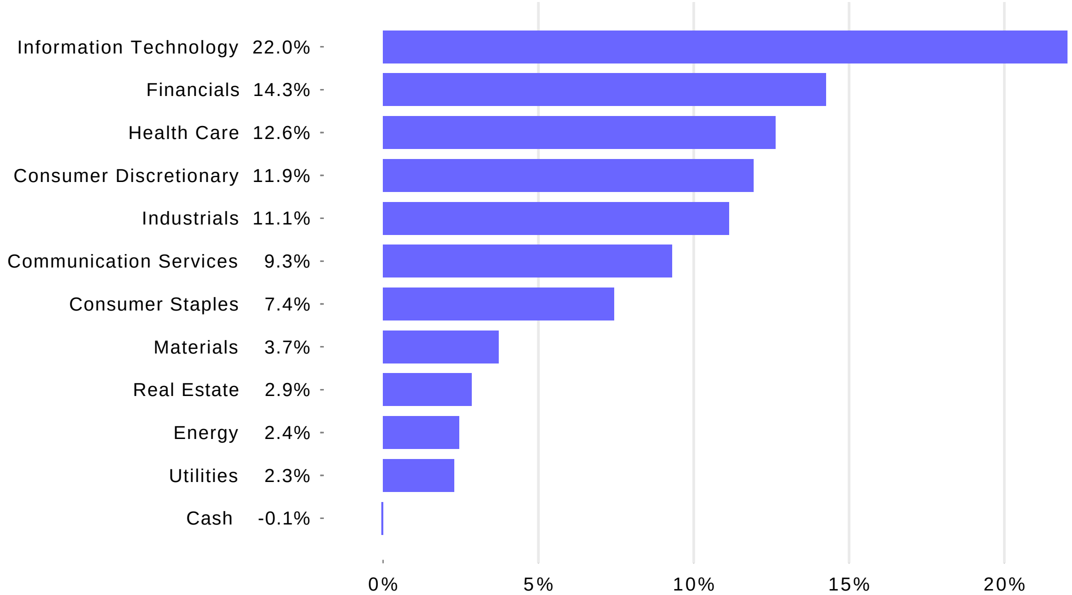
Top 20 Holdings

	Mkt. Val.(GBP)
APPLE INC	75,320,140
MICROSOFT CORP	63,318,543
AMAZON.COM INC	48,349,285
FACEBOOK INC-CLASS A	27,433,310
ALPHABET INC-CL C	24,217,201
ALPHABET INC-CL A	23,880,659
TESLA INC	17,278,309
NVIDIA CORP	16,328,361
JPMORGAN CHASE & CO	15,321,316
JOHNSON & JOHNSON	14,615,349
VISA INC-CLASS A SHARES	13,452,296
BERKSHIRE HATHAWAY INC-CL B	12,395,961
UNITEDHEALTH GROUP INC	12,309,289
NESTLE SA-REG	11,869,673
PROCTER & GAMBLE CO/THE	11,451,313
HOME DEPOT INC	11,267,975
MASTERCARD INC - A	10,821,746
PAYPAL HOLDINGS INC	10,438,190
BANK OF AMERICA CORP	10,416,728
WALT DISNEY CO/THE	10,249,909

Regional Exposure



Sector Exposure



Passive Low Carbon Equities – Responsible Investment

BRUNEL
Pension Partnership

Top 10 ESG Contributors to Overall Score

	Insight	Momentum
1. ASML HOLDING NV	66.0	81.2
2. NEXTERA ENERGY INC	70.3	38.7
3. TEXAS INSTRUMENTS INC	64.9	82.2
4. ACCENTURE PLC	63.3	71.0
5. HONEYWELL INTERNATIONAL INC	64.8	50.0
6. NESTLE SA	58.9	43.2
7. SCHNEIDER ELECTRIC SE	71.7	46.2
8. NVIDIA CORP	57.5	32.4
9. SIEMENS AG	65.0	70.9
10. PROCTER & GAMBLE CO/THE	58.4	65.2

Bottom 10 ESG Detractors to Overall Score

	Insight	Momentum
1. NETFLIX INC	44.9	67.2
2. AT&T INC	44.4	46.8
3. VISA INC	48.1	33.9
4. JPMORGAN CHASE & CO	48.6	68.2
5. JOHNSON & JOHNSON	43.7	81.7
6. AMAZON.COM INC	50.2	60.9
7. FACEBOOK INC	42.7	63.2
8. ALPHABET INC	46.0	59.8
9. MICROSOFT CORP	47.8	32.0
10. APPLE INC	47.1	51.4

**From Q4 onwards we have moved to the latest and enhanced version of Truvalue Labs data. Please see supplementary note on the Client portal for more detail.*

* Position 1 is the top contributor/detractor.

0 50 100

Weighted Average ESG Score	2021 Q1	2021 Q2
Portfolio	53.5	54.1
Passive Dev Equities	53.7	54.2

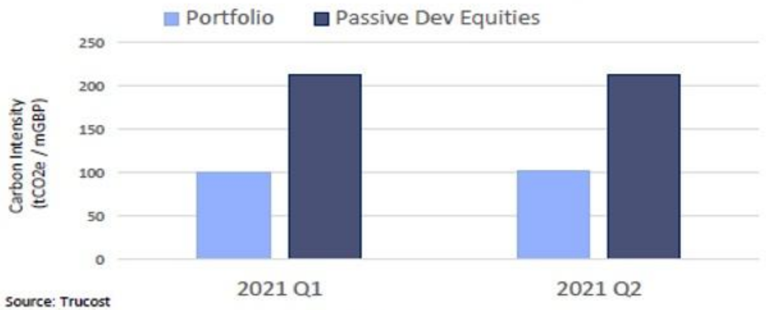
TruValue Labs & SASB

Brunel Assessment:

- **Texas Instruments** (Semiconductors) has introduced a new automotive battery monitor and balancer that reports high-accuracy voltage measurements to the microcontroller of Electric Vehicles (EV), helping to revolutionise EV battery technology.
- **Visa** (Software & IT services) are facing a new lawsuit from small business owners claiming Visa and Mastercard have been engaging in price-fixing. Visa announced a commitment to reach net-zero emissions by 2040.
- **Microsoft** (Technology) was victim to several sophisticated widespread hacks, the U.S. government and Western allies claim these have originated from Russia and China. Microsoft launched a new product, Cloud for Sustainability, to help companies track their carbon emissions.
- **Alphabet** (Technology & Communications) is facing its fifth government antitrust lawsuit, as governments continue their crackdown into Big-Tech competition.

100% of the bottom 10 ESG detractors are covered by engagement or specific voting activities.
The benchmark is the MSCI Developed World so that carbon reductions achieved to create the Brunel Passive Low Carbon Portfolio can be monitored. Carbon intensity of the Portfolio is half that of the MSCI Developed World Index.

Weighted Average Carbon Intensity (WACI)



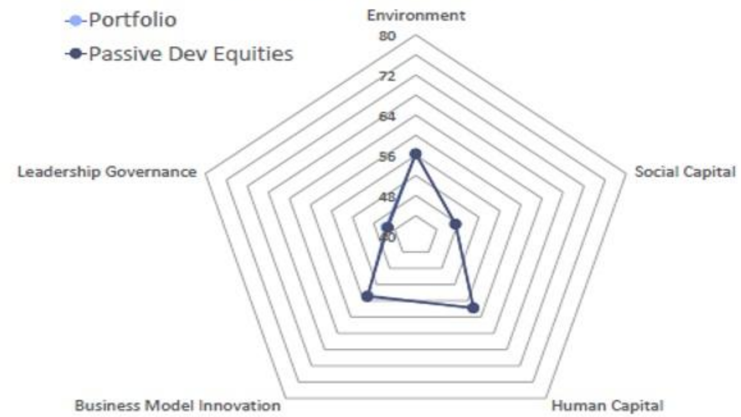
Source: Trucost

Extractive Exposure

	Total Extractive Exposure[1]		Extractive Industries (VOH)[2]	
	Q1	Q2	Q1	Q2
Portfolio	2.4	2.0	4.3	4.3
Passive Dev EQ	2.9	2.6	7.6	7.2

1 Extractive revenue exposure as share (%) of total revenue.
2 Value of holdings(VOH)-companies who derive revenues from extractives.
Source: Trucost

Absolute Weighted ESG Scores



TruValue Labs & SASB

Passive UK Equities

BRUNEL
Pension Partnership

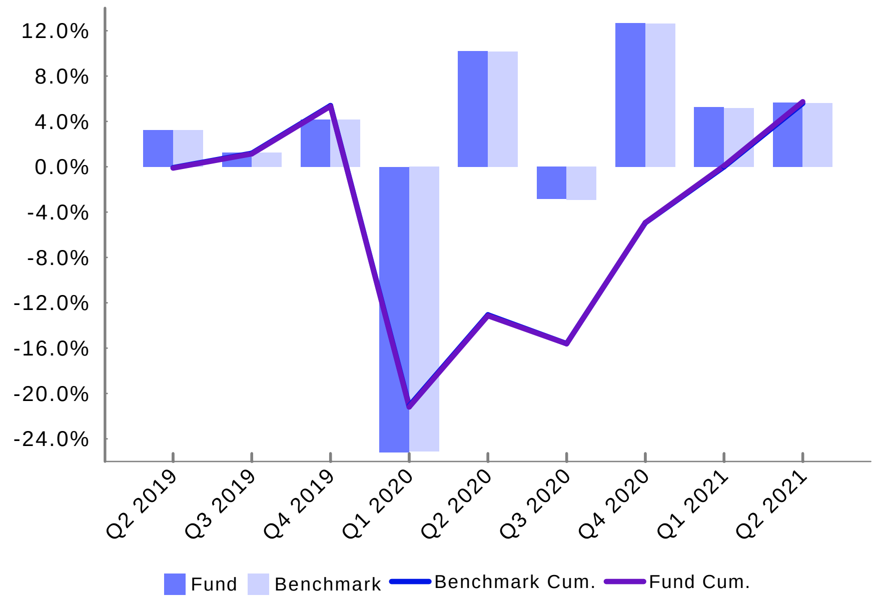
Overview

	Description
Portfolio Objective:	Provide exposure to FTSE All Share using a low cost highly liquid approach.
Investment Strategy & Key Drivers:	Invest passively in securities underlying the FTSE All Share. Provide long term growth
Liquidity:	High
Risk/Volatility:	High absolute risk with very low tracking error.
Total Fund Value:	£869,967,515

Performance to Quarter End

Ann. Performance	Fund	BM	Excess
3 Month	5.6%	5.6%	0.0%
Fiscal YTD	5.6%	5.6%	0.0%
1 Year	21.7%	21.5%	0.3%
3 Years			
5 Years			
10 Years			
Since Inception	1.9%	1.8%	0.0%

Rolling Performance*



* Partial returns shown in first quarter

• The UK stock market performed positively in Q2 2022, with the benchmark FTSE All-Share Index returning 5.61% through the period. The Brunel Passive UK Equities product performed in line with the benchmark at 5.65%.

• Despite continued debate over the threat of inflation, potential policy reactions and concerns around the Delta variant of coronavirus, positive performance continued over Q2 across all sectors of the FTSE All-Share, aside from Consumer Discretionary, which was down 0.65%. However, whilst Basic Materials and Energy led last quarter's positive performance, this quarter it was the turn of Health Care and Technology, up 15.84% and 11.08% respectively.

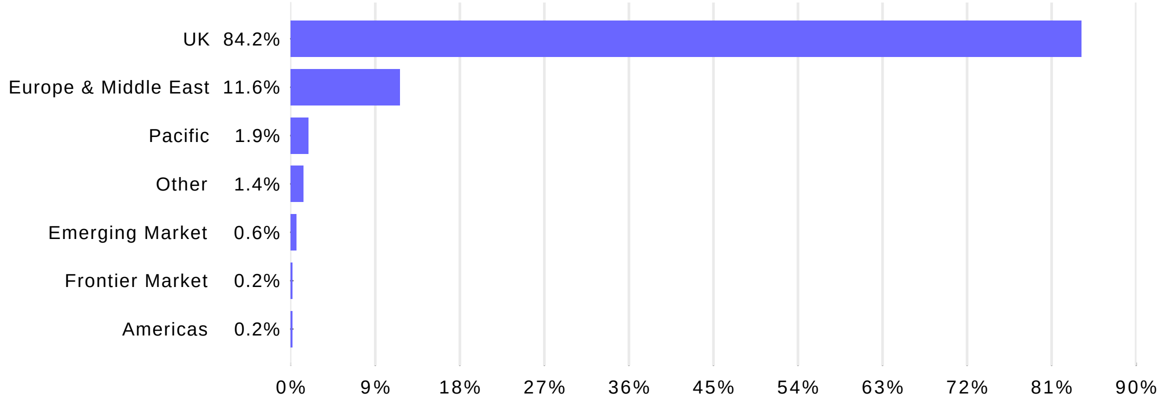
• The sector composition of the FTSE All-Share was a considerable boost when compared to its US and European peers in the initial rebound of Q1, as many cyclical sectors with significant weight in the FTSE All-Share drove performance. In Q2, the reduced weighting of Technology companies provided a drag when compared to peers, as this sector performed strongly.

Passive UK Equities – Region & Sector Exposure

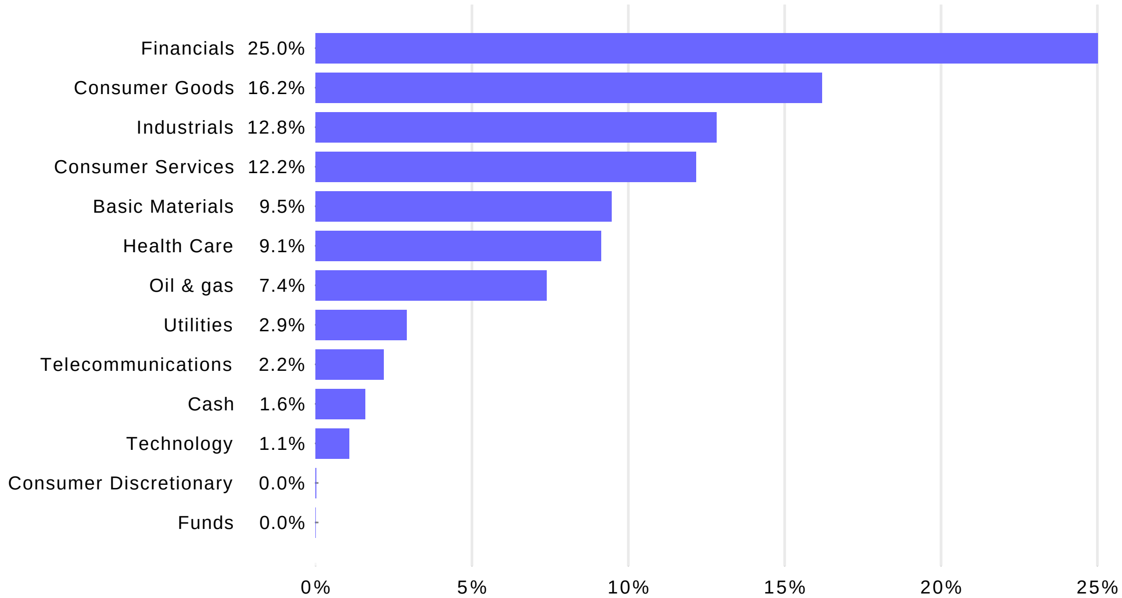
Top 20 Holdings

	Mkt. Val.(GBP)
ASTRAZENECA PLC	40,787,873
UNILEVER PLC	39,449,569
HSBC HOLDINGS PLC	30,503,983
DIAGEO PLC	28,434,081
GLAXOSMITHKLINE PLC	25,100,276
RIO TINTO PLC	23,133,333
BRITISH AMERICAN TOBACCO PLC	22,867,161
BP PLC	22,424,735
ROYAL DUTCH SHELL PLC-A SHS	21,309,190
ROYAL DUTCH SHELL PLC-B SHS	18,507,431
BHP GROUP PLC	15,843,760
RECKITT BENCKISER GROUP PLC	14,494,721
GLENCORE PLC	13,127,795
PRUDENTIAL PLC	12,845,584
RELX PLC	12,772,503
ANGLO AMERICAN PLC	12,634,252
VODAFONE GROUP PLC	11,907,898
LLOYDS BANKING GROUP PLC	11,845,120
NATIONAL GRID PLC	11,703,357
BARCLAYS PLC	10,372,807

Regional Exposure



Sector Exposure



Passive UK Equities – Responsible Investment

BRUNEL
Pension Partnership

Top 10 ESG Contributors to Overall Score

	Insight	Momentum
1. UNILEVER PLC	60.0	70.3
2. DIAGEO PLC	60.7	71.5
3. NATIONAL GRID PLC	65.9	31.6
4. BP PLC	59.9	73.6
5. SSE PLC	69.5	73.7
6. CRODA INTERNATIONAL PLC	71.3	36.6
7. LEGAL & GENERAL GROUP PLC	63.6	67.8
8. MONDI PLC	69.2	76.4
9. COMPASS GROUP PLC	60.3	60.2
10. ADMIRAL GROUP PLC	73.2	12.1

Bottom 10 ESG Detractors to Overall Score

	Insight	Momentum
1. RELX PLC	51.6	56.7
2. FLUTTER ENTERTAINMENT PLC	48.0	70.0
3. GLENCORE PLC	51.3	72.1
4. BARCLAYS PLC	46.8	73.2
5. RECKITT BENCKISER GROUP PLC	47.6	79.5
6. EXPERIAN PLC	41.4	44.4
7. BRITISH AMERICAN TOBACCO PLC	49.7	60.2
8. GLAXOSMITHKLINE PLC	46.0	59.8
9. HSBC HOLDINGS PLC	46.8	63.2
10. ASTRAZENECA PLC	48.9	28.5

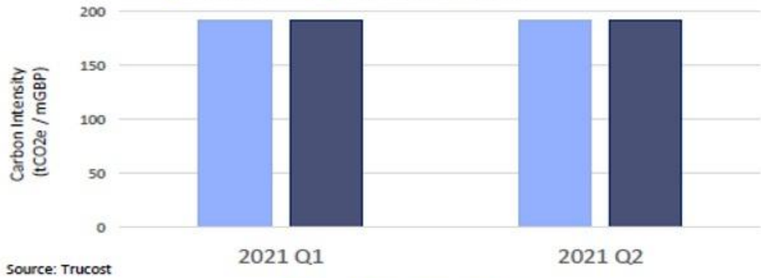
**From Q4 onwards we have moved to the latest and enhanced version of Truvalue Labs data. Please see supplementary note on the Client portal for more detail.*

* Position 1 is the top contributor/detractor.

Weighted Average ESG Score	2021 Q1	2021 Q2
Portfolio	55.3	56.1
Passive UK Equities	55.3	56.1

TruValue Labs & SASB

Weighted Average Carbon Intensity (WACI)



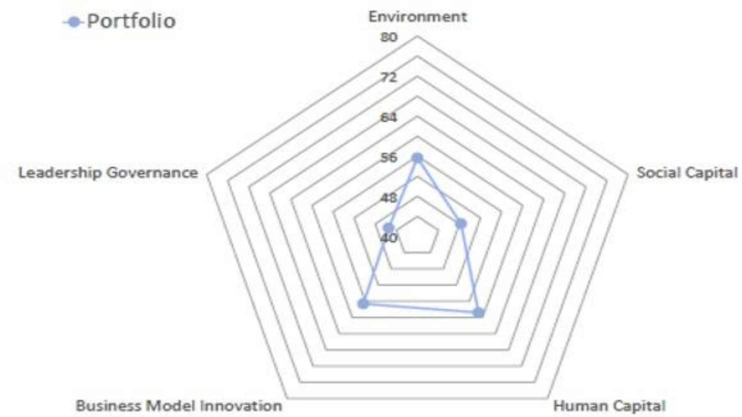
Source: Trucost

Extractive Exposure

	Total Extractive Exposure[1]		Extractive Industries (VOH)[2]	
	Q1	Q2	Q1	Q2
Portfolio	5.0	3.6	16.3	14.3
Passive UK EQ	5.0	3.6	16.3	14.3

1 Extractive revenue exposure as share (%) of total revenue.
2 Value of holdings(VOH)-companies who derive revenues from extractives.
Source: Trucost

Absolute Weighted ESG Scores



TruValue Labs & SASB

Brunel Assessment:

- **Admiral Group** (Insurance), named '2021 UK's best workplace for females' and was also named 'great place to work' for 21st consecutive year. Admiral adapted its mental health strategy to support employees throughout the pandemic.
- **Mondi** (Resource Transformation) have secured large partnerships to replace plastic packaging with their award winning recyclable alternatives, they have become a member of the Alliance for Water Stewardship, and have partnered with IUFRO to identify science-based solutions to tackle the impact of climate change on forests.
- **Croda International** (Chemicals), which uses smart science to create, make and sell speciality chemicals that improve lives, has recently been ranked first in the Most Sustainable International Company rankings by Barron's, a leading source of financial news for the American Stock Exchange.
- **Glencore** (Mining), majors a pilot blockchain solution for end-to-end traceability for cobalt. A deal has been signed with China Huaneng to fit carbon capture. Glencore has brought out BHP and Anglo to become the sole owner of Cerrejon thermal coal mine in Colombia. It plans to become a net-zero emission company by 2050 and has set a goal of managing the depletion of its coal mines by the mid-2040s, rather than selling them.

100% of the bottom 10 ESG detractors are covered by engagement or specific voting activities.
The carbon intensity of the benchmark (and index tracking Portfolio) remained largely unchanged this quarter.

Passive Fixed Over 5 Years Index

BRUNEL Pension Partnership

Overview

	Description
Portfolio Objective:	To provide exposure to Index linked Gilts in a low cost and highly liquid approach.
Investment Strategy & Key Drivers:	Invest passively in the securities underlying the FTSE-A UK index linked gilts over 5 years.
Liquidity:	High
Risk/Volatility:	Absolute risk low to medium with very low relative risk.
Total Fund Value:	£1,135,372,997

Performance to Quarter End

Ann. Performance	Fund	BM	Excess
3 Month			
Fiscal YTD			
1 Year			
3 Years			
5 Years			
10 Years			
Since Inception	-1.5%	-1.5%	0.0%

The Passive Fixed Over 5 Year Index Linked Gilt fund launched in the final month of the reporting period and returned -1.52% over the subsequent period.

Passive Fixed Over 5 Years Index – Region & Sector Exposure

BRUNEL
Pension Partnership

Top 20 Holdings

	Mkt. Val.(GBP)
UKTI 0 1/8 03/22/68	67,042,645
UKTI 1 1/4 11/22/55	65,485,285
UKTI 0 3/8 03/22/62	64,153,709
UKTI 0 1/2 03/22/50	55,298,318
UKTI 0 3/4 11/22/47	53,934,474
UKTI 1 1/8 11/22/37	53,078,577
UKTI 0 5/8 03/22/40	52,591,352
UKTI 0 1/8 03/22/44	51,036,486
UKTI 0 5/8 11/22/42	50,680,179
UKTI 1 1/4 11/22/32	49,419,980
UKTI 0 1/4 03/22/52	48,909,135
UKTI 0 3/4 03/22/34	45,333,380
UKTI 1 1/4 11/22/27	45,095,665
UKTI 0 1/8 03/22/58	44,841,947
UKTI 0 1/8 03/22/46	43,258,164
UKTI 2 01/26/35	42,614,718
UKTI 0 1/8 03/22/29	40,159,009
UKTI 0 1/8 08/10/28	38,289,622
UKTI 0 1/8 08/10/48	37,683,428
UKTI 0 1/8 11/22/65	37,186,333

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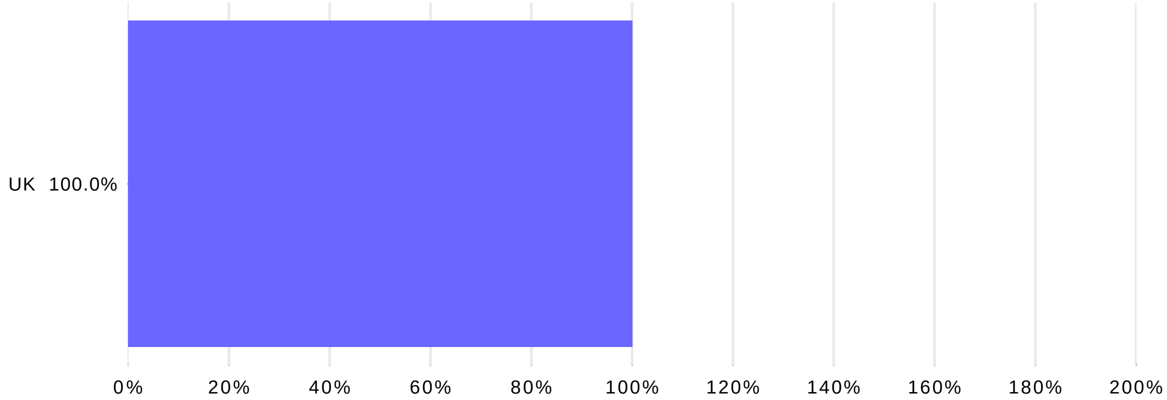
Regional Exposure



Brunel Emerging Market Equity

BRUNEL Pension Partnership

Overview

	Description
Portfolio Objective:	Provide exposure to emerging market equities, targeting excess returns and enhanced risk control from leading managers.
Investment Strategy & Key Drivers:	A geographically diverse portfolio, typically expected to achieve higher long-term growth rates than developed economies.
Liquidity:	Managed liquidity. Less exposure to more illiquid assets
Risk/Volatility:	High absolute risk with moderate to high relative risk, around 5% tracking error.
Total Fund Value:	£1,604,019,874

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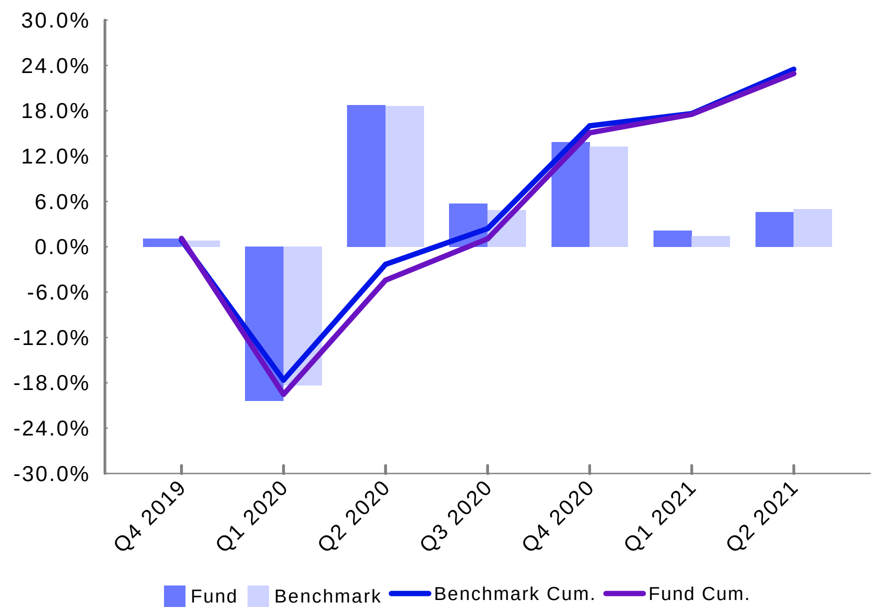
Performance to Quarter End

Ann. Performance	Fund	BM	Excess
3 Month	4.6%	5.0%	-0.4%
Fiscal YTD	4.6%	5.0%	-0.4%
1 Year	28.6%	26.4%	2.2%
3 Years			
5 Years			
10 Years			
Since Inception	13.4%	13.7%	-0.3%

Rolling Performance*



* Partial returns shown in first quarter

It was another positive quarter of performance for emerging market equities. MSCI Emerging Markets, a proxy for emerging equities, returned +5.0% in GBP terms. This capped an impressive year for emerging markets, with trailing year returns of +26.4%.

Country dispersion was mixed over the quarter. China continued to lag other emerging markets after minor relapses in Covid cases, returning a modest +2.2% in Q2 2021. Brazil and Russia were amongst the most impressive over the quarter, returning +22.8% and +14.2% respectively. Both countries saw significant currency appreciation vs the US dollar; the Russian rouble was particularly successful as a result of rate rise expectations and stronger oil prices – the currency rose 13%. The quarter's country laggards included smaller Latin America countries like Chile and Peru, which fell by 13.8% and 8.9% respectively. Chile's stock market dived after voters backed hard-left independent candidates to write the country's new constitution, which represented a radical change from the traditional parties of the left and right.

Most sectors made positive returns in Q2 2021, the only exception was Real Estate, which depreciated 6%. Energy continued to outperform most sectors, mostly due to supportive oil prices. WTI Oil appreciated by an impressive 24% in GBP terms, mainly due to a significant shift in supply and demand dynamics.

Continued Commentary

Increased demand was a direct result of progress in global Covid vaccine rollout. Furthermore, prices were stimulated by Opec+ producers agreeing to only release a very modest amount of supply, which was not anticipated by the market.

Investment styles diverged significantly over the quarter. The most successful style was defensive securities, proxied by MSCI Emerging Markets Defensive Sectors, which outperformed the broader market index by +3.6%. On the flip side, prime value - which represents high quality companies trading at cheap valuations - struggled; this style underperformed the broader market by -2.5% over the quarter. Common styles like broad Value, Growth and Quality were largely in line with the market over Q2 2021.

The portfolio made a positive return over the quarter but lagged the benchmark on a relative basis. Total return was 4.6%, which was 0.4% behind the benchmark on a net-of-fees basis. Managers experienced very mixed performance; Genesis, Wellington and Ninety-One had relative returns of -0.1%, +0.5% and -1.3% respectively. It could be argued that allocations to sectors and countries were material last quarter, in particular, the underweight positioning in Energy and India were detrimental to relative performance. Stock selection remains the driving force behind returns in the longer term.

• Relative performance was impacted by un-held names over the quarter. High-growth names bounced significantly from mid-May onwards. Examples include NIO, an electric vehicle producer, which appreciated by over 30%. The portfolio does not hold NIO, but the benchmark has a weighting of 0.6%. which resulted in a significant detraction from the portfolio's relative performance. Chinese education stocks also detracted from performance, as the Chinese government announced a crackdown on outside-hours education companies to rein in unfair pricing and bad practices. Companies like TAL Education and New Oriental suffered significantly, falling by 53% and 42% respectively. The portfolio maintains a collective overweight position of +0.42% vs benchmark in these two companies.

• Country allocation detracted significantly, accounting for almost all of the portfolio's relative under performance. The 6% underweight to India caused a drag on performance after the country returned 6.9%, almost 2% more than the benchmark. Brazil was also a significant detractor; it had a hugely impressive quarter, rallying 22.8%, partially driven by currency appreciation after its central bank raised interest rates to 4.25% to combat runaway inflation. The fund is currently 2% underweight. On the positive side, the underweight to China benefited the portfolio once again. Relapses in Covid cases in China caused it to underperform the benchmark by 2.7%; the 5% underweight resulted in a positive impact on relative performance.

• Sector allocation also hindered relative performance last quarter. Overall sector allocation impacts were more than the total underperformance. Energy was responsible for 50% of this alone. Oil price rises caused Energy to return 12.4% last quarter, comfortably in excess of the 5.0% broader market return. The fund has been underweight Energy since inception, with a current underweight of 3% causing a drag on performance.

• Since-inception performance has slipped further behind benchmark as a result of the latest quarter's performance. Net-of-fees annualised portfolio return is now 13.4%, which is 0.3% behind benchmark. The portfolio remains ahead of benchmark on a gross-of-fees basis, with an annualised return of 14.0%, which is 0.3% ahead of benchmark.

Brunel Emerging Market Equity – Region & Sector Exposure

BRUNEL Pension Partnership

Top 20 Holdings

	Mkt. Val.(GBP)
TAIWAN SEMICONDUCTOR MANUFAC	115,011,938
TENCENT HOLDINGS LTD	101,004,205
SAMSUNG ELECTRONICS CO LTD	63,018,219
ALIBABA GROUP HOLDING-SP ADR	48,395,454
ISHARES MSCI INDIA ETF	40,457,588
SBERBANK PJSC -SPONSORED ADR	35,396,528
ALIBABA GROUP HOLDING LTD	28,897,984
AIA GROUP LTD	28,203,267
INFOSYS LTD-SP ADR	25,638,661
NASPERS LTD-N SHS	20,479,209
HDFC BANK LTD-ADR	18,347,400
SAMSUNG ELECTRONICS-PREF	16,736,292
MEDIATEK INC	16,605,278
WULIANGYE YIBIN CO LTD-A	16,364,822
YANDEX NV-A	15,959,412
BID CORP LTD	15,913,003
COUNTRY GARDEN SERVICES HOLD	14,928,172
CHINA CONSTRUCTION BANK-H	14,623,158
CHINA LONGYUAN POWER GROUP-H	14,240,562

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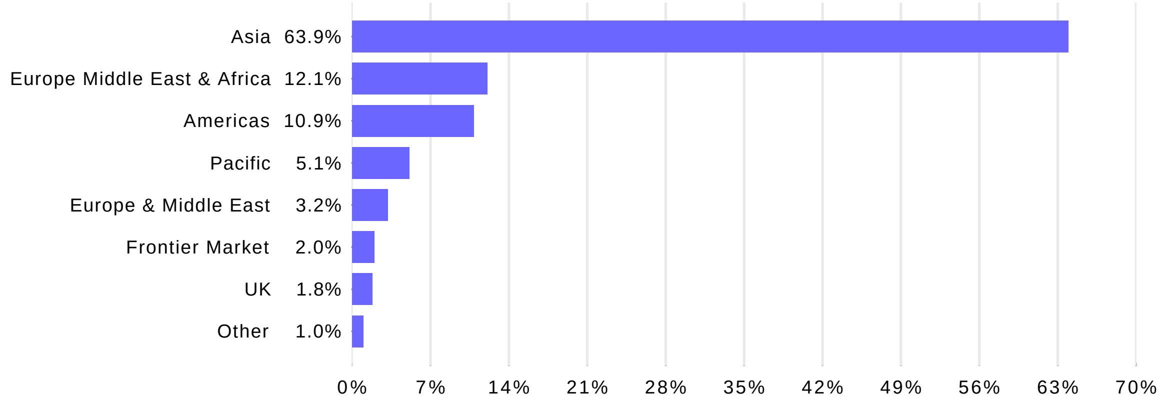
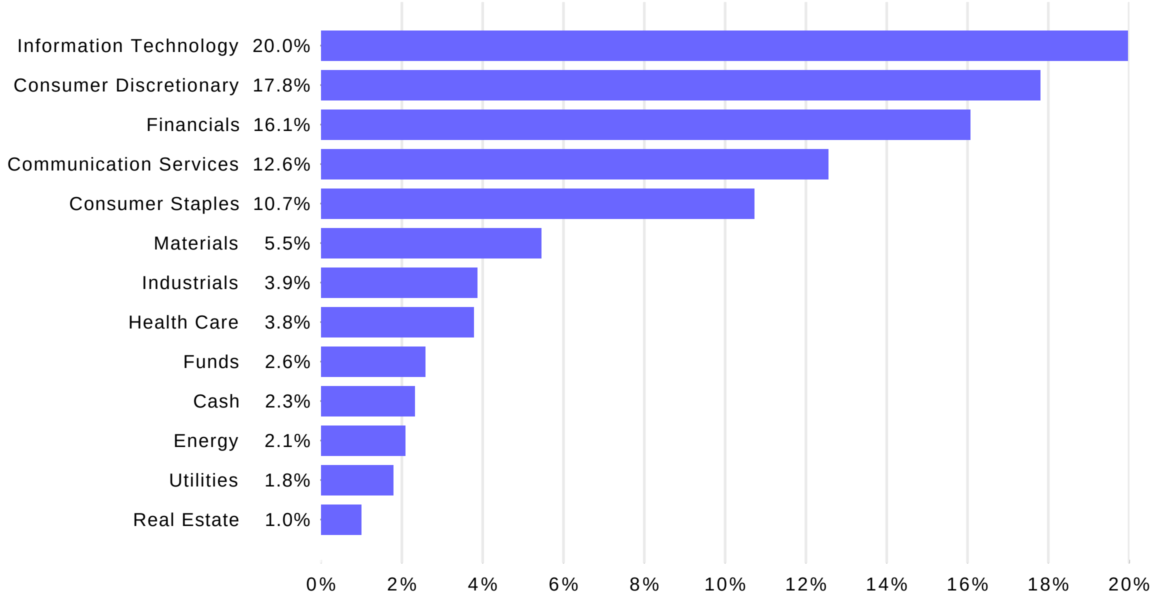
Regional Exposure



Sector Exposure



Brunel Emerging Market Equity – Responsible Investment

BRUNEL Pension Partnership

Top 10 ESG Contributors to Overall Score

	Insight	Momentum
1. TAIWAN SEMICONDUCTOR MANUFACTURIN	59.0	29.2
2. CHINA LONGYUAN POWER GROUP CORP LTD	69.2	43.6
3. AIA GROUP LTD	60.1	83.2
4. CONTEMPORARY AMPEREX TECHNOLOGY CC	66.2	46.3
5. MEDIATEK INC	62.7	65.7
6. DELTA ELECTRONICS INC	74.6	24.9
7. OTP BANK NYRT	67.7	78.7
8. INFOSYS LTD	58.1	79.5
9. HEINEKEN NV	61.7	70.9
10. XPENG INC	63.7	19.2

Bottom 10 ESG Detractors to Overall Score

	Insight	Momentum
1. ICICI BANK LTD	45.6	63.7
2. REALTEK SEMICONDUCTOR CORP	28.7	69.0
3. PETROLEO BRASILEIRO SA	39.0	61.3
4. NETEASE INC	43.7	75.2
5. NEW ORIENTAL EDUCATION & TECHNOLOGY	25.1	78.8
6. YANDEX NV	42.4	19.2
7. ANTA SPORTS PRODUCTS LTD	36.5	21.1
8. SAMSUNG ELECTRONICS CO LTD	49.4	73.3
9. ALIBABA GROUP HOLDING LTD	47.2	24.3
10. TENCENT HOLDINGS LTD	46.6	35.8

**From Q4 onwards we have moved to the latest and enhanced version of Truvalue Labs data. Please see supplementary note on the Client portal for more detail.*

* Position 1 is the top contributor/detractor.

0 50 100

Weighted Average ESG Score	2021 Q1	2021 Q2
Portfolio	53.6	54.2
MSCI EM	53.7	54.4

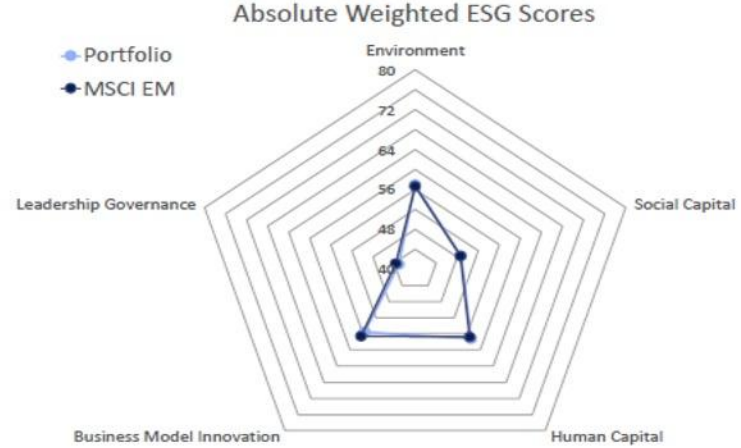
TruValue Labs & SASB

Source: Trucost

Extractive Exposure

	Total Extractive Exposure[1]		Extractive Industries (VOH)[2]	
	Q1	Q2	Q1	Q2
Portfolio	2.3	2.2	3.8	5.2
MSCI EM	3.4	3.7	8.2	8.6

1 Extractive revenue exposure as share (%) of total revenue.
2 Value of holdings(VOH)-companies who derive revenues from extractives.
Source: Trucost



TruValue Labs & SASB

Brunel Assessment:

- **Taiwan Semiconductor Manufacturing** (Semiconductors) production production continues to be impacted by the country's worst drought in 56 years. No significant rain has fallen in more than 360 days, causing resevoirs to run dangerously low and water to be rationed.
- **Anta Group** (Sportswear) has announced its 24-month 'Lead to Win' plan, which involves investing ¥4bn in R&D and launching more high-end products. The plan will aim to grow the business by 18-25% over the next five years.
- **Heineken** (Food & Beverage) announced new ESG commitments as part of its 'Providing a Better World' strategy. The company aims to become carbon neutral in production by 2025 and across its entire value chain by 2040.
- **Alibaba** (E-commerce) has been hit by multiple fines as China's State Administration for Market Regulation (SAMA) tackles antitrust behaviour. Earlier this year, SAMA fined 12 companies, including Tencent, for pricing irregularities. A deeper investigation into Alibaba resulted in a record $2.75 billion anti-monopoly fine from China.

70% of the bottom 10 ESG detractors are covered by engagement or specific voting activities.
The weighted average carbon intensity of the portfolio saw a slight uptick over the quarter, as a position in Gazprom was added to. The portfolio remains below its benchmark, the MSCI Emerging Markets, for both extractives revenue exposures and extractive industries value of holdings.

Brunel Global High Alpha Equity

BRUNEL
Pension Partnership

Overview

	Description
Portfolio Objective:	Provide global equity market exposure together with excess returns from accessing leading managers.
Investment Strategy & Key Drivers:	High conviction, concentrated portfolios with strong style/factor biases invested in a unconstrained manner.
Liquidity:	Managed liquidity. Less exposure to more illiquid assets.
Risk/Volatility:	High absolute risk with moderate to high relative risk, around 5-6% tracking error.
Total Fund Value:	£3,565,795,616

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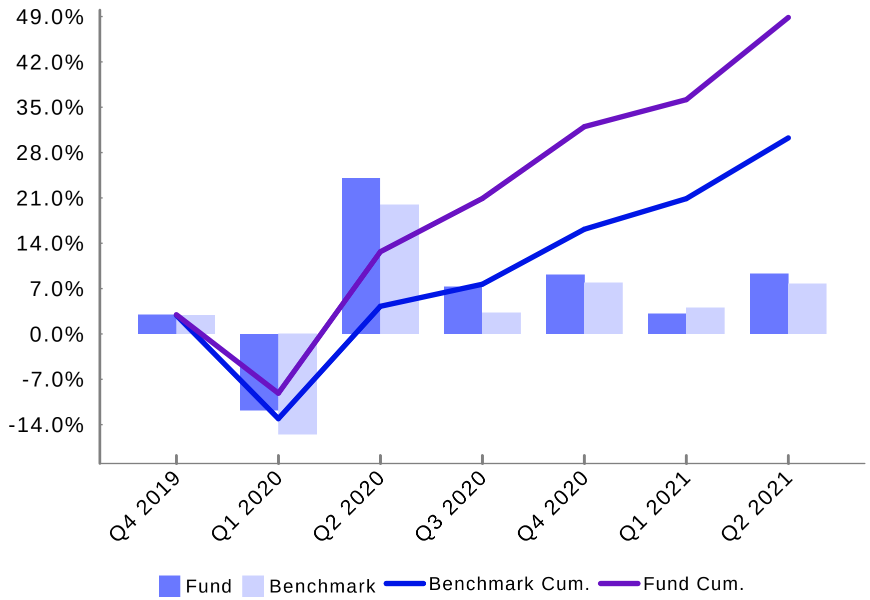
Performance to Quarter End

Ann. Performance	Fund	BM	Excess
3 Month	9.3%	7.8%	1.6%
Fiscal YTD	9.3%	7.8%	1.6%
1 Year	32.1%	24.9%	7.2%
3 Years			
5 Years			
10 Years			
Since Inception	28.9%	18.4%	10.5%

Rolling Performance*



* Partial returns shown in first quarter

This quarter witnessed the continuance of the global equity rally, with US and global indices hitting new highs, despite short-lived hiatuses in May and June. Global developed equities (as proxied by the MSCI World index) delivered a 7.8% return, outperforming the MSCI Emerging Markets index by 2.8% in GBP terms. Within developed markets, the US and Europe ex UK outperformed, while Japan lagged. On a style basis, Quality and Growth outperformed Value over the quarter, whilst on a sector basis the best performers were IT, Real Estate and Consumer Services, with Utilities the poorest-performing sector.

The portfolio returned 9.3% over the quarter, outperforming the benchmark by 1.6%, almost entirely driven by stock selection.
• Stock selection was particularly strong in Health Care, with overweights in the likes of BioNTech, Moderna and Genmab (which returned 104%, 79% and 24% respectively). Other overweights to add strongly to relative performance included quality Financials names such as MSCI and Moody's, which performed well after underperforming last the previous quarter. In contrast, the second quarter saw challenges to some of the off-benchmark Chinese names, in particular, Tal Education (-53%), KE Holdings (-17%), and Pinduoduo (-5%) – see further comments on China below.
• Sector allocation was marginally beneficial over the quarter, mainly as a result of a zero allocation to Utilities, the worst-performing sector over the quarter.
• On a country allocation basis, the portfolio's overweight to China detracted (0.4%) whilst the underweight to the US had a small negative impact.

Brunel Global High Alpha Equity

BRUNEL
Pension Partnership

Continued Commentary

Four of the five managers outperformed the index this quarter. Harris underperformed following a significant outperformance over the previous two quarters. Fiera provided the largest contribution to fund returns, reflecting its large allocation within the fund and their strong outperformance (+2.6%) during the quarter. Baillie Gifford was the highest performing manager this quarter, as its growth style was rewarded. Manager performance continues to reflect the different investment styles of the managers.

Since inception, the portfolio has outperformed the index by 10.5% on an annualised basis, outperforming in five of the six full quarters. Attribution analysis shows that this outperformance was largely a result of positive stock selection, which reflects the approach of employing fundamental managers chosen for their ability to select concentrated portfolios of high conviction names.

As a developed market portfolio, exposure to China is limited as part of the off-benchmark allowance, and the allocation to China currently stands at 5%. Nevertheless, the growing influence of China (both through direct investment and, indirectly, through complex global supply chains), offers a source of opportunity and risk for global managers. As noted above, the quarter saw some China-related governance risks play out, as Tal Education was among the private education sector companies impacted by the Chinese government's decision to cap fees and operating times of the private education sector, citing the pressure on children. After quarter-end, China's cyber security regulator clamped down on three Chinese tech companies (not held in the portfolio) that had listed in the US in June, launching investigations and, in some cases, stopping them registering new users. Both instances are examples of regulatory risks that can be greater when investing in Chinese companies. Whilst the direct allocation to China remains a small part of the fund, Brunel is working with our investment managers to understand their approaches to China, and how they will continue to seek to address the related opportunities and risks.

During the quarter, £67m was redeemed from the portfolio.

Brunel Global High Alpha Equity – Region & Sector Exposure

BRUNEL Pension Partnership

Top 20 Holdings

	Mkt. Val.(GBP)
MICROSOFT CORP	145,188,069
ALPHABET INC-CL A	108,567,447
MASTERCARD INC - A	95,644,378
MOODY'S CORP	79,409,003
AMAZON.COM INC	73,886,972
TAIWAN SEMICONDUCTOR-SP ADR	71,442,281
NESTLE SA-REG	66,356,776
KEYENCE CORP	65,088,729
TJX COMPANIES INC	59,311,455
ASML HOLDING NV	58,462,807
SCHWAB (CHARLES) CORP	54,437,895
NIKE INC -CL B	54,395,377
ALIBABA GROUP HOLDING-SP ADR	52,910,748
CAPGEMINI SE	45,092,602
TENCENT HOLDINGS LTD	44,722,333
APTIV PLC	43,705,376
FACEBOOK INC-CLASS A	42,833,176
UNITEDHEALTH GROUP INC	40,851,148
JOHNSON & JOHNSON	38,592,347
MSCI INC	38,370,340

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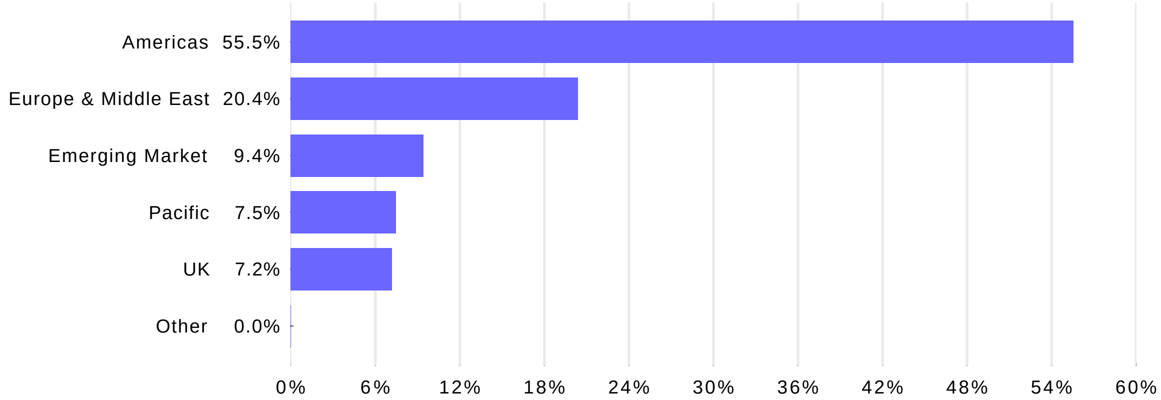
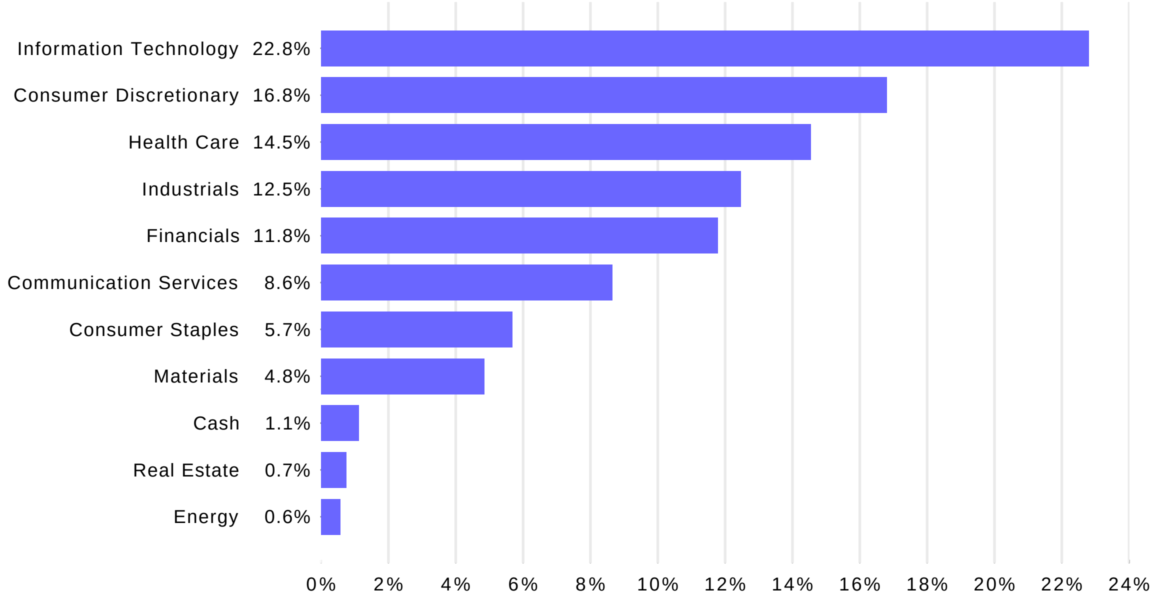
Regional Exposure



Sector Exposure



Brunel Global High Alpha Equity – Responsible Investment

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Top 10 ESG Contributors to Overall Score

	Insight	Momentum
1. ASML HOLDING NV	66.0	81.2
2. RECRUIT HOLDINGS CO LTD	65.8	50.0
3. CAPGEMINI SE	62.1	49.5
4. EUROFINS SCIENTIFIC SE	67.7	81.0
5. METTLER-TOLEDO INTERNATIONAL INC	65.6	76.1
6. TAIWAN SEMICONDUCTOR MANUFACTURIN	59.0	29.2
7. CARRIER GLOBAL CORP	65.7	83.4
8. MURATA MANUFACTURING CO LTD	65.0	77.3
9. NESTLE SA	58.9	43.2
10. ADMIRAL GROUP PLC	73.2	12.1

Bottom 10 ESG Detractors to Overall Score

	Insight	Momentum
1. TENCENT HOLDINGS LTD	46.6	35.8
2. AUTOZONE INC	43.6	84.7
3. CHARLES SCHWAB CORP/THE	47.0	68.2
4. ALIBABA GROUP HOLDING LTD	47.2	24.3
5. JOHNSON & JOHNSON	43.7	81.7
6. FACEBOOK INC	42.7	63.2
7. NIKE INC	44.7	45.2
8. ALPHABET INC	46.0	59.8
9. MICROSOFT CORP	47.8	32.0
10. TJX COS INC/THE	35.9	13.9

**From Q4 onwards we have moved to the latest and enhanced version of Truvalue Labs data. Please see supplementary note on the Client portal for more detail.*

* Position 1 is the top contributor/detractor.

0 50 100

Weighted Average ESG Score	2021 Q1	2021 Q2
Portfolio	54.1	54.4
MSCI World	53.7	54.2

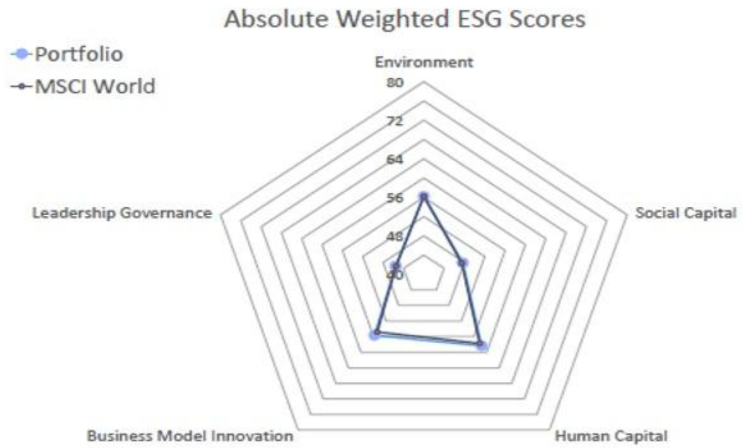
TruValue Labs & SASB

Source: Trucost

Extractive Exposure

	Total Extractive Exposure[1]		Extractive Industries (VOH)[2]	
	Q1	Q2	Q1	Q2
Portfolio	1.5	1.4	3.2	3.0
MSCI World	3.0	2.8	7.6	7.1

1 Extractive revenue exposure as share (%) of total revenue.
2 Value of holdings(VOH)-companies who derive revenues from extractives.
Source: Trucost



TruValue Labs & SASB

Brunel Assessment:

- **Taiwan Semiconductor Manufacturing (Semiconductors)** production continues to be impacted by the country's worst drought in 56 years. No significant rain has fallen in more than 360 days, causing resevoirs to run dangerously low and water to be rationed.
- **Alibaba** (E-commerce) has been hit by multiple fines as China's State Administration for Market Regulation (SAMA) tackles antitrust behaviour. Earlier this year, SAMA fined 12 companies, including Tencent, for pricing irregularities. A deeper investigation into Alibaba resulted in a record $2.75 billion anti-monopoly fine from China.
- **TJX** (Consumer goods) is facing a lawsuit for breaching California's Consumer Privacy Act by sharing customers' data with third-party software firms. The suit claims arbitration terms were buried in hard-to-find fine print on their website.
- **Mettler-Toledo** (Health Care) has partnered with Everything Product Cloud to further the digitalisation of food safety. Their software tracks inspection data in real time, providing enhanced transparency and traceability of products manufactured.

90% of the bottom 10 ESG detractors are covered by engagement or specific voting activities.
The portfolio continues to have a carbon intensity significantly lower than its benchmark. Revenues from extractive activity and the extractives value of holdings are half that of its benchmark.

Brunel Global Sustainable Equities

BRUNEL
Pension Partnership

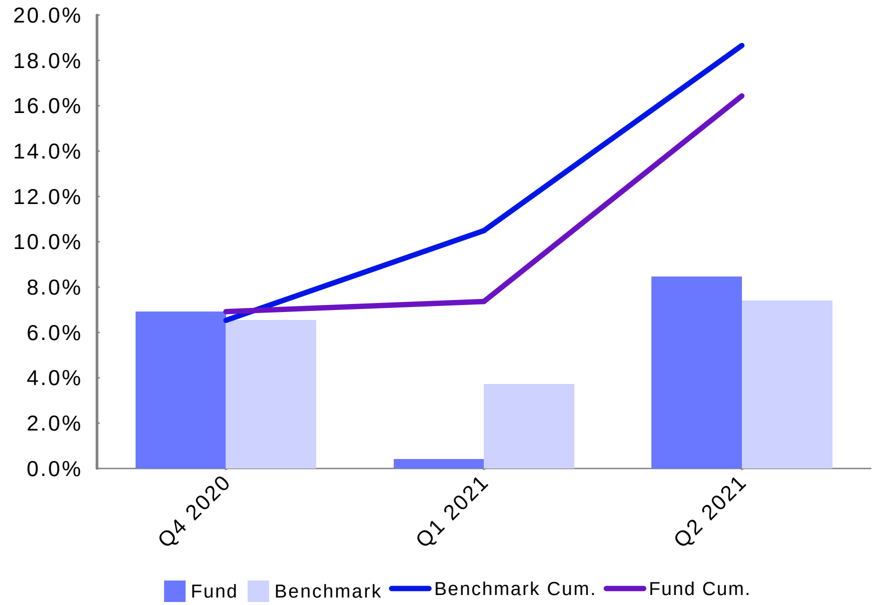
Overview

	Description
Portfolio Objective:	To provide exposure to global sustainable equities markets, including excess returns from manager skill and ESG considerations.
Investment Strategy & Key Drivers:	Actively managed, diversified by sector and geography. Consideration for a companies Environmental & Social sustainability.
Liquidity:	Managed Liquidity.
Risk/Volatility:	High, representing an equity portfolio.
Total Fund Value:	£2,022,059,559

Performance to Quarter End

Ann. Performance	Fund	BM	Excess
3 Month	8.4%	7.4%	1.1%
Fiscal YTD	8.4%	7.4%	1.1%
1 Year			
3 Years			
5 Years			
10 Years			
Since Inception	16.4%	18.7%	-2.2%

Rolling Performance*



* Partial returns shown in first quarter

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The Global Sustainable Equity portfolio launched on 19 October. Since the inception of the fund, the MSCI ACWI index has returned 18.6%, whilst the portfolio has returned 16.4% on a net-of-fees basis. Over the quarter, the fund returned 8.5% on a net basis, outperforming the MSCI ACWI, which returned 7.4%.

• During the quarter, there was a resurgence for Growth and Quality stocks after the Value rally of Q1 2021. However, the market did cool slightly through May, as inflation fears led investors to err on the side of caution and take some risk off the table. The ACWI returned -1% over the month, with the Growth index returning -2.6% for the month. Investors took a more optimistic view throughout June after the US Fed described the current inflation figures as "transitory", expressing a desire not to increase interest rates for the time being. This led the market to finish the quarter up 7.3% – the Brunel Global Sustainable Equity fund outperformed by 1.1%.

• Since the launch of the portfolio, there have been notable Value headwinds, as the economy began to reopen and give renewed optimism to the Cyclical Value parts of the market. However, we take comfort in the fact that all three managers have been able to provide differing sources of alpha since

Continued Commentary

the inception of the portfolio.

• Over the quarter, we have seen the broad sustainable managers outperform the market, RBC and Ownership returning 9.5% and 8.8% respectively. However, Nordea's Climate & Environment thematic strategy provided a return of 6.5%, underperforming the MSCI ACWI. Nordea's underperformance can be largely attributed to performance in June, when we saw Large Cap/Growth/technology stocks, outperform the other sections of the market. This was particularly notable in Nordea's smmall/midcap stock selection in the IT sector and overweight to the Industrials sector. However, over the quarter, we saw RBC add value through the selection of Communication Services and large cap IT holdings, whilst Ownership was able to add value through Health Care stock selection. The stock selection exhibited by Ownership and RBC led to an overall outperformance from the fund.

• The fund continues to demonstrate the characteristics that were outlined during the original construction phase of the portfolio. The Sustainalytics scores remain superior to that of the MSCI ACWI benchmark and we continue to see a carbon intensity reduction of 26% in comparison to the broader index.

Brunel Global Sustainable Equities – Region & Sector Exposure

Top 20 Holdings

	Mkt. Val.(GBP)
MARKETAXESS HOLDINGS INC	58,392,271
MASTERCARD INC - A	52,263,467
ADYEN NV	51,815,371
ANSYS INC	46,513,735
MICROSOFT CORP	41,951,109
INTUIT INC	41,908,850
WORKDAY INC-CLASS A	40,905,482
ALPHABET INC-CL A	40,375,041
EDWARDS LIFESCIENCES CORP	38,937,217
PAYPAL HOLDINGS INC	37,767,704
BIO-TECHNE CORP	37,661,022
TRADEWEB MARKETS INC-CLASS A	37,431,474
ILLUMINA INC	37,341,461
MASIMO CORP	36,167,707
ECOLAB INC	35,329,866
ROCHE HOLDING AG-GENUSSCHEIN	34,778,508
PTC INC	32,877,045
DEUTSCHE POST AG-REG	31,852,742
UNITEDHEALTH GROUP INC	30,340,639
INTERCONTINENTAL EXCHANGE IN	29,178,205

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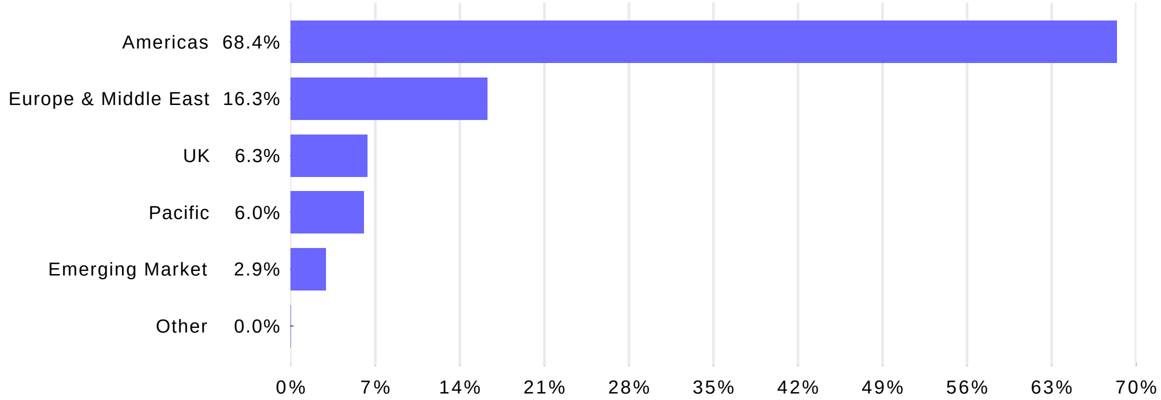
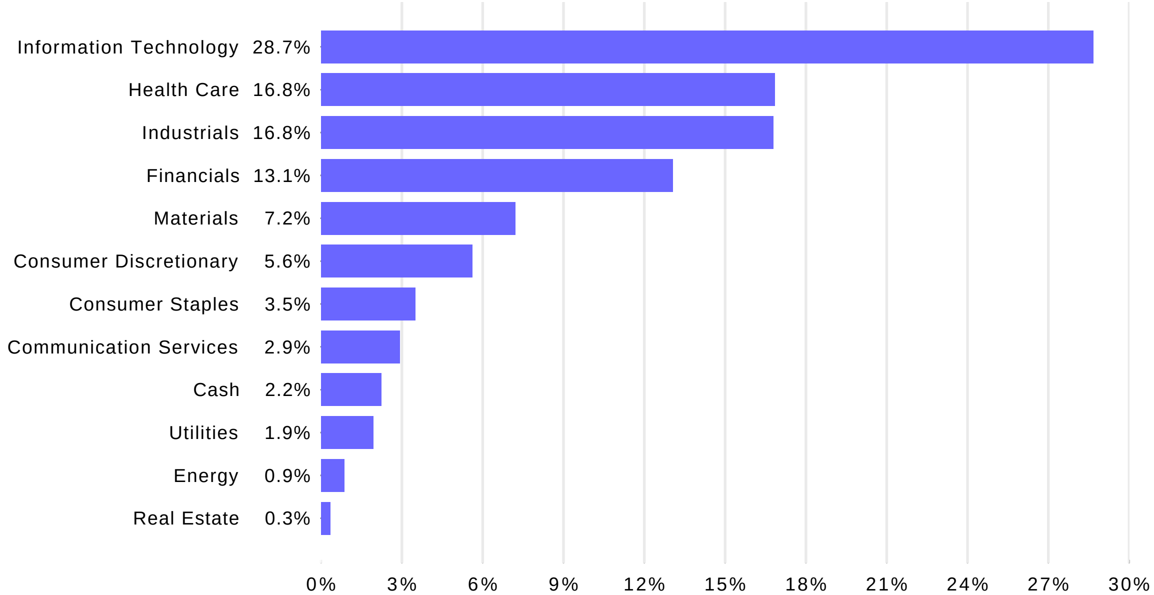
Regional Exposure



Sector Exposure



Brunel Global Sustainable Equities – Responsible Investment

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Top 10 ESG Contributors to Overall Score

	Insight	Momentum
1. ECOLAB INC	71.5	55.9
2. MASIMO CORP	68.1	65.9
3. ORSTED AS	72.3	38.1
4. FORTIVE CORP	67.9	24.6
5. CRODA INTERNATIONAL PLC	71.3	36.6
6. PTC INC	65.3	38.0
7. EDWARDS LIFESCIENCES CORP	64.1	81.3
8. FIRST REPUBLIC BANK/CA	65.3	82.6
9. WORKDAY INC	63.3	18.1
10. TERADYNE INC	74.1	38.5

Bottom 10 ESG Detractors to Overall Score

	Insight	Momentum
1. BLACKSTONE GROUP INC/THE	51.0	35.9
2. AMAZON.COM INC	50.2	60.9
3. INTERCONTINENTAL EXCHANGE INC	49.5	72.9
4. ROCHE HOLDING AG	50.5	40.5
5. ILLUMINA INC	51.0	44.9
6. PAYPAL HOLDINGS INC	49.7	70.2
7. INTUIT INC	50.4	24.5
8. MICROSOFT CORP	47.8	32.0
9. ALPHABET INC	46.0	59.8
10. TJX COS INC/THE	35.9	13.9

*From Q4 onwards we have moved to the latest and enhanced version of Truvalue Labs data.
Please see supplementary note on the Client portal for more detail.

* Position 1 is the top contributor/detractor.

0 50 100

Weighted Average ESG Score	2021 Q1	2021 Q2
Portfolio	59.2	59.2
MSCI ACWI	53.7	54.2

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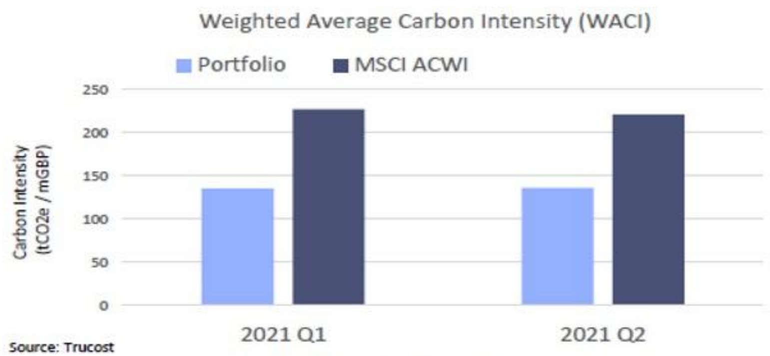
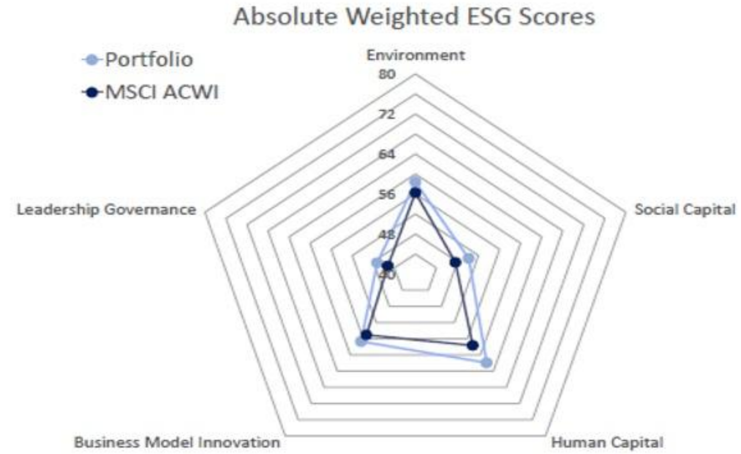


Source: Trucost

Extractive Exposure

	Total Extractive Exposure[1]		Extractive Industries (VOH)[2]	
	Q1	Q2	Q1	Q2
Portfolio	2.9	3.0	3.8	3.7
MSCI ACWI	3.0	2.8	7.7	7.3

1 Extractive revenue exposure as share (%) of total revenue.
2 Value of holdings(VOH)-companies who derive revenues from extractives.
Source: Trucost



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Brunel Assessment:

- **Microsoft** (Technology) was victim to several sophisticated widespread hacks, the U.S. government and Western allies claim these have originated from Russia and China. Microsoft launched a new product, Cloud for Sustainability, to help companies track their carbon emissions.
- **TJX** (Consumer goods) are facing a lawsuit for breaching California's Consumer Privacy Act by sharing customer data with third-party software firms. The suit claims arbitration terms were buried in hard-to-find fine print on their website.
- **Croda International** (Chemicals) has committed to Net Zero and having a 1.5°C Science Based Target. Croda has committed to reduce Scope 1 and 2 emissions by 46% from a 2018 baseline. as well as reduce its upstream Scope 3 emissions by 13.5% through collaboration within its supply chain.
- **Workday** (IT & Software Services) has introduced a new enterprise cloud application for HR leaders to advance belonging and diversity initiatives. The offering will measure relative performance and outcomes across talent acquisition and development to identify the highest opportunities for positive change.

80% of the bottom 10 ESG detractors are covered by engagement or specific voting activities.
As expected from this Sustainable Portfolio, the carbon intensity and exposure to extractive industries are significantly below benchmark. The Portfolio has considerably higher ESG scores compared to its Benchmark across Environment, Social and Human Capital categories.

Brunel UK Active Equity

BRUNEL
Pension Partnership

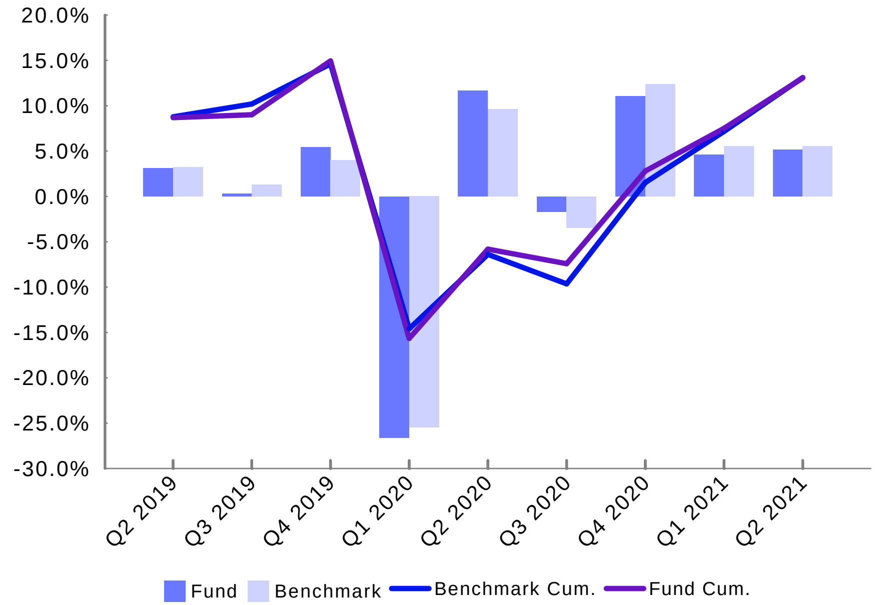
Overview

	Description
Portfolio Objective:	Provide exposure to UK Equities, together with enhanced returns from manager skill.
Investment Strategy & Key Drivers:	Skilled managers will create opportunities to add long term value through stock selection and portfolio construction.
Liquidity:	Managed level of liquidity. Less exposure to more illiquid assets.
Risk/Volatility:	High absolute risk with moderate relative risk, around 4% tracking error.
Total Fund Value:	£1,512,303,849

Performance to Quarter End

Ann. Performance	Fund	BM	Excess
3 Month	5.2%	5.5%	-0.4%
Fiscal YTD	5.2%	5.5%	-0.4%
1 Year	20.0%	20.8%	-0.8%
3 Years			
5 Years			
10 Years			
Since Inception	4.9%	4.9%	0.0%

Rolling Performance*



* Partial returns shown in first quarter

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The FTSE All-Share Index excluding Investment Trusts returned 5.5% over the quarter, very similar to the 5.6% return the previous quarter. However, in contrast to the previous quarter, UK equities underperformed global developed market indices. This can be partly explained by the differing sector makeup of the UK equity market. The Technology sector was a key driver of global equity returns and the UK index is under-represented in Technology compared to US and European counterparts. Additionally, the Financials sector (a significant portion of the UK index) struggled, hurting the UK index more than others. Happily, the UK did benefit from the strong returns generated within Health Care. On a factor basis, the rotation into Size and Value stuttered over the quarter, as Quality outperformed, the latter benefitting from the unwinding of the reflation trade in the second half of the quarter. Size and Value remain the leading factors over the 12-month period.

Over the quarter, the portfolio returned 5.2%, underperforming the index by 0.4%. Attribution analysis shows relative fund performance was driven by the negative impact from sector allocation, whilst stock selection made a small positive contribution.
• Sector allocation detracted as the fund's largest overweight sector (Financials) was also the lowest performing sector. The fund also had a material underweight to Health Care, the best performing sector. Other large relative sector positions (overweight to Industrials, underweights to Consumer Staples,

BRUNEL
Pension Partnership

Continued Commentary

Energy and Utilities) were less impactful.
• Stock selection was marginally positive with good selection in Consumer Discretionary offsetting poorer selection in Health Care and Financials.
• On a fundamentals basis, the overweight to earnings quality benefitted, whilst the overweight to small cap was neutral and the underweight allocation to dividend yield (proxy for value) detracted.

At the manager level, Invesco outperformed the index by 0.3% whilst Bailie Gifford underperformed by 1.3%.
• Invesco's quantitative factor strategy and more risk managed approach held up well during the quarter and, of the targeted factors, Value and Momentum contributed positively on a relative basis whilst Quality modestly detracted.
• Baillie Gifford's underperformance of 1.3% resulted from both sector allocation (as their significant overweight to Financials and underweight to Health Care both hurt) and stock selection. Stock selection in Health Care was poor as two large constituents in the index (Astra Zeneca and GSK) were not held and returned over 19% and 11% respectively. Other notable detractors included Trainline, which fell 36% after a proposal by the Williams Review for a new entity to launch a centralised online ticketing service took investors by surprise. Significant overweight positions in Ashtead and St. James's Place, which returned 24% and 19% respectively, helped to partially offset the poorer-performing names.

Fund performance since inception is in line with the index. The performance trend since the Covid pandemic saw the portfolio perform strongly in the two quarters following the start of the pandemic, but then underperform over the last three quarters, in particular struggling in the Value rebound in Q4 2020, which is not unexpected given the longer-term characteristics of the portfolio.

The UK equity market continues to see structural change.
• We are currently seeing an increase in the amount of corporate activity in the UK market. In particular, private equity buyout activity is at raised levels as investors seek to take advantage of the lower valuations within the UK compared to other developed equity markets.
• The FCA published proposals on 5 July to reform rules for company listings, in response to the Hill recommendations. They propose to allow those founders who remain executives to control 50% of the voting power while holding 5% of the total shares, for up to five years. The proposals also reduce the minimum proportion of shares offered from 25% to 10% (Hill recommended 15%), whilst raising the minimum market capitalisation for new companies to £50m, compared to £700k now. It remains to be seen how such changes would impact the longer-term decline in UK listings. Following a consultation period, any changes are expected to be in place by the end of the year.

Brunel UK Active Equity – Region & Sector Exposure

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Top 20 Holdings

	Mkt. Val.(GBP)
ASTRAZENECA PLC	60,927,199
RIO TINTO PLC	59,823,142
BHP GROUP PLC	52,218,200
UNILEVER PLC	51,799,041
DIAGEO PLC	42,364,305
BRITISH AMERICAN TOBACCO PLC	38,360,258
LEGAL & GENERAL GROUP PLC	34,186,351
PRUDENTIAL PLC	30,252,429
BAILLIE GIFFORD BR SM-C-ACC	29,829,144
HIKMA PHARMACEUTICALS PLC	29,038,086
ASHTEAD GROUP PLC	28,673,786
ST JAMES'S PLACE PLC	28,201,845
HSBC HOLDINGS PLC	26,991,260
BUNZL PLC	26,782,483
ROYAL DUTCH SHELL PLC-A SHS	26,473,939
RIGHTMOVE PLC	25,921,673
AUTO TRADER GROUP PLC	25,216,817
PERSIMMON PLC	24,524,769
BARCLAYS PLC	24,217,966
FERGUSON PLC	21,490,632

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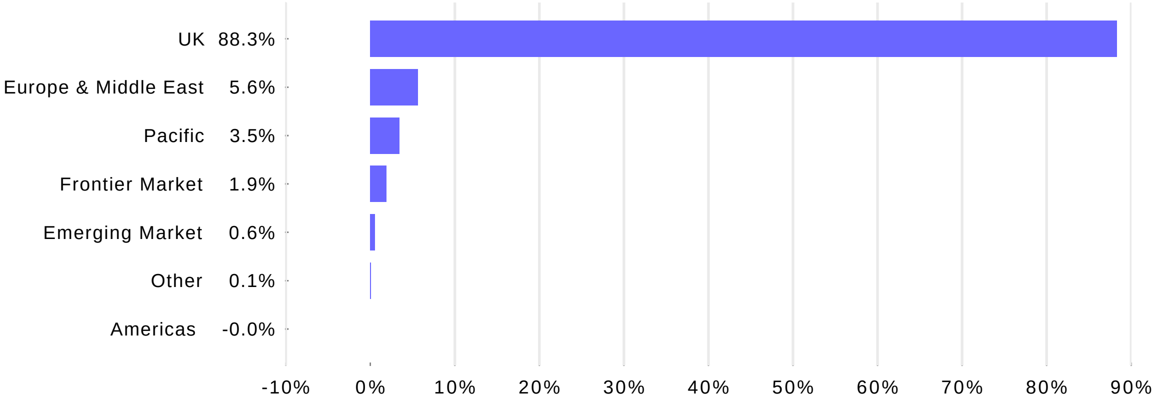
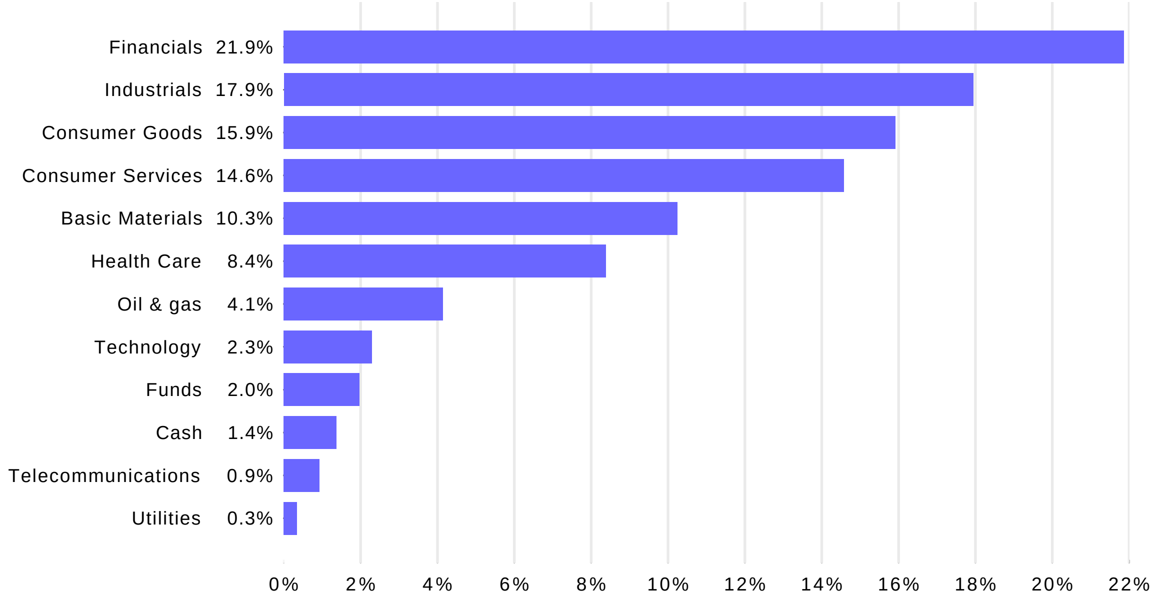
Regional Exposure



Sector Exposure



Brunel UK Active Equity – Responsible Investment

Top 10 ESG Contributors to Overall Score

	Insight	Momentum
1. AUTO TRADER GROUP PLC	71.4	28.1
2. ST JAMES'S PLACE PLC	66.5	89.7
3. LEGAL & GENERAL GROUP PLC	63.6	67.8
4. UNILEVER PLC	60.0	70.3
5. DIAGEO PLC	60.7	71.5
6. TATE & LYLE PLC	72.1	65.8
7. MELROSE INDUSTRIES PLC	66.4	25.4
8. 3I GROUP PLC	64.2	37.8
9. DRAPER ESPRIT PLC	72.5	12.3
10. MONDI PLC	69.2	76.4

Bottom 10 ESG Detractors to Overall Score

	Insight	Momentum
1. GLAXOSMITHKLINE PLC	46.0	59.8
2. IMPERIAL BRANDS PLC	48.0	68.5
3. EXPERIAN PLC	41.4	44.4
4. INCHCAPE PLC	44.0	74.4
5. BARCLAYS PLC	46.8	73.2
6. HIKMA PHARMACEUTICALS PLC	48.1	48.5
7. BRITISH AMERICAN TOBACCO PLC	49.7	60.2
8. HSBC HOLDINGS PLC	46.8	63.2
9. ASTRAZENECA PLC	48.9	28.5
10. LANCASHIRE HOLDINGS LTD	16.5	19.1

**From Q4 onwards we have moved to the latest and enhanced version of Truvalue Labs data. Please see supplementary note on the Client portal for more detail.*

* Position 1 is the top contributor/detractor.

0 50 100

Weighted Average ESG Score	2021 Q1	2021 Q2
Portfolio	55.4	56.4
FTSE All Share (ex. Inv.)	55.3	56.1

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Weighted Average Carbon Intensity (WACI)

Source: Trucost

Extractive Exposure

	Total Extractive Exposure[1]		Extractive Industries (VOH)[2]	
	Q1	Q2	Q1	Q2
Portfolio	4.4	3.5	11.2	6.8
FTSE All Sh. (ex. Inv)	5.4	4.1	16.5	14.4

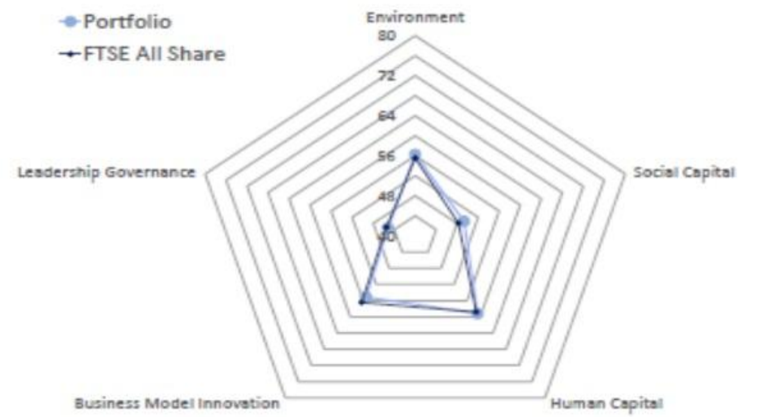
1 Extractive revenue exposure as share (%) of total revenue.
2 Value of holdings(VOH)-companies who derive revenues from extractives.
Source: Trucost

Brunel Assessment:

- **Mondi** (Resource Transformation) have secured large partnerships to replace plastic packaging with their award winning recyclable alternatives, they have become a member of the Alliance for Water Stewardship, and have partnered with IUFRO to identify science-based solutions to tackle the impact of climate change on forests.
- **Experian** (Financial Services) history of data breaches continues, a vulnerability, identified by a student, exposed the credit scores of Americans. Once alerted, Experian patched the breach.
- **Diageo** (Food & Beverage) is funding a green hydrogen scheme to produce sustainable Scotch whisky in the Highlands, partnered with Pulpex to use packaging made from pulp fibre in 2022. The company is also working with Distil Ventures on a new pre-accelerator programme dedicated to early stage founders from under-represented groups.
- **Hikma Pharmaceuticals** (Health Care) is being investigated by New York's governor for drug price rises during the pandemic. In good news CDP have recognised Hikma's environmental performance with an A- rating.

100% of the bottom 10 ESG detractors are covered by engagement or specific voting activities.
Brunel has engaged extensively to improve the carbon intensity of this Portfolio which is now significantly below its benchmark.
Since inception, carbon intensity has fallen from 210 to below 110 tCO2e/ £m.

Absolute Weighted ESG Scores



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Glossary of Terms

BRUNEL
Pension Partnership

Term	Previously referred as	Meaning
Absolute return		The actual return, as opposed to the return relative to a benchmark.
Allocation		Measures the impact of decisions to allocate assets differently from the benchmark.
Alternative Investment Fund (AIF)		An Alternative Investment Fund such as a hedge fund, private equity, real estate fund and other funds focused on alternative asset classes.
Alternative Investment Fund Managers (AIFM)		A fund manager that is authorised (full scope AIFM) or registered (if they manage AIFs with assets under management below certain thresholds) to manage AIFs such as hedge funds, private equity, real estate funds.
Alternative Investment Fund Managers Directive (AIFMD)		This is an EU law that requires each AIF managed within the scope of the Directive to have a single AIFM responsible for ensuring compliance with the Directive.
Annualised		Figures expressed as applying to one year.
Assets Under Management (AUM)		This measures the total market value of all the financial assets which a financial institution such as a mutual fund, venture capital firm, or brokerage house manages on behalf of its clients and themselves.
Attribution		Identifies the drivers of performance relative to the fund benchmark. The relative return is decomposed into two areas; Allocation and Selection.
Authorised Contractual Scheme (ACS)		An investment vehicle and fund manager, based in the UK, that allows LGPS pension funds or other organisations with money to invest alongside each other - while keeping a clear record of who owns what.
Benchmark Return		Expected return based on market indices as dictated by the fund strategy.
Brunel Board	Brunel Manager Board	Board of executive and non-executive directors, leading the Brunel company.
Brunel		Brunel Pension Partnership - The FCA-authorised investment manager entity that manages the pooled investments.
Brunel Executive Directors **(ED)**		The Executive Directors are responsible for overseeing the delivery of the Brunel objectives.

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Glossary of Terms

Term	Previously referred as	Meaning
Brunel Pension Partnership Limited **(Brunel)**		One of the eight LGPS Pools in England & Wales. A FCA regulated company, wholly owned by the Administering Authorities, and responsible for implementing the asset allocation strategies of the Brunel Funds by investing Fund assets within defined 'portfolios'. In particular, it will research and select the investment funds needed to meet the requirements of the detailed Strategic Asset Allocations. These investment funds will be operated by professional external investment managers. Brunel Pension Partnership [c£30bn: Avon, Buckinghamshire, Cornwall, Devon, Dorset, Environment Agency, Gloucestershire, Oxfordshire, Somerset, Wiltshire]
Chief Finance Officer **(CFO)**		A corporate officer primarily responsible for managing the financial risks of the corporation. This officer is also responsible for financial planning and record-keeping, as well as financial reporting to higher management. In the Local Authorities this is the S151 officer.
Chief Legal Officer **(CLO)**		The chief lawyer of the legal department, usually in a company or a governmental department who minimizes its legal risks by advising the company's other officers and board members on any major legal and regulatory issues the company confronts, such as litigation risks. In the Local Authorities this is the Monitoring Officer.
Collective Investment Scheme **(CIS)**		This is an investment scheme wherein several individuals come together to pool their money for investing in a particular asset(s) and for sharing the returns arising from that investment as per the agreement reached between them prior to pooling in the money.
Creation, Amendment and Deletion policy **(CAD policy)**		Brunel procedure for creation, amendment and deletion of portfolios
Cross Pool Collaboration Group **(CPCG)**		A collaborative group across the eight UK LGPS pools

Glossary of Terms

Term	Previously referred as	Meaning
Deloitte		Auditors, appointed to provide internal audit services to Brunel
Duration		The weighted average time to payment of cashflows (in years), calculated by reference to the time and amount of each payment. It is a measure of the sensitivity of price/value to movement in yields.
Environment, Social and Governance **(ESG)**		A subset of non-financial performance indicators used by investors to evaluate corporate behaviour and to determine the future financial performance of companies.
Full Business Case **(FBC)**		Strategic, financial, economic, commercial and management case.
Finance and Legal Assurance Group **(FLAG)**		Finance and Legal Assurance Group (with membership of each AAs equivalent to Chief Finance Officer (CFO) and Chief Legal Officer (CLO)) will sponsor the changes in the Funds and the arrangements for governance of the Brunel company.
Financial Conduct Authority **(FCA)**		This is a financial regulatory body in the United Kingdom, which operates independently of the UK government and is financed by charging fees to members of the financial services industry.
Freedom Of Information Request **(FOI)**		The Freedom of Information Act (FOIA) gives individuals the right to request access to recorded information held by public sector organisations.
Fund Manager		An organisation that provides investment products
FundRock		FundRock is a leading third party UCITS Management Company, Alternative Investment Fund Manager, Authorised Corporate Director and Authorised Contractual Scheme (ACS) Operator. FundRock serves as Brunel's ACS operator.
Fund Return		The total return achieved by the fund or asset class over the period. The return is obtained using the following equation on a monthly basis: ((capital gain/loss + income) / average balance) * 100
Grant Thornton		Auditors appointed to provide external audit services to Brunel
INALYTICS		An investment transition advisor procured by Brunel to initially advise on the passive equities transition

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Term	Previously referred as	Meaning
Institutional Investors Group on Climate Change **(IIGCC)**		The Institutional Investors Group on Climate Change (IIGCC) is a forum for investors to collaborate on climate change. IIGCC's mission is to mobilise capital for the low carbon future by amplifying the investor voice and collaborating with business, policymakers and investors. IIGCC provides investors with a collaborative platform to encourage public policies, investment practices, and corporate behaviour that address long-term risks and opportunities associated with climate change.
Investment Management Agreement **(IMA)**		The contract with a fund manager
Investment Strategy Statement **(ISS)**	Replaces the Statement of Investment Principles	A document that replaces the Statement of Investment Principles under the 2016 LGPS (Management and Investment of Funds) Regulations. Administering Authorities are required to prepare and maintain an ISS documenting how the investment strategy for the fund is determined and implemented, including its approach to pooling.
Know Your Customer **(KYC)**		The process of a business identifying and verifying the identity of its clients. The term is also used to refer to the bank regulation which governs these activities.
Legal & General Investment Management **(LGIM)**		Investment management firm
Local Government Association **(LGA)**		This is an organisation which comprises local authorities in England and Wales. The LGA seeks to promote better local government; it maintains communication between officers in different local authorities to develop best practice. It also represents the interests of local government to national government.
Local Authority Pension Funds Investments **(LAPF)**		A magazine for local authority pension investment specialists.
Local Authority Pension Fund Forum **(LAPFF)**		The collaborative shareholder engagement group for local authority pension funds. The Forum provides a unique opportunity for Britain's local authority pension funds to discuss investment issues and shareholder engagement.
Local Government Pension Scheme **(LGPS)**		This is a nationwide scheme and is a valuable part of the pay and rewardpackage for employees working in local government or working for otheremployers participating in the Scheme and for some councillors.

Glossary of Terms

BRUNEL
Pension Partnership

Term	Previously referred as	Meaning
Local Government Pension Scheme **(LGPS)**		The Scheme is administered locally for participating employers through 99 regional pension funds
LGPS (Management and Investment of Funds) Regulations 2016 (Investment Regulations)	Draft LGPS (Management and Investment of Funds) Regulations 2016	Regulations 2016 (Investment Regulations) that came into effect 1 November 2016.
LGPS Code of Transparency (Transparency Code)		A move toward investment fee transparency and consistency, and part of the government's criteria for pooling investments.
Market volatility		The impact of the assets producing returns different to those assumed within the actuarial valuation basis, excluding the yield change and inflation impact.
Markets in Financial Instruments Directive II **(MiFID II)**	MiFID	MiFID is the European Union (EU) legislation that regulates firms who provide services to clients linked to 'financial instruments' (shares, bonds, units in collective investment schemes and derivatives), and the venues where those instruments are traded. MiFID applied in the UK from November 2007, and was revised by MiFID II, which took effect in January 2018. MiFID II is made up of MiFID (2014/65/EU) and the Markets in Financial Instruments Regulation (MiFIR - 600/2014/EU).
Money-weighted rate of return		The rate of return on an investment including the amount and timing of cashflows.
Portfolio	Fund	The grouping of the asset types to be available for funds. For example, Global Equities Core, Hedge funds, UK Gilts, LDI.
Portfolio group		The higher level category of asset types. For example, equities, alternatives, fixed interest.
Relative return		The return on a fund compared to the return on index or benchmark. This is defined as: Return on Fund minus Return on index or Benchmark.
Selection		Measures the impact of performance at asset class or manager level in relation to the overall fund.

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Glossary of Terms

Term	Previously referred as	Meaning
Time-weighted rate of return		The rate of return on an investment removing the effect of the amount and timing of cashflows.
Yield (Gross Redemption Yield)		The return expected from a board if held to maturity. It is calculated by finding the rate of return that equates the current market price to the value of future cashflows.

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BRUNEL

Pension Partnership

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OXFORDSHIRE COUNCIL PENSION FUND – 10 SEMPTEMBER 2021

OVERVIEW AND OUTLOOK FOR INVESTMENT MARKETS

Report by the Independent Financial Adviser

Economy

1. Although 2021 growth forecasts for US, UK and the Eurozone have been increased, lockdowns have been imposed in many countries because of the spread of the Delta Variant, and vaccination rates outside the rich countries are still very low.

Consensus real growth (%)						**Consumer prices latest (%)**
	2017	**2018**	**2019**	**2020**	**2021E**	
UK	+1.6	+1.4	+1.4	-9.9	+5.7 (+5.1)	+2.5 (CPI)
USA	+2.3	+2.9	+2.3	-3.6	+6.0 (+5.5)	+5.4
Eurozone	+2.3	+1.9	+1.2	-7.6	+4.4 (+4.1)	+2.2
Japan	+1.7	+0.7	+0.7	-5.3	+2.2 (+2.7)	+0.2
China	+6.8	+6.6	+6.1	+1.9	+8.5 (+8.5)	+1.1

[2021 estimates: Economist Intelligence Unit. 'Economist' August 7th, 2021]

2. While the annual rate of inflation has risen in all regions - and is expected to reach 4% in UK and US this year - central banks are treating this as a transitory phenomenon and are not currently planning to raise interest rates or slow down the pace of their bond purchases. The European Central Bank has adjusted its inflation target to be close to 2% *either above or below,* whereas previously 2% was the ceiling.

3. In the US, President Biden's $1trn infrastructure bill has received the agreement of Congress, but the proposed $1.8trn social security bill has still to make its way through the legislative process.

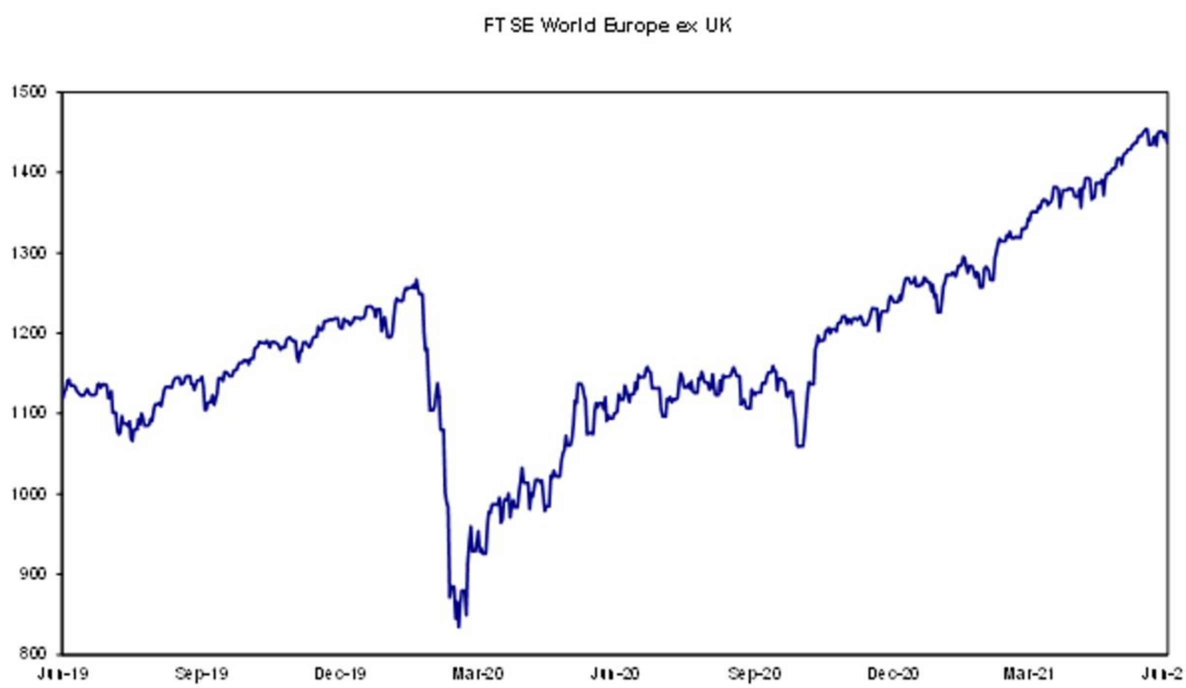
Markets

Equities

4. Global Equities gained ground for the fifth successive quarter, led once more by North America, although Continental Europe also reached new peak levels (see graph below). Within Emerging Markets, Korea and Taiwan have each gained nearly 50% in the past year, and India more than 40%, while China is only 12% ahead.

	Capital return (in £, %) to 30.6.21			
Weight %	Region	**3 months**	**12 months**	**36 months**
100.0	**FTSE All-World Index**	**+6.7**	**+22.6**	**+35.9**
59.9	FTSE All-World North America	+8.3	+25.3	+52.2
6.6	FTSE All-World Japan	-0.7	+9.6	+10.2
13.7	FTSE All-World Asia Pac ex Japan	+3.5	+23.1	+25.5
13.4	FTSE All-World Europe (ex-UK)	+6.9	+19.9	+23.1
4.0	FTSE All-World UK	+4.8	+14.5	-7.7
11.3	FTSE All-World Emerging Markets	+4.3	+21.6	+23.7

[Source: FTSE All-World Review, June 2021]



5. Of the market sectors, Technology has continued to lead the way, with Energy, Industrials and Basic Materials also strong in the past quarter.

	Capital return (in £, %) to 30.6.21		
Weight %	**Industry Group**	**3 months**	**12 months**
4.0	Basic Materials	+5.2	+31.4
22.9	Technology	+11.0	+31.2
13.4	Industrials	+5.5	+30.5
14.0	Financials	+4.7	+23.8
6.1	Consumer Staples	+4.1	+23.5
100.0	**FTSE All-World**	**+6.7**	**+22.6**
3.7	Energy	+7.6	+20.2
15.6	Consumer Discretionary	+5.2	+18.8
11.2	Health Care	+8.8	+8.2
3.4	Telecommunications	+3.0	+3.7
2.8	Utilities	- 0.8	+0.7
2.9	Real Estate	+7.3	N/A

[Source: FTSE All-World Review, June 2021]

6. The strength in the FTSE 250 and Small-Cap indices in the past 12 months has been largely driven by the recovery in previously depressed sectors such as Retail, Travel and Leisure, as well as a surge in parts of the Financials sector.

(Capital only %, to 30.6.21)	3 months	12 months	36 months
FTSE 100	**+4.8**	**+14.1**	**- 7.8**
FTSE 250	**+4.0**	**+30.7**	**+7.4**
FTSE Small Cap	**+8.3**	**+46.5**	**+24.9**
FTSE All-Share	**+4.8**	**+17.7**	**-4.5**

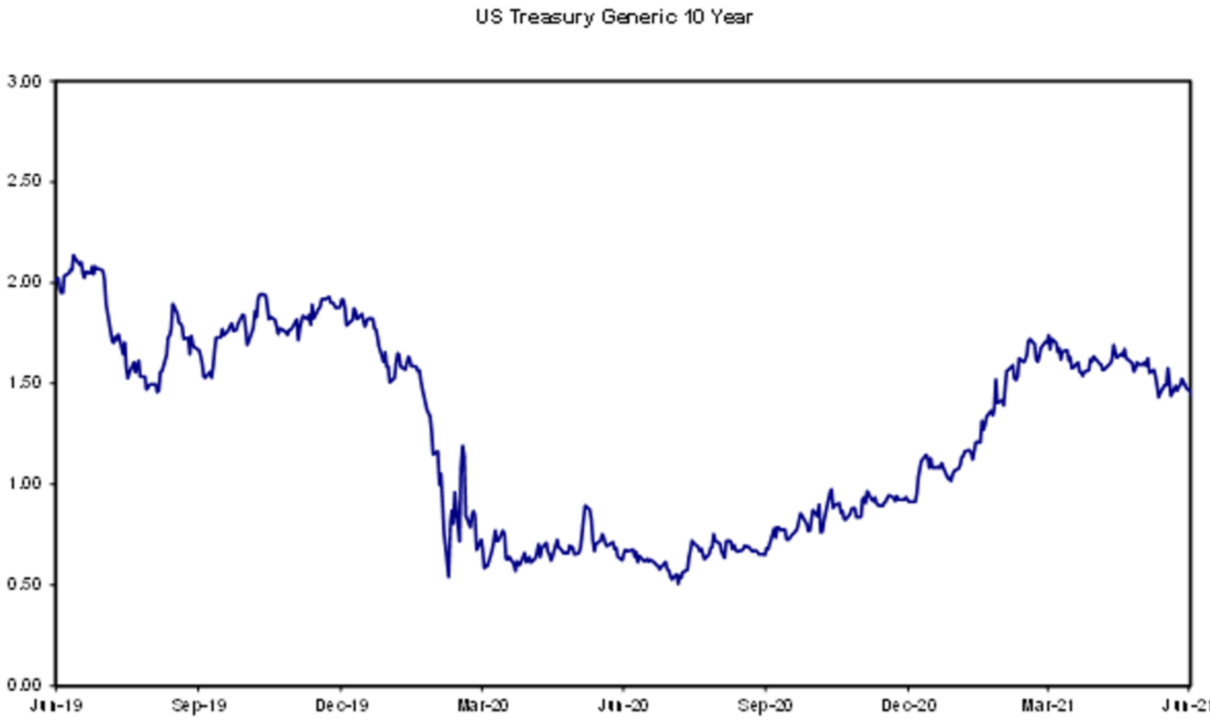
[Source: Financial Times]

Bonds

7. Although medium-term inflation expectations in the US remained above 2.5%, US Treasury bonds *strengthened* during the quarter, and this trend continued in July. UK and European sovereign bonds also partially reversed their previous declines.

10-year government bond yields (%)					
	Dec 2018	**Dec 2019**	**Dec 2020**	**Mar 2021**	**June 2021**
US	2.68	1.92	0.92	1.72	1.44
UK	1.14	0.73	0.20	0.84	0.72
Germany	0.24	-0.19	-0.58	-0.01	-0.21
Japan	-0.01	-0.02	0.02	0.01	0.05

[Source: Financial Times]



Non-Confidential

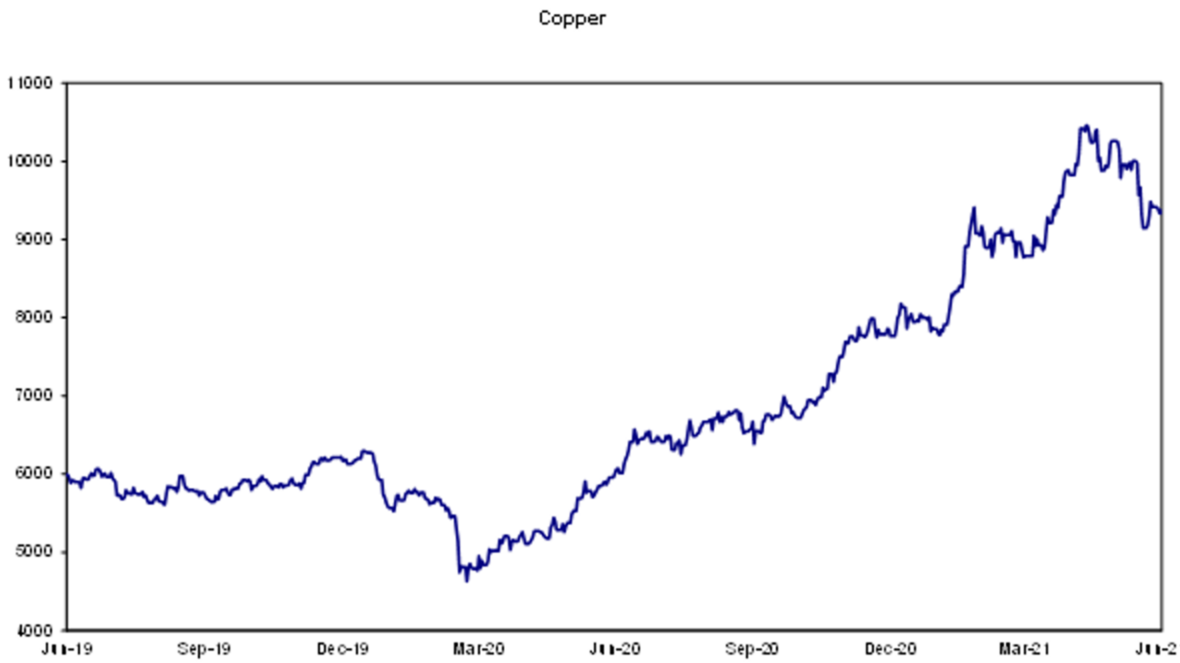
Currencies

8. The pound briefly moved above $1.40, but then retreated and ended the quarter virtually unchanged against the major currencies.

				£ move (%)	
	30.6.20	**31.3.21**	**30.6.21**	**3m**	**12m**
$ per £	1.236	1.38	1.381	0.0	+11.7
€ per £	1.100	1.174	1.165	-0.8	+5.9
Y per £	133.3	152.46	153.33	+0.6	+15.0

Commodities

9. The oil price rose from $64 to $75 during the quarter, but fell back in July after the main oil-producing countries agreed to increase production by 400,000 barrels/day each month to meet the increasing demand. Copper reached a 10-year high of $10,000 per tonne at the end of April, but then fell back to its end-March level (see graph).



Property

10. Capital values in UK Property stabilized during the 2nd quarter, and with the weak 2nd quarter of 2020 dropping out of the calculation, 12-month returns were much healthier. Total returns over the past 3 and 12 months in the UK Balanced Funds category (in %) were:

	3 months	12 months
Top quartile	**+4.5**	**+10.2**
Median	**+4.0**	**+ 8.3**
Lower quartile	**+3.0**	**+ 7.3**

[Source: Association of Real Estate Funds, June 2021].

Outlook

11. The coronavirus pandemic remains a major threat; in many lesser-developed countries the vaccination rate is extremely low, while the spread of the Delta Variant continues to require lockdowns in regions where the virus was thought to have been contained.

12. In the US and Europe, the progress of inflation during 2021 remains the great unknown. Central banks are assuming the rise will be a temporary phenomenon, caused by resurgent consumer demand meeting supply which is hampered by bottlenecks in industrial materials and by labour shortages in certain sectors. This uncertainty is likely to continue into the fourth quarter of 2021 before the situation becomes clearer. The response of central banks will crucially determine investor sentiment in both equity and bond markets.

Peter Davies
Senior Adviser – MJ Hudson Investment Advisers

August 10th, 2021
[Graphs supplied by Legal & General Investment Management]

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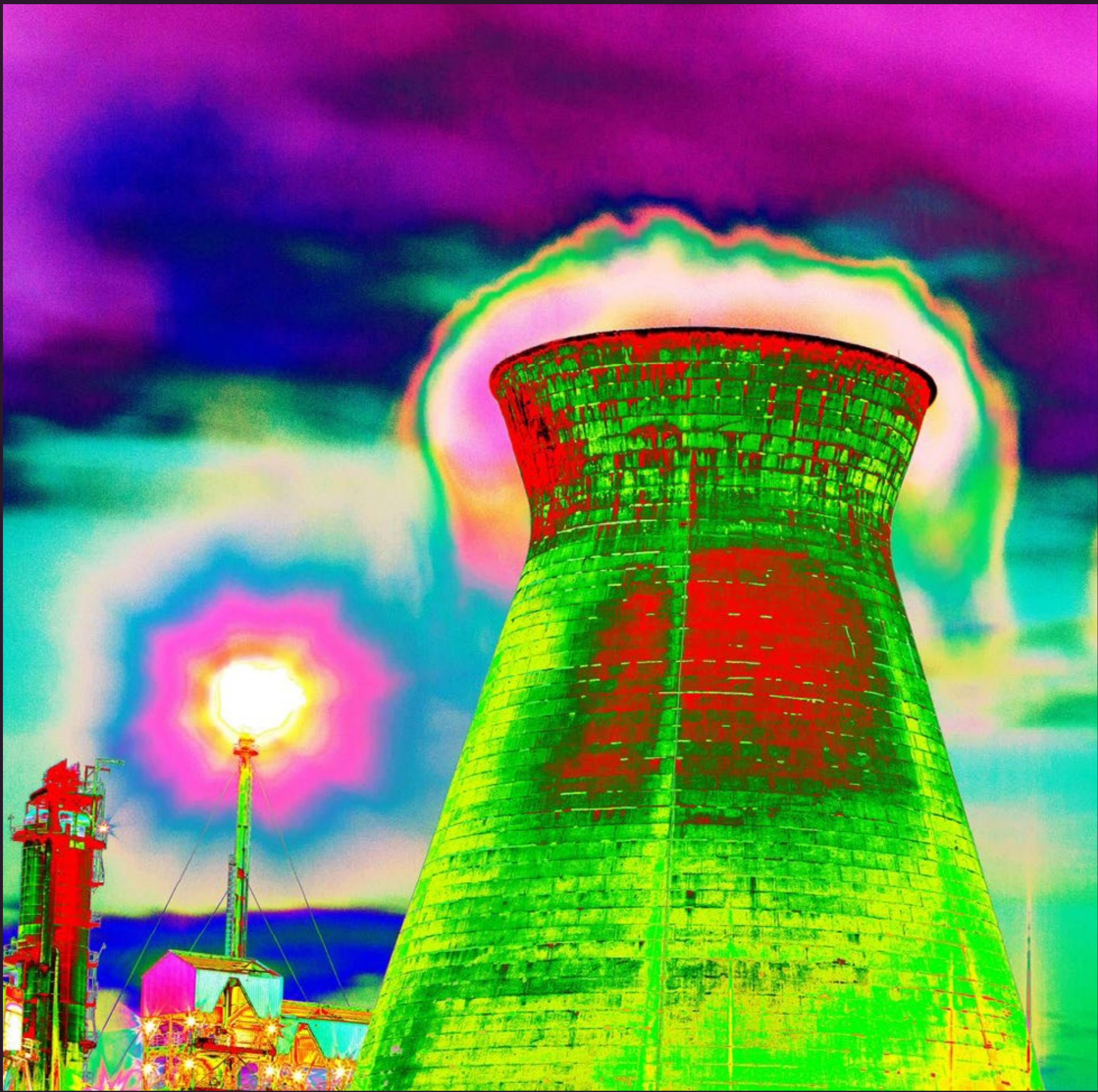

Quarterly Engagement Report

April-June 2021

Local Authority Pension Fund Forum

Shell, Exxon, ArcelorMittal, National Grid, Tesco, Hanwha

CLIMATE EMERGENCY

Shell Pushed to the Brink on Climate

Objective: LAPFF has engaged with Shell for many years, including as a participant in the CA100+ initiative. The objective has been to see a clear and credible business transition path towards net zero by 2050, with appropriate reductions in all emissions prior to 2050 in order to reach that goal.

Achieved: LAPFF is a member of CA100+ and the Shell engagement group, and along with several other members was concerned about the commitment Shell had to becoming net zero. The two lead engagers entered into a non-disclosure agreement with the company, therefore privy to Shell's approach whilst unable to inform other members of the group until after the public statements in support were made. Shell's approach was released in February 2021. LAPFF had however analysed what was said perhaps more fully and sceptically than others, and LAPFF recommended voting against Shell's climate transition resolution and for the resolution of campaign group Follow This.

The Shell resolution at the 18 May AGM passed with 11% opposition, but 30% of voting shareholders voted in favour of the Follow This resolution. However, on 26 May a Dutch Court concluded that Shell's plans were inadequate on each of the points that LAPFF had highlighted. These were:

- that the small print showed the proposal was not incorporated into operating plans or budgets and that these things would only occur when Shell's customers had made adjustments;
- that the proposals for Carbon Capture and Storage and Nature Based solutions were ill-defined (as well as not in budgets or operating plans);
- that emissions were based on discredited "intensity" measures rather than absolute emissions; and
- that there were no targets for emissions reduction by 2030.

In consequence the Court has required that Shell reduce its global absolute emissions by 45% by 2030 with reference to 2019 emissions in order to begin to meet Paris goals.

In Progress: The company has indicated it intends to appeal the judgment. The current plan from LAPFF is to engage with the incoming chair, Sir Andrew Mackenzie. A key issue for discussion is why LAPFF and the Courts were able to draw the same conclusion despite a considerable public relations effort to push the opposite. The key lesson from Shell is that LAPFF engages as part owners of the company, not default supporters of incumbent management.

CLIMATE EMERGENCY

Media coverage - LAPFF urges member funds to oppose Shell climate strategy - *Pensions Age Magazine*
UK public pension forum recommends vote against Shell on climate - *News, IPE*
Pension Forum LAPFF Recommends Members Vote Against Shell Climate Plan - *ESG Today*
UPDATE 2-Shell climate plan should be opposed at AGM -funds group - *Reuters*
UK pensions group recommends members oppose Shell's climate strategy at AGM - *Nasdaq*
Shell climate plan should be opposed at AGM - funds group - *Euronews*
Shell Climate Plan Should Be Opposed At AGM Says Funds Group - *Checkout*

Exxon Board Overhauled

Objective: Exxon has for years been a poster child for climate change denial, despite evidence that extensive Exxon research had identified the harmful effects of climate change decades ago. Consequently, investors – including LAPFF – have voted for a number of years now to overhaul the Exxon board.
Achieved: The requests from LAPFF to meet with members of the Exxon board were consistently fobbed off, including as recently as the spring of this year. In light of these refusals, it was not a difficult decision to issue advice to back a slate of four directors proposed by hedge fund Engine No.1 and vote against the election of other members.

The first signs that things were not going the way the company would like was an unscheduled one and a half hour gap in the company's AGM on 26 May. At the time of writing, the votes have still not been fully counted and announced. However, Exxon has stated that three of the Engine No. 1 candidates have been elected to the board and three of the board nominated candidates were not.
In Progress: In light of this tremendous result of shareholder activism, LAPFF hopes to be able to engage with new board members.

Say on Climate Ramps Up

Objective: LAPFF has been speaking with Sir Chris Hohn, of The Children's Investment Fund Management, who came up with an idea to press companies to put their climate plans and strategies to vote at AGMs in much the way that say on pay votes take place currently. The goal of this initiative is to allow shareholders the opportunity to hold all companies more accountable for their carbon management activities, not just those with high carbon emissions.

Sir Chris Hohn, of The Children's Investment Fund Management,

Achieved: While there have been mixed views on this initiative, there have been a number of positive outcomes from these votes. For example, LAPFF was able to use Shell's say on climate resolution to express significant concerns about the company's climate plans. It is also putting pressure on companies that did not bring such resolutions to their AGMs this year to do so next year. Anglo American announced at its 2021 AGM that it will bring an advisory resolution on its climate plans to the 2022 AGM, joining a number of other companies making this commitment. Finally, this initiative is driving clarity for investors on how to assess company climate initiatives. Several organisations have come together to rate company plans on a number of factors, such as targets and strategy, in particular the Climate Action 100+ benchmark. These analyses help investors to understand and evaluate company climate plans in a systematic and strategic manner.
In Progress: Some commentators have expressed concern that the Say on Climate initiative misses the mark and deflects attention from real action, such as voting out board directors. However, we have seen this year with the Exxon board debacle that investors can do both and indeed the Say on Climate initiative emphasizes the fact that 'annual shareholder votes on climate transition action plans are complementary to other votes on critical climate matters, such as disclosure, audit and other board votes. As this initiative develops and investors gain a better sense of what to ask of companies, it seems likely that say on climate resolutions will be an important tool in the arsenal of responsible investors seeking to press companies in the right direction on climate.

National Grid

Objective: A meeting was held with National Grid representatives as part of the ESG roadshow the company is undertaking prior to the July AGM. LAPFF Vice Chair Cllr Rob Chapman, together with other lead CA100+ investors, met with Steve Thompson, Environmental Sustainability Manager and Nick Ashworth Director of Investor Relations. The primary objective for LAPFF was to assess company progress against the CA100+ benchmark in anticipation of questions to put to the chair prior to the 2021 AGM and the resolution for an advisory vote on the group net zero transition plan, ie. a 'say on climate' vote.
Achieved: The company has now set a new Scope 3 target to reduce carbon emissions 37.5% below the 1990 baseline by 2034, up from the previous target of 20% by 2030. This target is aligned with the science-based targets initiative. Scope 3 emissions are by far the largest proportion of the company's emissions, and, having signed up to the science-based targets initiative, it is welcome to see this amended mid-term concrete target. Although National Grid is buying WPD Group, the UK's largest electricity distribution business, it is still devoting attention to including hydrogen in the domestic gas supply. Concerns were raised about this focus and the potential of locking in stranded assets.
In Progress: A meeting is scheduled with the new chair, Paula Rasput Reynolds in July, prior to the late July AGM.

ArcelorMittal

Objective: At a meeting in May, Cllr Chapman led a collaborative investor meeting to ascertain if there was an increased focus on hydrogen as opposed to processes reliant on carbon capture

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and storage (CCS) to ensure all procedures were in place to input questions to the AGM, and to ask if the company would consider a 'say on climate' vote at its 2022 AGM.
Achieved: Company representatives indicated there had always been an emphasis of hydrogen, even if it wasn't reported in that way and the recent separation of hydrogen and 'smart carbon' in their reporting showed this. However, more information was provided on ArcelorMittal's electrolysis technology, the company's Siderwin project on which it is collaborating with 11 partners, which shows a lot of potential. The company agreed to liaise on AGM arrangements. Subsequent to this, LAPFF received correspondence indicating that the CA100+ benchmark would be referenced in their next Climate Action report.
In Progress: The second group-wide Climate Action report has been much delayed but is due to be published around the end of June, after which a further meeting will be sought.

Mining and Human Rights

Objective: During the quarter, LAPFF aimed to raise the link between human rights and financial performance at mining companies. The impetus for this angle on the engagement has come from speaking with mining companies for whom law suits and fines spanning many years persist and grow while human rights issues remain unresolved.

BHP and Vale are examples of this problem. BHP is facing protracted litigation in the UK over its role in the Samarco dam collapse in Brazil, and both BHP and Vale are facing fines of one million Reais a day for each day they fail to make adequate and complete reparations to the victims of the Samarco dam collapse. Rio Tinto is also facing threats of billions of dollars in losses at its Oyu Tolgoi operation in Mongolia, in part because of poor relations with affected community members. And Anglo American is facing a class action lawsuit for alleged lead poisoning in Zambia that stems back to 1925, as well as continued operational problems at Cerrejon, its joint venture in Colombia with BHP and Glencore. (Just to note, Anglo American and BHP have recently withdrawn from this joint venture).
Achieved: Consequently, LAPFF asked a question at the Rio Tinto AGM about whether the company would be willing to quantify the financial cost of its social failures. Noting the complexities in doing so, it would be helpful for investors to understand some of the financial consequences of mining companies' social failings in order to make clear that they are losing money when companies do not respect human rights and broader social issues in their operations.

LAPFF has also raised this issue with BHP and Vale in engagement meetings. For example, LAPFF issued four questions on behalf of affected community members that asked for the financial

Some of Rio Tinto's problems
Top: The lead smelting plant at Kabwe, Zambia, one of the ten most polluted places in the world
Right: Affected communities in the Oyu Tolgoi operation in Mongolia
Below: Protests against its joint venture in Colombia with BHP and Glencore

COMPANY ENGAGEMENT

implications of various actions Vale has had to take in response to the Mariana and Brumadinho dam collapses in Brazil. These financial implications are important not least because the Renova Foundation, the joint venture between BHP and Vale established to make reparations after the Mariana dam collapse, has spent 13.1 billion Reais to date, according to its website, with very little progress on housing by all accounts. A meeting with the Renova CEO in late June suggested that he was optimistic that house building and resettlement would speed up in the coming months.

In June, LAPFF Chair, Cllr Doug McMurdo, met with Rio Tinto's new CEO, Jakob Stausholm, who replaced Jean-Sebastian Jacques after the company's destruction of the caves at Juukan Gorge in Western Australia last year. The discussion covered Mr. Stausholm's vision for company culture at Rio Tinto post-Juukan Gorge. Cllr McMurdo also met with Anglo American CEO, Mark Cutifani, to ask about Mr. Cutifani's visit to Cerrejon, a site that lost 91 production days during 2020 due to a strike. This meeting followed a webinar with workers at Cerrejon who cited deplorable working conditions at the mine and a webinar last quarter with community members affected by the mine who cited a litany of human rights and environmental violations associated with the project. In fact, these groups have filed a complaint with multiple National Contact Points of the OECD to complain about the conditions stemming from the mine's operations.

Glencore and BHP also faced implications from the OECD complaint regarding Cerrejon, but it has been announced that Anglo American and BHP have sold their shares in the joint venture to Glencore. These sales were announced just days after Cllr McMurdo met with both Glencore Chair, Tony Hayward, and BHP Chair, Ken MacKenzie. Glencore's on-going litigation around compliance was discussed, and Cllr McMurdo once again pressed Mr. MacKenzie on the ESG failings of joint ventures, including the financial implications for investors of these failings.

In Progress: LAPFF will continue to drive home the link between social and environmental failures by mining companies and poor or reduced long-term financial returns for investors. It is clear that making this link for companies and investors alike will take some time, especially given that mining companies just announced unprecedented dividends this AGM season in the midst of Covid and serious on-going human rights and environmental problems, but this issue will come home to roost eventually. The clearest link for both companies and investors on this point appears to be the struggles that companies have with joint ventures, so LAPFF is continuing to push on this point whenever possible. LAPFF will also continue to track developments with house building and resettlements following the Samarco dam collapse.

Media coverage - 'Devastating': Can Rio's local boss rebuild trust after Juukan disaster? - *smh.com.au*
Rio Tinto suffers huge revolt over pay - *Financial Times - ft.com*
Investors oppose Rio Tinto pay report over rock shelter outrage - *Reuters*

LAPFF Posts Monthly Updates on Samarco Dam Collapse

Objective: One area where Brazilian community members have asked LAPFF to push in relation to reparations after the Samarco dam collapse in Brazil is on housing. Only ten houses have been rebuilt in over five and a half years in three of the main areas where houses were destroyed by the sludge released from the dam according to affected community members and the companies.
Achieved: Consequently, LAPFF has started publishing monthly updates on its website of the number of houses built over five and a half years after the dam collapse. The Forum contacts BHP and Vale, the companies involved, and the Renova Foundation, the joint venture entity responsible for reparations, and the affected communities for updated information. What quickly became clear was that the company data did not match the community data by a long way, so LAPFF has had to publish each party's data separately.
In Progress: LAPFF has now undertaken this exercise for three months, but only three houses have been built in that time according to the companies and the communities. LAPFF will continue to press for these houses to be built well, quickly, and in accordance with the needs and wishes of the affected community members.

Brazilian Investor and Community Engagements

Objective: Another area where community members affected by the Mariana and Brumadinho dam collapses asked LAPFF to help was in connecting them with Brazilian investors who could support their efforts.
Achieved: Last year, LAPFF made an initial attempt to reach out to one of the main Brazilian investors in Vale – Previ. However, it came to light that the Vale Chair at the time was also the CEO of Previ, so no progress was made on that front. Subsequently, LAPFF – through Principles for Responsible Investment (PRI) – has connected with JGP Credito, a Brazilian investment firm that has an in-house ESG team. JGP Credito has shown significant interest in engaging with the affected communities. They asked questions from affected community members at Vale's AGM on behalf of LAPFF and joined LAPFF's quarterly meeting with affected community members to get acquainted with community representatives.

LAPFF Chair, Cllr Doug McMurdo, was also invited by PRI to participate in a webinar aimed at Brazilian investors. He was asked to speak on a panel addressing the 'S' in ESG and raised a number of thoughts and issues LAPFF has encountered in its tailings dam engagements in Brazil. A well-known responsible investor in Brazil, Fabio Alperowitch, chaired the panel, and LAPFF has been corresponding with him since. Mr. Alperowitch has met with affected community representatives in Brazil after LAPFF put these two parties in touch and is looking to connect LAPFF with more Brazilian investors who might be interested in this engagement, though he suggests that responsible investors in Brazil are few and far between.
In Progress: While affected community members have expressed gratitude for LAPFF's assistance and efforts so far on their behalf, it is clear that local investors engaged on this issue would have better success. This is because they understand not just the local language but the local cultural and political levers to make progress. LAPFF will therefore continue to work on building a coalition of Brazilian investors to help take this engagement forward.

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A "pyramide of shoes" in Paris residents stacked up their old shoes in solidarity with Handicap International's bid to bring attention for demands on a global ban of anti-personnel mines and cluster bombs.

Hanwha Drops Cluster Munitions Business

Objective: In 2014, LAPFF was approached by some of its members to undertake an engagement with defence companies to ask them to stop producing and selling cluster munitions. This engagement was difficult because these companies were on government defence contracts, so the prospect of having investors carry the necessary weight to convince them to stop producing and selling cluster munitions seemed slim.

Achieved: However, about a year later, Singapore Technologies wrote to LAPFF stating that the company had ceased the production and sale of cluster munitions, in part due to pressure from LAPFF and other investors on this issue. Then, in December 2020, LAPFF began to receive emails from another company with which the Forum had engaged – Hanwha Corporation – stating that company had sold off its cluster munitions business.

The company offered meetings to investors recently, and LAPFF Executive member, Cllr Wilf Flynn, met with Hanwha representatives to discuss the company's decision to dispose of its cluster munitions business. The possibility of a say on climate resolution to next year's AGM was also discussed as it transpired that the South Korean government is keen to promote sustainability and green technology.

In Progress: LAPFF has sought clarity on whether Hanwha would be willing to put a say on climate resolution to its next AGM.

Israeli-Palestinian Engagement Continues

Objective: LAPFF approached seventeen companies in October 2020 operating in the Occupied Palestinian Territories (the Territories), seeking to raise a number of concerns based on their operations in the Territories. Subsequently, one meeting was held alongside several email communications.

Achieved: LAPFF subsequently wrote in June 2021 to sixteen of the companies initially engaged (Altice Europe N.V. has been taken private since the initial round of engagement) requesting that they undertake human rights impact assessments (HRIAs) related to their operations in the Territories. The hope is that companies operating in the Territories will understand the importance of undertaking these HRIAs, not only to highlight where the companies might be complicit in human rights infringements, but also to provide insight on potential investment risks for shareholders. The Forum also issued voting alerts for Booking Holdings Inc, TripAdvisor Inc and Expedia Group Inc, all of whom have been non-responders thus far in the LAPFF engagement. The voting alerts were issued after LAPFF met with representatives from the UN including the Office of the United Nations High Commissioner for Human Rights (OHCHR) to better understand the methodology used in producing the reports the OHCHR has issued on this issue in previous years. In February 2020, the OHCHR issued a listing of companies that are active in the Territories and that raise human rights concerns. LAPFF has based its company engagement targets on this list.

In Progress: The Forum will seek to put pressure on the companies with which it has engaged to undertake these HRIAs and will consider voting alerts on a case-by-case basis.

AGMs and Voting Alerts

Objective: Each year, LAPFF circulates voting alerts and attends AGMs of companies with which the Forum is targeting engagement. Last year and this year have been challenging on one hand and have opened opportunities on the other hand because of Covid. LAPFF has managed to attend several AGMs and to issue a number of voting alerts to date.

Achieved: LAPFF has attended AGMs this year for Rio Tinto, Barclays, Anglo American, ArcelorMittal, Shell, and Lyondell Basell so far this year. Here is a taste of a couple:

AGMS

ArcelorMittal

As the company did not have an AGM that was open to shareholders in 2020, LAPFF had pushed for more access this year. The company had put arrangements in place to allow written questions, but in the event, the widespread crash of many internet sites on the day of the AGM meant a hastily arranged zoom session gave far more open and transparent access. Aditya Mittal, the recently appointed chief executive, gave a positive response to providing an accelerated timeline for implementing hydrogen technology, saying that the company wanted to be a leader and that another announcement on hydrogen developments was imminent. In response to a request for a 'say on climate' vote at the 2022 AGM, Bruno LaFont, the lead independent director, noted that they would consult with shareholders on this.

Lyondell Basell

The LAPFF chair, Cllr McMurdo, participated in the company AGM, as part of a 'formal discussion' scheduled for the AGM by the CA100+ lead investors, which focussed on the company's performance against the CA100+ benchmark. LAPFF noted the annual forum as the best forum for understanding a broad range

COMPANY ENGAGEMENT

of shareholder views and asked the company to put its climate strategy to vote at the 2022 AGM and annually at each AGM, in effect for a 'say on climate'.

VOTING ALERTS

LAPFF has also issued several voting alerts so far this AGM season. Alerts issued have been for: Rio Tinto, HSBC, Glencore, Barclays, Shell, Facebook, Amazon, Exxon, Expedia, Trip Advisor, Booking Holdings, Mitsubishi UFJ Financial Group, and Delta Airlines. Below is some detail on a few of the alerts:

Barclays

LAPFF advised voting in favour of a resolution asking the company to implement a strategy with improved targets to phase out the provision of financial services to fossil fuel projects consistent with the Paris Agreement. A company meeting in April had indicated the criteria for investing in oil sands companies was for these companies to have a less than average carbon emission intensity by 2030, compared to other oil sands companies. The alert flagged up that it would be helpful if Barclay's next year's Annual Report disclosed the amount of fossil fuel dependent lending.

Mitsubishi UFJ Financial Group

The voting recommendation to members was to vote in favour of a resolution for the company to disclose an annual plan of the business strategy to align financing and investments with the goals of the Paris Agreement. The alert noted that the company continues to provide significant finance to fossil fuel expansion and deforestation, falling far short of Paris alignment.
Media coverage - https://www.reuters.com/business/sustainable-business/uk-pensions-group-says-backs-climate-resolution-mitsubishi-ufj-2021-06-28/

Delta Airlines

LAPFF advised members to support a resolution for Delta to evaluate and report on how the company's lobbying activities align with the Paris Agreement and how the company plans to mitigate risks presented by any such misalignment. At the AGM, the resolution passed with a majority vote.

In Progress: LAPFF will continue to issue voting alerts and attend AGMs as relevant and possible throughout the year.

Diversity Engagements and Socio-Economic Task Force

Objective: The Hampton-Alexander Review set a target of 33% representation of women on FTSE350 boards and in Executive Committees by the end of 2020. With this target in mind, LAPFF views the financial sector as a laggard in the FTSE100 in terms of gender pay gaps and female representation. LAPFF has also sought to engage on ethnic diversity and approached the City of London Taskforce on Socio Economic Diversity.
Achieved: LAPFF approached six companies in the financial services sector in the FTSE100, holding meetings with both Standard Life Aberdeen and Lloyds Banking Group. Both companies provided a detailed insight into the issues they face in championing woman and how they are tackling the gender pay gap. Lloyds Banking Group is one of the first companies in the FTSE100 to post an ethnicity pay gap report and recognises that there is work to be done in this area. With the City of London Taskforce on Socio Economic Diversity in mind, the Forum also asked how social class was taken into account with both companies. Then in May 2021, Cllr John Gray, LAPFF Vice-Chair was appointed to the City of

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London's Taskforce Advisory Board on Socio-Economic Diversity. The Forum has also continued its participation in the 30% Club Investor Group Meetings which provides a space to discuss best practice among investors in relation to female representation on company boards.
In Progress: The Forum will extend its engagement on diversity and pay gaps to the FTSE350, looking to see where companies have not yet met targets of the Hampton-Alexander review, and where wider pay gaps exist. Cllr John Gray will also be involved in the City of London's Taskforce Advisory Board, which will have a series of workstreams seeking to tackle the issue of socio-economic diversity in the financial services sector.

Worker Safety during the Pandemic

Objective: The coronavirus pandemic has highlighted the importance that companies must place on the S in ESG to safeguard workers and protect and enhance shareholder value. The heightened exposure of workers and others to the pandemic in some sectors potentially poses serious investment risks for LAPFF members. It also goes to the heart of LAPFF's objectives of promoting responsible investment and the highest standards of corporate governance. Engagements sought to ensure that proper processes have been in place during the crisis and that boards were providing proper oversight as the crisis has unfolded. These engagements have focused on sectors most at risk including the outsourcing and social care sectors.
Achieved: LAPFF met with Capita and Serco. The meeting with Capita covered the safeguarding of staff and the balance of working from home and from call centres. At the meeting with the new chair of Serco, LAPFF discussed how the board managed the pandemic. There was a discussion around PPE and cleaning in hospitals, as well as organising video calls for prisons.

Alongside the outsourcing sector, the care sector has been identified as facing specific risks. The Forum met the chair of Target Healthcare REIT. Although providing the buildings rather than the care, property companies play an important role in ensuring high standards. The need to engage both tenants and landlords was discussed at the meeting. LAPFF, alongside a range of other investors, also signed on to an expectations for the nursing home sector statement. The statement, coordinated by UNI Global, calls on providers to improve standards for residents and staff in the wake of the pandemic.
In Progress: The Forum will continue to be engaging companies on this agenda and collaboratively with the care sector as part of the UNI Global initiative.

COLOMBIAN WORKERS AT THE CERREJON MINE
UNI Global worked with LAPFF to set up a webinar with workers at the Cerrejon coal mine in Colombia. They reported horrendous working conditions and threats to their personal safety. Cerrejon is a joint venture between BHP, Anglo American, and Glencore.

CLIMATE LAW WEBINAR
LAPFF teamed with Hausfeld LLP to run a webinar on developments in climate law. The following week, the Dutch courts handed down a ruling that Shell must cut its global carbon emissions by 45 percent by 2030 based on a 2019 benchmark.

"I am noticing a worrying trend of asset disposal without consideration for the conduct of the entities to which the disposals are made. This phenomenon cuts across coal businesses sold to small and unaccountable businesses without knowing whether emissions will be cut to cluster munitions businesses sold to entities with no promise of working to cease the production and sale of cluster munitions. Sweeping issues into another room will not solve the world's problems, nor will it create better investment opportunities for investors."

LAPFF Chair, Cllr Doug McMurdo

Electric Vehicles and Climate Change

Objective: Car use is a major contributor to global carbon emissions. Carmakers are facing tightening regulatory emission and fuel standards across the globe, which will require them to move to electrify their fleets. LAPFF has sought to engage companies through approaching this challenge and pushing for emission reductions in the short term and longer-term commitments to net zero. The Forum has also been engaging through Climate Action 100+ with US companies.
Achieved: After meeting with General Motors in January 2021, LAPFF joined a collaborative call alongside CA100+ this June to further discuss the company's approach to electrifying its product line and its position on climate lobbying. General Motors produces several large sized vehicles including trucks and SUVs. The pivot for these to a 1.5C pathway is necessary for the company to align itself with its competitors in transitioning to a net-zero economy. This was the main topic of discussion at the meeting.
In Progress: LAPFF will continue its engagement with vehicle producers around changing regulation and their approach to electrifying product lines. General Motors appears to be lagging behind competitors in this area, and the Forum will continue to push for quicker production of electric vehicles.

Anglo American on Climate

Objective: The mining sector poses considerable climate risks to investors. The sector's operations are often carbon intensive and some minerals extracted, notably coal, are of great harm to the environment. LAPFF, as part of Climate Action 100+, has sought greater disclosure on Scope 3 and emissions data, an emphasis on reducing thermal coal

ENGAGEMENT

mining, setting Scope 3 goals and targets, and ensuring lobbying aligned with net zero.
Achieved: Anglo American has committed to carbon neutrality by 2040 across all assets for Scope 1 and 2 emissions which represents a step forward and is a recognition that 2050 was too far away. The meeting covered how Anglo American is seeking to reduce emissions from mining and included a discussion of capital allocation and mining activities required to support the transition to net zero.
In Progress: LAPFF is seeking to engage further with Anglo American on its Scope 3 emissions. There is work to be done on measuring emissions and fully accounting for carbon emissions that are present in the value chain.

COLLABORATIVE ENGAGEMENTS

IOPA engagement meetings
LAPFF has continued to participate in the Investors for Opioid and Pharmaceutical Accountability (IOPA) meetings. The group has run a number of Vote No campaigns, notably at Cardinal and AmerisourceBergen . The group also wrote to the chairs of compensation committees at eleven companies, scrutinising how executive compensation had been handled in light of charges being brought for opioids settlements.

Collaborative initiatives on Climate
The SEC was seeking input to proposed climate change disclosure. LAPFF, as a CERES member, co-signed a letter supporting essential principles, including basing disclosure rules on the Taskforce on Climate-related Financial Disclosure (TCFD) guidance, having industry specific metrics, promoting emissions disclosure and the inclusion of material climate disclosures in financial filings.

In April, LAPFF co-signed an investor call for methane and flaring regulations at federal level in the US. The aim is to support and encourage the Biden administration to enforce strong methane regulations for the oil and gas industry. It is considered regulation will be low-cost for industry. Methane emissions are potent greenhouse gases, 84 times more powerful than carbon dioxide in the first two decades after release.

LAPFF, as in previous years, has signed a Global Investor Statement to Governments on the Climate Crisis in advance of the United Nations Climate Change Conference (COP26) taking place in November this year. There are five main asks, including a request for governments to strengthen their nationally determined contributions (NDCs) for 2030 to limit warming to align with 1.5 degrees Celsius.

CONSULTATION RESPONSES

LAPFF Just Transition Inquiry

The All-Party Parliamentary Group for Local Authority Pension Funds' inquiry into 'Responsible investment for a just transition' continued. The LAPFF-supported APPG inquiry, chaired by Clive Betts MP, held its third evidence session in May. The meeting heard from Colin Baines (Investment Engagement Manager, Friends Provident Foundation); Sarah Teacher (CEO, Impact Investing Institute); Andy Gouldson (Chair of the Leeds Climate Commission) and Peter Brierley (Lead Organiser, Citizens UK). The call for evidence has now closed and the inquiry is reviewing the evidence to be discussed at the next meeting before the final report is published in October ahead of COP 26.

DWP Consultation – 'S' in ESG
LAPFF responded to the DWP's consultation on 'consideration of social risks and opportunities by occupational pension schemes'. Although the consultation did not cover LGPS funds, as pension regulation and legislation for the Forum's sector tends in the end to mirror DWP's LAPFF submitted a response. The Forum's response outlined LAPFF's policy approach to social issues and how and what themes we engage companies on. LAPFF's response also stated that social issues are often overlooked and there was a need for much greater company disclosure.

Investor Letter to SEC on Proxy Voting Rules
The Biden Administration SEC has signalled that it plans to support investors' ESG aspirations, not least by failing to enforce the Trump era imposition of obstacles to filing shareholder resolutions on ESG. However, US investors remain concerned that the US proxy voting rules will not facilitate ESG-related resolutions and sent a letter to this effect which LAPFF signed.

BEIS White Paper on Audit Reform
In 2018 LAPFF made a submission to the Financial Reporting Council (FRC) dealing with governance of companies which presented serious concerns about the FRC and its own governance. That led to a period of circumspection which then led to the Kingman Review. The Kingman Review concluded that the FRC was not fit for purpose and would be replaced by a new body, the Auditing, Reporting and Governance Authority (ARGA).

This White Paper deals with some of the issues relevant to the transition to ARGA. Some of the issues around accounting and auditing standards have not been addressed. The problem LAPFF identifies in its response is not so much reform of the law, but implementation of existing law. Some parties have argued that the law is different to the position of LAPFF. However, that approach overlooks the fact that what the law states is merely an articulation of economic facts.

Central to the preparation of the accounts is whether they should be prepared on a going concern basis. Several basic principles are relevant to the determination of that. Phantom 'profits' and phantom 'net assets' will create a risk of a phantom 'going concern' and if auditors sign accounts without bottoming these considerations then their opinions will be wrong.

Being able to distinguish between cash or near cash (realised) or non-cash (unrealised) items is essential to determine whether a company is capable of being a going concern or not. A company may not be a going concern if it cannot service debt and cover ordinary costs and – absent additional sources of funds or guarantees – that requires cash flows from profits, not unrealised gains.

The same applies with the matter of effective internal control, including the absence of material fraud.

Unfortunately, both International Accounting Standards (IFRS) and International Auditing Standards (ISA) water down, or even go against, such basic principles. Some other issues are also covered on the LAPFF website.
Media coverage - LAPFF questions UKEB's approval of accounting standards - *Pensions Age Magazine*

ENGAGEMENT

AFL-CIO and EU Tax Letters

There are continued concerns that country-by-country-reporting laws on tax are not addressing the full scope of the reporting gaps. For example, a recent AFL-CIO letter on this issue to the US Congress called for laws requiring that companies report their taxes for all countries in which they operate, not just a general 'rest of the world' category. PRI sent a letter on this issue to the European Union shortly after the AFL-CIO letter was sent in the US. LAPFF signed both letters.

Facial Recognition Technology Investor Statement

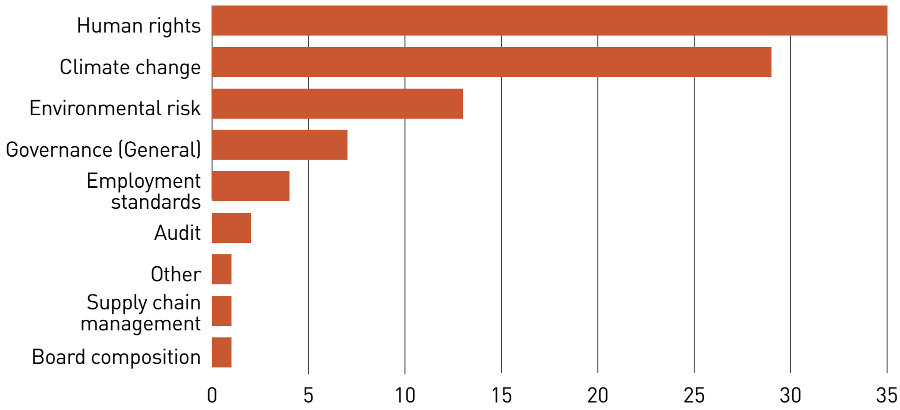
Human rights concerns surrounding facial recognition technology have surfaced in the last few years. LAPFF issued a voting alert to Amazon on this topic both last year and this year and signed an investor statement circulated by Candriam on this issue this quarter.
Media coverage - https://www.professionalpensions.com/news/3076049/lapff-supports-majority-amazon-shareholder-resolutions

HM Treasury Consultation on Aviation Tax Reform

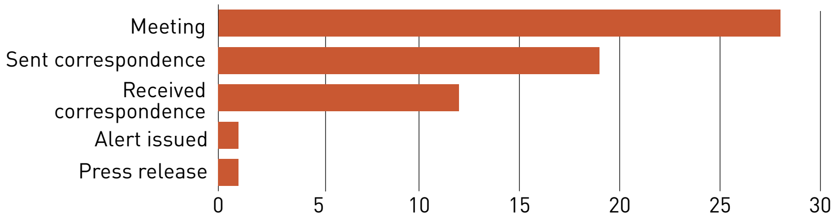
In its response to the consultation, LAPFF called on the Treasury to review the current position of air tickets being VAT free and aviation fuel incurring no duty. A price signal of reducing domestic air passenger duty (APD) would likely encourage more flights. This outcome is in stark and direct opposition to the government's own climate change target to reduce emissions by 78% by 2035 over 1990 levels. LAPFF has long recognised the imperative to address climate change as a systemic investment concern for investors. With aviation expected to grow to be the biggest source of UK emissions by 2050, it is a significant contributor to the material financial risks of climate change with the potential for loss of shareholder value.
Media coverage - LAPFF urges Treasury to review position on APD amid 'contradictory signalling' - *Pensions Age Magazine*

ENGAGEMENT DATA

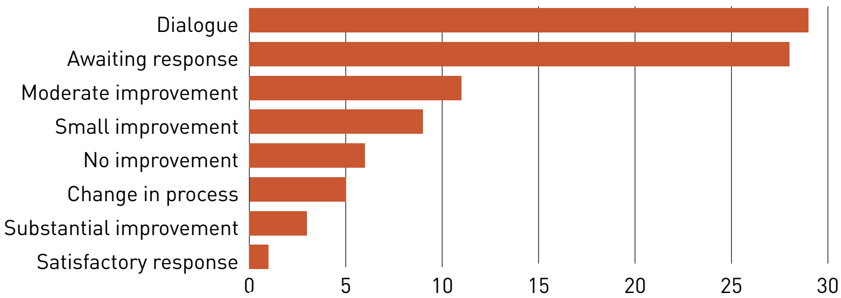
ENGAGEMENT TOPICS



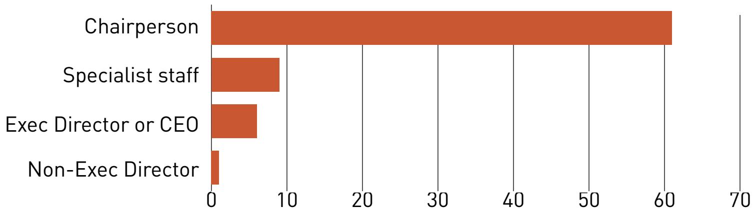
ACTIVITY



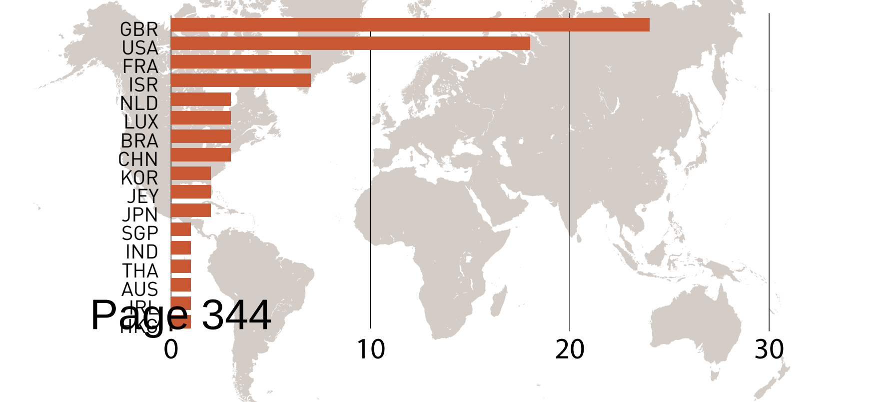
MEETING ENGAGEMENT OUTCOMES



POSITION ENGAGED



COMPANY DOMICILES



COMPANY PROGRESS REPORT

59 Companies engaged over the quarter

*The table below is a consolidated representation of engagements so reflects the number of companies engaged, not the number of engagements

Company/Index	Activity	Topic	Outcome
ABBOTT LABORATORIES	Sent Correspondence	Environmental Risk	Awaiting Response
AIR LIQUIDE SA	Sent Correspondence	Climate Change	Dialogue
ALSTOM SA	Sent Correspondence	Human Rights	Dialogue
AMAZON.COM INC.	Alert Issued	Human Rights	Dialogue
ANGLO AMERICAN PLC	Meeting	Human Rights	Change in Process
APPLE INC	Sent Correspondence	Environmental Risk	Awaiting Response
ARCELORMITTAL SA	Received Correspondence	Climate Change	Substantial Improvement
BANK HAPOALIM B M	Sent Correspondence	Human Rights	Awaiting Response
BANK LEUMI LE-ISRAEL BM	Sent Correspondence	Human Rights	Awaiting Response
BARCLAYS PLC	Meeting	Climate Change	Dialogue
BARRATT DEVELOPMENTS PLC	Sent Correspondence	Climate Change	Awaiting Response
BEZEQ THE ISRAELI TELECOMMUNICATION CORP LTD	Sent Correspondence	Human Rights	Awaiting Response
BHP GROUP PLC	Meeting	Governance (General)	Moderate Improvement
BOOKING HOLDINGS INC.	Alert Issued	Human Rights	No Improvement
BP PLC	Meeting	Environmental Risk	Awaiting Response
CHARTER COMMUNICATIONS INC	Meeting	Environmental Risk	Awaiting Response
COMPAGNIE DES ALPES	Sent Correspondence	Environmental Risk	Awaiting Response
CONSTELLATION BRANDS INC.	Meeting	Environmental Risk	Change in Process
CRH PLC	Received Correspondence	Climate Change	Small Improvement
DBS GROUP HOLDINGS LTD	Sent Correspondence	Climate Change	Dialogue
DELEK GROUP LTD	Sent Correspondence	Human Rights	Awaiting Response
EXPEDIA GROUP INC	Alert Issued	Human Rights	No Improvement
FACEBOOK INC.	Alert Issued	Governance (General)	Moderate Improvement
FREEPORT-MCMORAN INC.	Sent Correspondence	Human Rights	Dialogue
GENERAL MILLS INC	Sent Correspondence	Human Rights	Awaiting Response
GENERAL MOTORS COMPANY	Meeting	Climate Change	Small Improvement
GLENCORE PLC	Meeting	Governance (General)	Moderate Improvement
HANWHA CORP	Meeting	Human Rights	Substantial Improvement
HUADIAN POWER INTL CORP LTD	AGM	Climate Change	Change in Process
HUANENG POWER INTERNATIONAL	AGM	Climate Change	Dialogue
IMPACT HEALTHCARE REIT PLC	Sent Correspondence	Employment Standards	Awaiting Response
INDORAMA VENTURES PCL	Sent Correspondence	Human Rights	Awaiting Response
ISRAEL DISCOUNT BANK LTD	Sent Correspondence	Human Rights	Awaiting Response
LLOYDS BANKING GROUP PLC	Meeting	Governance (General)	Moderate Improvement
MITSUBISHI UFJ FINANCIAL GRP	Sent Correspondence	Climate Change	Dialogue
MIZRAHI TEFAHOT BANK LTD	Sent Correspondence	Human Rights	Awaiting Response
MORRISON PLC	AGM	Other	No Improvement
MOTOROLA SOLUTIONS INC.	Sent Correspondence	Human Rights	Awaiting Response
NATIONAL GRID PLC	Meeting	Climate Change	Substantial Improvement
NEXTERA ENERGY INC	Sent Correspondence	Climate Change	Dialogue
PAZ OIL CO LTD	Sent Correspondence	Human Rights	Awaiting Response
PERSIMMON PLC	Sent Correspondence	Climate Change	Dialogue
RIO TINTO PLC	AGM/MEETING	Human Rights	Change in process
ROYAL DUTCH SHELL PLC	Meeting	Climate Change	Dialogue
SAINSBURY (J) PLC	Meeting	Climate Change	Moderate Improvement
SANOFI	Meeting	Environmental Risk	Awaiting Response
SERCO GROUP PLC	Meeting	Employment Standards	Small Improvement
SHUI ON LAND LTD	Sent Correspondence	Environmental Risk	Awaiting Response
SONIC HEALTHCARE LTD	Sent Correspondence	Climate Change	Awaiting Response
STANDARD LIFE ABERDEEN PLC	Meeting	Board Composition	Moderate Improvement
TARGET HEALTHCARE REIT LTD	Meeting	Employment Standards	Moderate Improvement
TAYLOR WIMPEY PLC	Sent Correspondence	Climate Change	Awaiting Response
TOTALENERGIES SE	Received Correspondence	Climate Change	Moderate Improvement
TOYOTA MOTOR CORP	Sent Correspondence	Environmental Risk	Awaiting Response

COMPANY PROGRESS REPORT

59 Companies engaged over the quarter

*The table below is a consolidated representation of engagements so reflects the number of companies engaged, not the number of engagements

Transco (National Grid)	Meeting	Climate Change	Small Improvement
TRIPADVISOR INC.	Received Correspondence	Human Rights	Small Improvement
VALE SA	Meeting	Climate Change	Dialogue
YES BANK	Sent Correspondence	Human Rights	Awaiting Response
YUHAN CORP	Sent Correspondence	Environmental Risk	Awaiting Response

LOCAL AUTHORITY PENSION FUND FORUM MEMBERS

Avon Pension Fund
Barking and Dagenham (London Borough of)
Barnet LB
Bedfordshire Pension Fund
Bexley (London Borough of)
Berkshire Pension Fund
Brent (London Borough of)
Bromley (London Borough of)
Camden (London Borough of)
Cardiff and Vale of Glamorgan Pension Fund
Cambridgeshire Pension Fund
Cheshire Pension Fund
City and County of Swansea Pension Fund
City of London Corporation
Clwyd Pension Fund
Cornwall Pension Fund
Croydon LB
Cumbria Pension Scheme
Derbyshire County Council
Devon County Council
Dorset County Pension Fund
Durham Pension Fund
Dyfed Pension Fund
Ealing (London Borough of)
East Riding of Yorkshire Council
East Sussex Pension Fund
Enfield (London Borough of)
Environment Agency Pension Fund
Essex Pension Fund
Falkirk Council
Gloucestershire Pension Fund
Greater Gwent Fund
Greater Manchester Pension Fund
Greenwich Pension Fund
Gwynedd Pension Fund
Hackney (London Borough of)
Hammersmith and Fulham (London Borough of)
Haringey (London Borough of)
Harrow (London Borough of)
Havering LB
Hertfordshire
Hounslow (London Borough of)
Islington (London Borough of)
Kingston upon Thames Pension Fund
Lambeth (London Borough of)
Lancashire County Pension Fund
Leicestershire
Lewisham (London Borough of)
Lincolnshire County Council
London Pension Fund Authority
Lothian Pension Fund
Merseyside Pension Fund
Merton (London Borough of)
Newham (London Borough of)
Norfolk Pension Fund
North East Scotland Pension Fund
North Yorkshire County Council Pension Fund
Northamptonshire County Council
Nottinghamshire County Council
Oxfordshire Pension Fund
Powys County Council Pension Fund
Redbridge (London Borough of)
Rhondda Cynon Taf
Shropshire Council
Somerset County Council
South Yorkshire Pensions Authority
Southwark (London Borough of)
Staffordshire Pension Fund
Strathclyde Pension Fund
Suffolk County Council Pension Fund
Surrey County Council
Sutton (London Borough of)
Teesside Pension Fund
Tower Hamlets (London Borough of)
Tyne and Wear Pension Fund
Waltham Forest (London Borough of)
Wandsworth (London Borough of)
Warwickshire Pension Fund
West Midlands Pension Fund
West Yorkshire Pension Fund
Westminster CC
Wiltshire County Council
Worcestershire County Council

Pool Company Members
Border to Coast Pensions Partnership
Brunel Pensions Partnership
LGPS Central
Local Pensions Partnership
London CIV
Northern LGPS
Wales Pension Partnership